








“Qualitative assessment of the development of creative industries in emerging countries: The case of Kazakhstan”

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QUALITATIVE ASSESSMENT OF THE DEVELOPMENT OF CREATIVE INDUSTRIES IN EMERGING COUNTRIES: THE CASE OF KAZAKHSTAN

Abstract

The creative industries sector is snowballing, and many developing countries see it as a tool for national and local development. Given the regional specificity, political narratives adopted in developed countries may not apply in economies under transition. This paper aims to evaluate the current state of creative business in emerging countries such as Kazakhstan. Adopting the design of a qualitative method, 34 semi-structured interviews were conducted with entrepreneurs and owners of small and medium-sized businesses in Kazakhstan's creative industries. The Nvivo 10 qualitative data analysis software was used for processing the data. The interviews help to understand better the factors affecting the development of the creative industry. In general, results indicate insufficient support from government agencies, lack of accessible resources to support entrepreneurs (65% of respondents used their capital, while 17% of them were forced to apply for loans from a bank), information availability, and skills shortage. Shortage of skills is also related to the creative brain drain in Kazakhstan. One of the main problems is access to materials and technology since most of the resources are foreign-made and imported.

Keywords

Kazakhstan, semi-structured interview, qualitative analysis, emerging economy, creative economy

JEL Classification

O32, M13, M30

INTRODUCTION

The idea of the creative economy has flourished in industrialized countries, but its influence has spread worldwide. Attention to the creative industries is more a rule than an exception today (Yúdice, 2003). Many countries consider the cultural or creative economy a key element in their development strategies (Beukelaer, 2014).

Despite the fact that the development of the creative industries follows a unique trajectory for emerging markets, there is little information on the topic of creative industries. Some Asian countries, such as Korea, Singapore, and China, have long been driving the development of the creative industry (Keane, 2013). In addition, developing countries such as Kazakhstan are also interested in developing the creative sector of the economy.

However, due to the relative newness of the industry, the situation in developing countries has been hampered by a number of factors. For example, the lack of official statistics and knowledge about the development of creative industries and inexperience in this area put developing countries behind developed nations (Neuwirth, 2013). As a

result, it is reasonable to predict that creative economy policies will work differently in these countries and with different results. Previous studies have mainly focused on developed countries, and the importance of these elements for developing countries requires further study.

Kazakhstan is the largest country in Central Asia, and its economic development is primarily driven by exporting raw materials, including oil (Sabden et al., 2020). In addition, it is a relatively underexplored context compared with other similar contexts, such as the economies of BRICS countries. Given such scenarios, it seems relevant to explore the factors influencing creative industries' development in Kazakhstan's emerging economy.

1. LITERATURE REVIEW

The term cultural and creative industries or creative economy emerged at the end of the 1990s, and it increasingly gained attention because of its practical application in fostering a country's economy. In addition, the nature of the contemporary economy – global, networked, and informational – stimulated the notion of the creative economy. The concept originated in Britain with the decision of the British Labor government to found the Creative Industries Task Force (CITF) (Flew & Cunningham, 2010).

Although introduced in the United Kingdom, the creative industry discourse was soon embraced worldwide – in developed countries such as the United States, Singapore, and China. The significance of the creative economy in the modern world is recognized both in the academic and political spheres. Creative industries bring certain benefits to their locations, namely, boosting regional revival, advancing economic growth, enhancing the employment rate, reinforcing social inclusion, and improving economic activity (UNCTAD, 2018).

The initial definition of creative industries proposed by The Department for Digital, Culture, Media & Sport is “individual creativity that could take the form of intellectual property” (Flew & Cunningham, 2010, p. 114). However, the accuracy and coherence of this definition are under debate. Another commonly used definition of creative industries is “a set of knowledge-based activities focused on but not limited to the arts, potentially generating revenue from trade and intellectual property rights” (p. 115). According to UNESCO (Flew & Cunningham, 2010), the following sectors are related to creative industries: music, film, video, photography, design, advertising, literature, museums, libraries, and interactive media.

New creative industries are completely transforming traditional, actually centuries-old, into services new quality of customer service (Bugrov et al., 2021). Due to this industry's relative novelty, several factors hinder its development in certain countries. For instance, there is a lack of consensus on how to measure the size and impact of creative industries (Cruz & Teixeira, 2014, 2015; Throsby, 2008). Moreover, the available official data for this economy are inadequate (Oliveira et al., 2013). Insufficient knowledge about the development of creative industries and inexperience in this sphere put China behind such advanced countries as the United Kingdom or the United States (Xu et al., 2016). There is still a lack of top-down governmental support and understanding of how to develop the creative economy, which hinders overall economic dynamics in some countries.

There is a scarcity of information on the creative industry primarily taken in Asia and other developing countries, whereas it is widely studied in developed countries (Yusuf & Nabeshima, 2005). Some Asian countries, such as Korea, Singapore, and China, have long stimulated the development of the creative industry (UNDP, 2013). Overall, the interpretation of the concept of creative industries, as well as the role of creative industries in the economic development of developing countries, remains unclear. Moreover, it is unclear how creative companies continue to thrive in the face of overwhelming obstacles and a lack of government support (Travkina & Sacco, 2020).

Thus, it can be challenging to accept the initial concept of the creative economy in underdeveloped countries. To begin with, the motive for implementing a creative economy policy is dis-

tinct. In Europe, North America, and Australia, the creative economy is primarily utilized to aid in the economic recovery and the revitalization of abandoned areas, especially in deindustrialized regions, as well as for the development of innovative strategies (Gibson & Homan, 2004; Hall, 2000; Pratt, 2008, 2009).

Summing up, developing countries prioritize exploiting their comparative advantage in the cost of cultural production rather than generating new knowledge (Evans, 2009). It is the opposite tendency compared to developed countries (Braja & Gemzik-Salwach, 2020; Lewandowska et al., 2021; Oliinyk et al., 2021) that constantly try to increase their competitive advantages by exploring advanced IT tools for business development (Balcerak & Woźniak, 2021; Remeikiene et al., 2021; Roshchik et al., 2022).

For Kazakhstan, as a country in transition, the level of funding for creative industries is the main factor that directly affects their development. Undoubtedly, this is confirmed not only in developing countries or countries with economies in transition but also in developed ones. In many countries, insufficient access to external finance seriously hinders the development of entrepreneurship (OECD, 2016). First, insufficient financial resources hamper the overall progress of entrepreneurship, as every business is initially vulnerable to financial constraints and highly dependent on funding (Ajide, 2022; Claessens & Perotti, 2007; Goel & Madan, 2019).

The creative economy is a concept that describes the economic consequences of an idea or intangible content rather than physical capital; all creative ideas ultimately depend on physical capital for implementation (Howkins, 2018). Without significant initial capital, the transition from intellectual substance to execution and implementation in the creative industries is impossible.

Creative industry representatives have a specific form of entrepreneurial activity, primarily associated with the risks of shortfall in profit or its absence. Therefore, financial exclusion to a high degree can pose two possible dangers to the creative economy. Underfunding can stifle busi-

ness growth as financially disadvantaged entrepreneurs cannot expand their firms and achieve maximum growth. Fear of unemployment and poverty may lead to an outflow of creative entrepreneurs to other areas of activity, thus limiting the economic potential of the creative sector (Si et al., 2020).

Therefore, it is important to note that cultural values and social contexts differ from country to country, depending on economic development and political stability, among other factors. As indicated by regular piracy and a lack of awareness and respect for copyright in many developing nations, intellectual property rights are not recognized as private commodities (UNCTAD, 2018). As a result, it is reasonable to predict that creative economy policies will operate differently in these countries, with varied outcomes. However, it is difficult to describe how they differ since qualitative research about creative industries in emerging markets is lacking (Birkinshaw et al., 2011; Cavusgil & Knight, 2015; Doz, 2011). The lack of research in this area, especially about creative industries development in Kazakhstan, requires further investigation of this question.

This paper aims to evaluate the current state of creative business and investigate factors influencing the development of creative industries in Kazakhstan.

2. RESEARCH METHODOLOGY

2.1. Research design

This study applied a mixed-method design. First, a survey was conducted to understand the landscape of creative industries in Kazakhstan and extract a significant number of respondents for further interviewing. Figure 1 shows the design of this study.

As depicted in Figure 1, during macroanalysis, the study focuses on external factors representing the development of the Kazakhstani creative industry. Microanalysis pays attention to cases of individual entrepreneurs and business representatives in the creative industry.

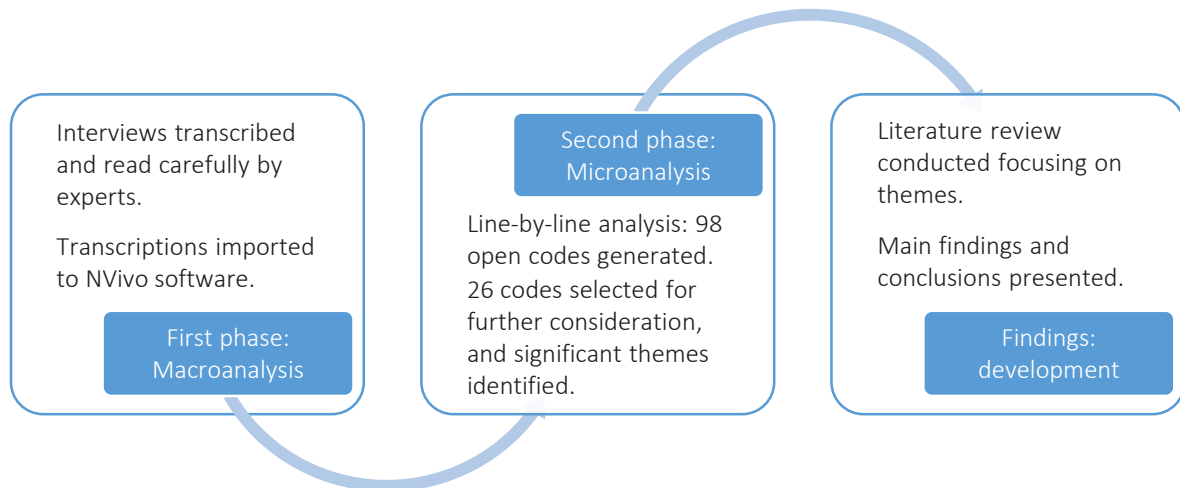


Figure 1. Research design

2.2. Research sample and data collection

A total of 34 participants took part in the interview. A qualitative thematic approach can reveal valuable crucial informants’ perspectives, such as creative industry entrepreneurs (Doz, 2011). Therefore, an interview was chosen as the main data collection method.

All interviews were recorded and fully transcribed. The paper focused on engaging the informants in storytelling and experience sharing during the semi-guided interviews. A detailed description of the research sample is given in Table 1.

An analysis of questionnaires by forms of legal entity shows that 35% are individual entrepreneurs; 26% are freelancers; 21% are limited liability partnerships, and 9% are public funds and creative hubs. Notably, most freelancers work behind the scenes; they are not counted in statistics and do not pay taxes. Moreover, 88% of organizations are micro-enterprises with a staff of up to 15.

According to the answers of the respondents, they are representatives of the following types of creative industries: performing arts (26%), design (20%), craft (14%), software and computing systems (13%), music (13%), cinematography (6%), architecture (3%), television and radio (2%), and interactive entertainment programs (3%). The age of companies is as follows: 52% of organizations have existed for approximately 3 years, of which 16% are less than 1-year-old. However, several enterprises have existed for more than 10 years (16%). This study received ethics approval from the local ethical committee of the Kazakh National University named after al-Farabi for interviews No. 2513 dated August 3, 2020.

An interview guide was used (Huberman & Miles, 1994) for the interviews, which included questions about the variables determining these companies’ continued survival, motivation, process, support for the internal market, and the development of opportunities. However, the focus was on the survival factors of a business, being the main subject of this study. Therefore, additional codes were al-

Table 1. Research sample

No.	Form of business	Number of interviews	Share, %	Age				Gender	
				18-25	25-35	35-45	More than 45	Male, number	Female, number
1	Individual entrepreneurs	12	35	3	5	3	1	5	7
2	Freelancers	9	26	2	5	1	1	4	5
3	LLP	7	21	1	2	3	1	4	3
4	Public funds	3	9	–	–	3	–	3	–
5	Creative hubs	3	9	1	2	–	–	2	1
6	Total number	34	100	7	14	10	3	18	16

Table 2. Description of the codes of the analysis

Codes names	Meaning
Financing	Analyzes sources of financing for the respondents' activities in creative business, effectiveness, and availability of these sources, as well as barriers to financing creative industries in Kazakhstan
Human resources	Describes the features, structure, and quality of human resources in the creative industry
Technological development of creative industries	Considers technological aspects of creative business development like accessibility to the internet and digital tools
Barriers to the development	Identifies the main barrier that hinders the development of creative industries in Kazakhstan

so used during the interview. All interviews were conducted in the state language, as this approach suited entrepreneurs. Each interview lasted 60-75 minutes on average. All of the interviews were taped and afterward transcribed. The respondents were also assured of anonymity, urged to express themselves as freely as possible, and given any other relevant information that would aid their understanding of the topic under investigation.

As a tool for data analysis, the Nvivo 10 qualitative data analysis software was used (Sinkovics et al., 2008).

For further analysis and discussion, the most common topics were selected – those that appeared as a typical code in no less than at least four individual meetings. This process resulted in selecting 26 codes for further consideration (out of the 98 identified initially). According to the main themes and topics, these 26 codes were structured on thematic network maps. 4 of them were chosen for detailed consideration. The description of these codes is depicted in Table 2.

The emergence of patterns from the data helps to combine codes into groups that form categories. For example, the category (e.g., opportunities) was first found by pattern analysis, and then it was further separated and split down into subcategories (financing, technology, human resources, networking, and barriers).

3. RESULTS AND DISCUSSION

According to Figure 2, the main factors include the following items: the level of funding for creative industries, the quality of human resources, technological development, and the presence of cooperation. The resulting analysis of respondents' answers allows for analyzing each factor in more detail.

An analysis of the responses showed that in Kazakhstan, the main source of funding for creative entrepreneurs is their own funds. Interestingly, some respondents use their family budget or even accept help from their parents. Thus, 65% of re-

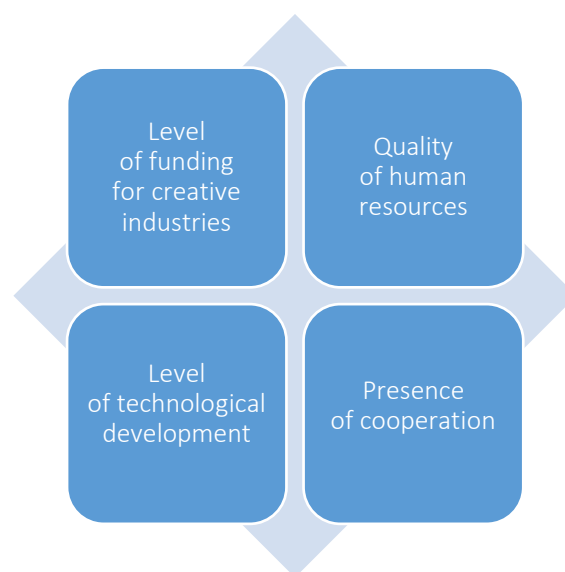


Figure 2. Factors influencing the development of creative industries in Kazakhstan

spondents used their capital, and only 17% of the respondents were forced to apply for a bank loan. Concerning state support, only 6% of those surveyed received funding from the state. This indicates the low involvement of government agencies in the development and support of creative industries. However, there are times when public funding is ineffective. For example, the state holds a competition to purchase creative projects. Usually, the company that offers the lowest price for its product or service wins. Therefore, it turns out that artists are forced to do their main work, and their hobby – art – only in their free time because they have to feed their families. As a result, many sector representatives quit their activities. This is especially true for artists and musicians.

Sponsorship is also one of the sources of funding for creative entrepreneurs. However, in Kazakhstan, it is much rarer. Thus, out of all respondents, only 5% of representatives of this direction received sponsorship. Lack of maturity in the creative industry as an industry in its own right and sponsors' lack of confidence in the return on investment in an under-researched area are significant contributors to low sponsorship.

The low funding level creates another demotivating factor – low wages in the creative sector of the economy. In addition, the local government is not interested in investing in the creative industry. According to the respondents, artists in Kazakhstan do not attract due attention. Most people in the public sector are far from art; many are not even familiar with the work of creative groups or even do not know about their existence. Kazakhstan still does not have a program to develop the economy's creative sector. Despite the fact that the country has adopted the Strategy for the Development of the Creative Industry providing for various areas for improving the activities of this industry, they are not reflected in figures and budget. Therefore, creative entrepreneurs must rely entirely on their resources and capabilities.

Moreover, there is no proper accounting for creative industry enterprises. Thus, it is not easy to calculate what share of GDP creative industries account for or what population employment is. Likewise, estimating the income of the sector is complicated, primarily because of the large per-

centage of the shadow economy. In this regard, presumably, one can talk about the insufficient attention of the state to this area in Kazakhstan (Table 3).

Among other things, low wages also affect the quality of services provided or goods of creative industries. Consequently, it reduces the demand for domestic goods and services. The peculiarity of creative industries lies in their isolation from the human factor; the audience at the proper level does not always appreciate intellectual potential and creative abilities. Therefore, the demand for creative products is relatively narrow and it is difficult to attract new customers.

In addition to the financial barriers mentioned earlier, there are also barriers related to human resources. Typically, creative people rarely have the skills of a businessperson or investor. Therefore, there is an acute shortage of appropriate personnel in the creative industries. For example, marketers or accountants who could perform operational tasks for free on the created business sites are rare. The most frequently cited barrier is the lack of qualified professionals. As stated by the majority of respondents, the lack of personnel knowledgeable about the needs of the creative industry hinders its development.

There is a trend in Kazakhstan that retirement-age people continue to work in some areas of local activity. However, as the conductor notes, even though a lot of people with more than 30 years of experience continue to work, it is challenging to find replacements for them. This confirms the lack of succession and low interest of young people in such professions.

Human resources are crucial for the development of creative industries. They are the basis for the development of the creative sector of the economy. Creative individuals are at the center of venture capitalism in the creative industry. According to existing literature, creative staff use their artistic and creative sensibilities to identify opportunities and deliver creative products, services, or experiences. In contrast, creative entrepreneurs pool resources to exploit these opportunities in business. Talent and staff behavior are critical to the success of a creative business (Mietzner & Kamprath,

2013; Paige & Littrell, 2002). Sufficient availability of qualified creative personnel for the creative economy is the key to the success of creative entrepreneurship.

In Kazakhstan, there is a shortage of such personnel, which is associated with several reasons, such as inadequate qualifications, scarcity of appropriate education, and insufficient motivation. However, for the creative sector, it is not so much the degree of education that is important, but the presence of skills such as entrepreneurship and creativity, which cannot be obtained only at an educational institution. The analysis results showed that in the creative sphere, preference is given to personal qualities. At the same time, education and skills can also be obtained through short training courses or even online platforms (Novikova et al., 2020). Some respondents noted that insufficient education is not the main barrier to recruitment. Often, creative entrepreneurs themselves are interested in advanced training and continuous education.

In addition, the discrepancy between the level of education in educational institutions does not correspond to and even lags behind the market requirements. This applies to industries closely related to the use of modern technologies. Respondents note that the relevance and timeliness of the use of new technologies is the business engine. Many Kazakh universities do not teach this; thus, business takes responsibility for it.

The development of creative industries and communication technologies are interrelated. The combination of creative industries and digital technologies creates new jobs, opportunities, services, and products that benefit the entire economy. A creative economic concept emerges when innovation is associated with various forms of creativity. The creative industries concept is used in political texts to refer to added value, an expanded market, and new jobs, which are essential foundations for a competitive and growing economy. Politicians emphasize the importance of innovation, creativity, and independent thinking in developing the global economy (Moore et al., 2014).

Technology is an integral part of the development of the creative economy. In the creative professions,

technology has become the norm and is widespread. They are often used to stimulate creativity directly. It also contributes to the life and culture of society as a whole, as Mahmood et al. (2018) put it, and identified ways to overcome obstacles or solutions to specific problems. The confluence of the internet, computer, telecommunications, and television technologies, and the potential they provide for digital storage, big data, linked data, digital media manipulation, transmission, and playback, has had a significant impact on the creative industries (Abbasi et al., 2017).

In Kazakhstan, there is a backlog in the development of technologies in many industries. In particular, representatives of the IT sector noted that the lack of infrastructure and funding negatively affects the development of the industry in the region (Rybina, 2021). In Kazakhstan, there is a significant technological backlog of creative industries. Considering that all technologies are available today, everything depends only on the capabilities of the company itself and its financing. Although in the globalization context, the same technologies are available for Kazakhstani entrepreneurs as in advanced countries, many Kazakhstani representatives of the creative sector still do not have the resources to acquire new technologies. Even if they are obtained, the cost-effectiveness of the use is not efficient. Another factor is the unprofitability of such technology since the Kazakhstan market is very small and the country's population is only 18 million.

The development of globalization processes in the economy allowed Kazakhstan to become an integral part. Many respondents note that now there are no barriers to sharing cooperation. Moreover, in an environment where the creative class has become widespread and its actualization has increased, cooperation is a driving force in developing the "new economy" (Gandini, 2016). In the context where entrepreneurial work style is taken as the basis for building a creative career (McRobbie, 2002), investigations have shown that the development of social relations removes the most critical functions associated with the transfer of knowledge, reputation building, and learning. The urban creative "scene" is determined by the norms of behavior and the development of interpersonal trust. As a result, a creative activity

must be built into this “magma” of relationships and, consequently, relationships must develop as a core aspect of their work (Gandini, 2016).

The networking case study comes from freelancers working in the blurry territory of the creative and technology economy. Freelancers often describe their socialization practices as a form of business interaction. For example, an independent musician recalls that networking is more important than other resources today. Cooperation allows one to find customers and suppliers and learn about the latest trends and development directions in a particular area.

Others, who are usually involved in more creative and artistic endeavors, describe this type of collaboration in more idealistic terms, referring to the idea of forming relationships with like-minded people as a form of social exchange based on friendship (Gold, 2011). The designer in her early 30s explains that to develop networking, one needs to be confident in one's own work. Developing a network and creating business and personal relationships are necessary when working with creative people. That is, one needs to make a name for oneself. To achieve this, one needs to start talking to people. One needs to get along with people and work with pleasant people. This context is becoming more prevalent as the casual and homeless labor market emerges. Workers must take full responsibility for their work and individually bear the risks of their independent careers (Indergaard, 2014; McRobbie, 2002). It is also due to the rise of digital technology and social media, which have made it possible (at least technically) to get work done anywhere and anytime with an internet connection. It allowed creatives to work out of the office. According to the conductor, the responsibility for business development is on himself. Thanks to the development of cooperation, sponsors and new partners are attracted. In many cases of Kazakh practice, cooperation develops through social networks.

In general, the analysis revealed that the development of creative industries in Kazakhstan could be seen as a bricolage (Baker & Nelson, 2005). When resources are limited, representatives of the creative industries are more likely to conduct research and use all available resources to capitalize on the most promising prospect. As a result of the syner-

gy of resources and strategic focus, creative industries are more likely to succeed in their endeavors. Consequently, the resource advantage of these entrepreneurs may be weakened by a lack of strategic engagement.

The stage of development of creative industries in Kazakhstan is in its infancy and requires the active participation of the state. At the same time, at the regional level, it is necessary to gradually move towards a decentralized economy, taking into account each region's advantages, opportunities, and threats. In the regions, it is crucial to intensify the work of creative clusters that will allow the formation of training centers and support centers for representatives of the creative sector. The most crucial success factor is the active involvement of talents and creative people, local creative enterprises, and businesses in the socio-economic development of the regions by empowering them, participating in developing recommendations and developing programs, and considering increased personal responsibility.

While there is no systematic support for creative industries, at the same time, large-scale global competition for creative and entrepreneurial personnel is growing in Kazakhstan. According to respondents, the creative industries are not supported by the state on a long-term basis. The scarcity of development programs and financing mechanisms also holds back the sector's development. Moreover, the insufficient support is confirmed by the reluctance to invest in creative industries due to the high risk or low return compared to the extractive industries. In addition, developing creative industries in emerging markets requires state support through development and training programs, improvement of financing mechanisms, and preparation of the appropriate infrastructure.

The potential of Kazakhstan is huge, and it has opportunities at different levels. A growing young population and rapid urbanization could attract many investors. On the other hand, exchange rate instability and declining commodity prices have created uncertainty in the region. All these factors make it difficult to do business in Kazakhstan, especially in the creative sector. The instability of the economy leads to the fact that existing companies in the creative sector declare bankruptcy, which is already a difficult financial state.

Table 3. Results of analysis factors impact on the development of creative industries in Kazakhstan

No	Factor	Current state of creative business	Effect in creative industries
1	Funding for creative entrepreneurs	65% of the respondents used their capital; 17% of the respondents used bank loans; 6% of surveyed received funding from the state; 5% of representatives received sponsorship; 7% - used other types of financing.	low wages in the creative sector of the economy -> affect the quality of services provided or goods of creative industries -> the demand for creative products is relatively narrow and it is difficult to attract new customers; no proper accounting for creative industry enterprises -> shadow economy.
2	Quality of human resources	the lack of qualified professionals, which is associated with inadequate qualifications, scarcity of appropriate education, and insufficient motivation; creative people rarely have the skills of a businessperson or investor -> acute shortage of appropriate personnel in the creative industries; the lack of succession and low interest of young people in such professions.	the lack of personnel knowledgeable about the needs of the creative industry hinders its development; creative entrepreneurs themselves are interested in advanced training and continuous education.
3	Technological development	significant technological backlog of creative industries; many Kazakhstani representatives of the creative sector still do not have the resources to acquire new technologies; even if they are obtained, the cost-effectiveness of the use is not efficient.	technology is often used to stimulate creativity directly; the unprofitability of such technology in creative industries in the country.
4	Presence of cooperation	now there are no barriers to sharing cooperation; cooperation develops through social networks.	cooperation allows to find customers and suppliers and learn about the latest trends and development directions.

CONCLUSIONS AND IMPLICATIONS

This paper aims to evaluate the current state of creative business and investigate barriers influencing the development of creative industries in emerging countries such as Kazakhstan. According to the results obtained, Kazakhstan is characterized by the activity of creative industries in conditions of limited resources and many barriers to development and success. Among the respondents: 35% are individual entrepreneurs; 26% – are freelancers; 21% – are limited liability companies, and 9% – are public foundations and creative centers. According to the answers of the respondents, these are representatives of the following types of creative industries: performing arts (26%), design (20%), crafts (14%), software and computer systems (13%), music (13%), cinematography (6%), architecture (3%), television and radio (2%), interactive entertainment programs (3%). Several determinants, such as lack of funding, government support, and poor training, hinder the development of creative industries in Kazakhstan. However, at the same time, sector representatives' strong motivation, self-learning ability, and creativity provide a significant impetus for development. In theory, this study complements the literature on both the creative sectors and SMEs. In practice, such businesses are typical of the creative industries. Educational institutions have much to offer to educate members of the creative sector and those interested in learning the various entrepreneurial, project, and strategic management skills for working in the creative industries. This study may also shed light on how people develop creative industries in emerging markets characterized by resource constraints and barriers.

AUTHOR CONTRIBUTIONS

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