

# Chapter 5

## Smart Specialisation, Green Growth and the Workforce



## **Driving Green Growth and Innovation: EU Cultural and Creative Industries Ecosystem as a Catalyst for Sustainable Development**

**Summary:** EU Industrial Strategy serves as a vital engine for innovation, economic competitiveness and societal advancement, generating employment opportunities and creating value. The Cultural and Creative Industries (CCIs) have a unique role in promoting green growth and sustainable competitiveness thereby enhancing their contribution to economic development and addressing pressing environmental challenges. CCIs face several obstacles in the 21st century such as digital disruption, audience fragmentation, and a lack of necessary knowledge and skills. The creative sector holds potential for business development and innovation, stimulated by increasing demand for creative content and technological progress.

The article emphasises the importance of ensuring synergy between the CCIs ecosystem and competitiveness of the EU, along with green strategy economic and business interests. The authors focus on EU and national government policies and frameworks that promote collaboration between industrial and creative sectors, thereby enhancing competitiveness and driving innovation. The study underlines the potential for future research on the evaluation of the CCIs contribution to business development trends and societal well-being. The authors conclude that the EU policy framework for the CCIs ecosystem development should be integrated into Member States' national programmes with a focus on promoting green growth and sustainable practices. The CCIs can maintain their role as engines of innovation and competitive-

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ness and contribute to the wider goals of environmental sustainability and social responsibility.

**Keywords:** Cultural and Creative Industry, EU Competitiveness, EU Industrial Strategy, Knowledge Economy, Skills

## **A. Introduction**

The EU Single Market supports the development of policies and funding mechanisms that can help Cultural and Creative Industries overcome challenges, such as market barriers and different regulations such as national laws regarding copyright, intellectual property, labour and taxation. The differences in standards and regulation can complicate distribution and sharing the creative content. Additionally, market fragmentation related to creative products, for instance, films and music often refer to localisation and requirements, which can make impediments to their competitiveness on a broader scale. Furthermore, EU Member States have specific cultural policies that promote local content, which can act as a barrier to entry for foreign CCIs. Barriers include quotas for local content on streaming platforms and public funding mechanisms that support national arts. Moreover, the digital divide between the EU regions can affect the ability of CCIs to reach their audience effectively. The removal of the abovementioned barriers contributes to the economic and cultural strength and competitiveness of the EU.

Additionally, the EU Industrial Strategy can provide frameworks and support for CCIs by recognising their potential to drive economic growth and enhance competitiveness of the EU and its Member States. CCIs open up new possibilities in times of scientific breakthrough, for example visualisation of techniques, for example, to turn big data into information for such sectors as healthcare, smart retail, optimisation of urban planning, increasing citizens' awareness and change their behaviour for energy-efficient living. The EU ought to focus on promoting new products and technologies within the creative industries among other sectors. In addition, digitisation protects and valorises cultural heritage such as transforming archives and collections from museums into a digital information system that creates common resources and has an important cultural, economic and societal impact. Creative industries foster innovation while supporting the development of unique artistic expressions and contributing to sustainable economic growth in a rapidly evolving digital landscape.

CCI sectors are characterised by close links with other sectors, they create economical spillover effects. The enhancement of competitiveness needs to

be linked with the development of high added value activities. Moreover, establishing adequate preconditions for cultural infrastructure is essential for fostering smart, sustainable, and inclusive growth.

Cultural heritage, along with CCI, serves as a fundamental pillar for sustainable growth, social unity, and competitiveness within the EU. They are essential for building more resilient and inclusive societies across Europe. The rich cultural heritage of Europe inspires creativity, promotes overall well-being, drives economic prosperity, and nurtures a sense of community. While Member States mainly oversee policy in this domain, the EU is dedicated to protecting and improving cultural heritage, as well as reinforcing the European cultural and creative sectors.

The article put emphasises on the importance to ensure a new balance between CCIs and EU competitiveness, along with strategic economic interests. The authors will assess the impact of government policies and frameworks that encourage industrial and creative industries to collaborate and as a result to foster competitiveness and promote innovation. The article aims to contribute to discussions about EU competitiveness and CCIs related to economic development, decisive innovation, as well as future-proofing skills and digital content creation.

CCIs are integral of the EU Industrial Strategy, which provides the framework for CCIs that contribute to the innovation, economic and technological advancement. CCIs also promote cultural diversity and social cohesion through collaborative efforts. The EU supports the development of creative industries by encouraging initiatives focused on sustainability, competitiveness and digital technology integration. This ensures adequate resources, government and business initiatives to meet evolving market demands and contribute significantly to the EU's economic growth. CCIs ecosystem can generate economic wealth as being knowledge-intensive and based on individual creativity and talent. More importantly, CCIs are critical to a shared sense of European identity, culture and values. In economic terms, these industries show economic growth above average and create jobs, particularly for young people, while strengthening social cohesion.<sup>3</sup>

The article examines the case of Latvia as one of the EU Member States. The country's creative industries are currently evolving and growing with the government and relevant institutions focusing on enhancing the competitiveness of CCIs and promoting research in this field. The contribution of culture to societal well-being is undeniable. The economic impact of cultural sector and creative industries in Latvia remains insufficiently studied, which

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3 European Commission. The importance of cultural and creative sectors. <https://culture.ec.europa.eu/cultural-and-creative-sectors/cultural-and-creative-sectors>.

hampers the development of effective policy actions and further green competitiveness and innovation.

## **B. EU Competitiveness and Industrial Strategy Framework for Creative Industries**

EU competitiveness<sup>4</sup> of industries is boosted by the EU Industrial Strategy<sup>5</sup> and New Industrial Policy<sup>6</sup> framework that should become integrated in the national green industrial policies and regulate economic, technological and environmental developments as well as to encourage innovation.<sup>7</sup> The EU Council adopted conclusions on the future of Industrial Policy<sup>8</sup> that require coordinated actions in innovative technologies, regulation, and standardisation, which help to avoid fragmentation in the Single Market and to develop a solid regulatory framework focused on ensuring competition and access to the Single Market, with common or mutually recognised standards in green innovation and digitalisation. The EU has already implemented various legislative, policy, and funding measures. Moreover, the EU's European Green Deal<sup>9</sup> and the Digital Decade Policy Programme<sup>10</sup> that followed the EU Digital Strategy<sup>11</sup> support modernisation of the legal framework and adaption of EU funding for the audiovisual sector as to align with evolving market

4 The Dragi Report: A Competitiveness Strategy for Europe (Part A), 2024. European Commission.

5 Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery. Brussels, 5.5.2021. COM(2021) 350 final.

6 'A New Industrial Strategy for Europe,' Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2020) 102 final.

7 Johnson, E. How Policy Frameworks Shape the Future of European Industries: A Focus on Regulatory Impacts and Sustainable Development. *Global Economic Review: Journal of Economics, Policy, and Business Development*. Volume 01, Issue 01, January 2025.

8 A competitive European industry driving our green, digital and resilient future, Brussels, 24 May 2024. 10127/24.

9 The European Green Deal. Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions COM(2019) 640 final.

10 Decision (EU) 2022/2481 of the European Parliament and of the Council of 14 December 2022 establishing the Digital Decade Policy Programme 2030. *OJL* 323/4, 19.12.2022, p. 4–26.

11 The EU Digital Strategy 2022, Brussels, 30.6.2022. C(2022) 4388 final, pp.7–14. Proposal for a Regulation of the European Parliament and of the Council establishing the Creative Europe programme (2021 to 2027) and repealing Regulation (EU) No 1295/2013 COM/2018/366 final – 2018/0190 (COD).

trends, business activities and consumer behaviours in the time of the technological and digital revolution.<sup>12</sup> These legal framework and standards help to enhance the competitiveness and cultural diversity of the EU's audiovisual industry. The audiovisual sector is a cornerstone of cultural industries, contributing significantly to cultural expression, economic vitality, and social dynamics in an increasingly interconnected world. Its adaptability to technological advances and changing market landscapes also underlines its importance in the broader cultural economy.

The cultural and creative sectors face significant challenges.<sup>13</sup> They contend with increased competition from global players like search engines and social platforms, demanding new business models and digital technology consumption. The digital shift is changing the way how cultural goods are created, produced and consumed, resulting in intensified global competition on a global scale.

Europe's cultural and linguistic diversity results in a fragmented market lacking critical mass, limiting the transnational circulation of works. There is a growing concern over market concentration, with a few major players dominating sales in some cultural fields. While the audiovisual industry is recognised internationally, it struggles for competitiveness within the Digital Single Market, as co-productions outperform national films.

Additionally, disinformation poses a threat to democratic discourse, highlighting the importance of diverse media in offering varying perspectives. These transnational challenges call for a coordinated European strategy to harness the potential of the sectors for jobs and social inclusion.

The new Creative Europe programme<sup>14</sup> aims to build on previous successes by promoting innovative cross-border initiatives and enhancing international collaboration. It will foster new business models, support artists and professionals, and encourage wider participation in culture, thereby contributing to a more inclusive European society.

CCIs are in a strategically important position to promote smart, sustainable and inclusive growth in all EU Member States, and thus contribute fully to the achievement of the objectives of the Europe 2020 Strategy, which is the EU's growth strategy.<sup>15</sup> CCIs are by nature inter-disciplinary; they combine

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12 Proposal for a Regulation of the European Parliament and of the Council establishing the Creative Europe programme (2021 to 2027) and repealing Regulation (EU) No 1295/2013/COM/2018/366 final - 2018/0190 (COD).

13 Creative Europe Programme 2021–2027. Brussels, 30.5.2018, COM(2018) 366 final.

14 Ibid.

15 EUROPE 2020. A strategy for smart, sustainable and inclusive growth. Brussels, 3.3.2010 COM(2010) 2020 final.

culture on one hand and economy on the other. Arts and culture are often described as the core in a system where the cultural and creative industries come together. Together the core cultural and artistic expressions and the cultural and creative industries provide a great potential for local, regional and national development and spill-over effects on the wider economy.

The policy instrument implementation shall be improved to promote the introduction and development of new creative industries' services and products by SMEs as well as the extension of export capacity of SMEs by integrating good practices and experiences identified in other European countries and regions. In addition, the implementation of this policy instrument shall enhance capacities of public servants and promote CCIs among workers and the public at large by aligning other policy instruments.

### C. Decisive Innovation and Governmental Strategies

The EU features robust and dynamic CCIs that are vital for preserving Europe's cultural diversity, enhancing social unity, and boosting the continent's international interest. These industries rank among the most vibrant sectors in Europe. As per Eurostat data, CCIs provided employment for 7.8 million individuals in the EU in 2023, accounting for 3.8% of the total workforce and encompassing 1.2 million enterprises<sup>16</sup> Emerging literature increasingly highlights the innovation capacity of CCIs, particularly their ability to interconnect the innovation processes of other manufacturing and services sectors with innovative and creative outputs. This innovation potential positions CCIs as key players in fostering interdisciplinary collaboration and enhancing overall competitiveness. However, EU policymakers should take advantage of CCIs for the delivery of a *Smart Europe*— as part of the Europe 2020 agenda.<sup>17</sup> Currently, there appears a lack of support for the CCIs and a deficiency in establishing a cohesive agenda at the EU and Member States levels. Furthermore, as creative industries represent a unique group of cultural sub-sectors driven by individual or collective creative activities, these industries produce high-value-added products and services. The output of CCIs is based on individual or collective creative activity which creates products and services with high added value, using intellectual property, characterized by functionality, innovation and potential for creating new jobs and social well-

16 Cultural employment 2023. Eurostat, 2024.

17 EUROPE 2020. A strategy for smart, sustainable and inclusive growth, Brussels, 3.3.2010, COM(2010) 2020 final.



being.<sup>18</sup> To strengthen this framework, it is essential to implement supportive measures such as tailored vocational training programs, funding opportunities for startups in the CCIs sector, and initiatives that promote cross-border collaboration. Additionally, fostering partnerships between educational institutions and industry players can enhance the skills and creativity of the workforce, ensuring that Europe maintains its competitive edge in the global market while nurturing its rich cultural heritage. Ultimately, an integrated and proactive policy approach that elevates the role of CCIs can drive sustainability, inclusivity, and innovative growth across the EU, creating a vibrant cultural landscape that is economically beneficial and socially enriching.

## D. The Cultural and Creative Industries Ecosystem in Latvia: Scale and Scope

### 1. A concept of Cultural and Creative Industry in Latvia

A concept of CCIs in Latvia is relatively new,<sup>19</sup> it has significantly developed during the last 10 years – it is important for the economic sector and as a source of employment. The development of the industries is linked to issues of national identity, culture and language, and influence unique export offerings as well as the potential for marketing Latvia abroad.<sup>20</sup> The CCIs ecosystem is supported by the EU, for example, implementation of ‘design thinking’ approaches in developing government policy and programmes. Promotion of design as a part business strategy and innovation element such as awareness raising strategy and campaign in the state institutions. There is also funding by the Latvian government given to researchers on culture and creative industries in educational institutions.<sup>21</sup> These studies can serve as an example, based on individual and collective creativity, skills and talents, which by way of generating and utilizing intellectual property, are able to increase welfare

18 The Guidelines for Cultural Policy 2022–2027 “Country of Culture. The Cabinet of Ministers Nr. 143 Riga 2022. gada 1.03. (Nr. 12 26). <https://www.vestnesis.lv/op/2022/45.9>.

19 Vanags, Alf, Mīkelsone, Anda, Gubins, Sergejs (2007) Creative industries in Latvia. BICEPS, Riga. <https://culturelablv.files.wordpress.com/2009/04/ri-apskats2007.pdf>.

20 Cultural Policy Guidelines 2014–2020. “Creative Latvia”, Cabinet Order No. 401, 29 July 2014.

21 *Cultural and creative ecosystem of Latvia as a resource of resilience and sustainability*. Project VPP-MM-LKRVA-2023/1–0001 funded by the LR Ministry of Culture of the Republic of Latvia, the State Research Programme “Latvian Culture – a Resource for National Development” 2023–2026.

and create jobs.<sup>22</sup> Creative industries generate, develop, produce, utilise, display, disseminate, and preserve products of economic, cultural and/or recreational value. Creative industries encompass the following sectors: architecture design, cinematography, performing arts, visual arts, music, publishing, television, radio and interactive media, advertising, computer games and interactive software, cultural heritage, cultural education, recreation, entertainment and other cultural activities. CCIs play a pivotal role in arts-based education in Latvia, significantly influencing both educational practices and the broader cultural landscape.

Cultural and creative industries are one of the developing sectors of the economy and a notable source of employment opportunities in Latvia. The sector encompassing culture, entertainment and sport accounted for 1.8% of the national economy in 2023. Notably, the growth rates of culture and creative industries have not demonstrated significant progress. From 2011 to 2019 the growth rate was 4.6%. In contrast, during 2020 and 2021, it dropped to just 0.3%. According to the Ministry of Economy's forecast, the growth rate is projected to be 4.0% from 2022 to 2030 and 3.4% from 2031–2040.<sup>23</sup>

Employment in cultural and creative industries is expected to be 2,900 by 2024–2030, but for 2031–2040, the demand is anticipated to decline by 0.4 thousand.<sup>24</sup> These trends may be attributed to demographic tendencies resulting in a negative population growth. The contribution of the creative industries to overcoming the effects of the crisis caused by the Covid-19. The main issues to be addressed in the implementation of this priority are related to the cultural infrastructure and material and technical base, opportunities to work professionally in the field of culture, receiving equal and competitive remuneration for equivalent work.<sup>25</sup> The availability of tools for specific cultural sub-sectors, types of cultural organisations, in particular professional arts institutions, non-governmental organizations and self-employed creators, is crucial; at the same time, the international recognition and competitiveness of Latvia's cultural and creative industries must be strengthened.

22 *Policies for cultural Creative industries: the HUB for innovative regional development* (CRE:HUB). Interreg Europe, European Regional Development Fund 2016–2020.

23 LR Ministry of Economy. Labour Market forecast 2024. <https://www.lmsp.lv/documents/view-ext/780965ae22ea6ae11935f3fb73da841/EM%20Informativais%20ziņojums%20Par%20darda%20tirgus%20prognozēm%202024%20augusts.pdf>.

24 Ibid.

25 The Guidelines for Cultural Policy 2022–2027 “Country of Culture”. The Cabinet of Ministers Nr. 143 Riga 2022. gada 1.03. (Nr. 12 26).

## 2. *The Government approach to Cultural and Creative Industries*

In Latvia, the economic potential of cultural and creative industries was first updated at the national level in the late 1990s, when one of the first assessments of the economic importance of the cultural sector emphasised that it could be a profitable sector.<sup>26</sup> For example, in the study “Creative Industries in Latvia” of the Baltic International Centre for Economic and Political Studies (BICEPS), it was calculated that in 2007, 4.8% of the total number of employees in Latvia were employed in creative industries, and 7% of Latvian companies operated in them.<sup>27</sup> For the first time, creative industries were recorded in the State Cultural Policy Guidelines for 2006–2015.<sup>28</sup> This is referred to as the transfer of creative industries effect. The first strategic document for the development of cultural and creative industries at the national level is the “Guidelines for Cultural Policy 2014–2020 “Creative Latvia”,<sup>29</sup> in which two of the four main directions for achieving the priorities and policy goals of cultural policy are directly related to the creative industries – development of the competitiveness of cultural and creative industries, as well as promotion of the availability of creative territories and cultural services. The positive impact characteristic of cultural and creative industries can help foster more creative governance, modern teaching methods and lifelong learning, new quality social services, quality tourism, sustainable territorial development, a more innovative economy, environmental sustainability, and a competitive identity – a creative country for creative and cohesive people. Globally, creative industries are positioned as a driving force for stimulating innovation and economic competitiveness not only within the sector itself but also in the economy at large, indirectly promoting the development of other economic sectors (spillover effects). Regional issues of creative industries were focused on the research project “Creative industries in small cities: potential and contribution to sustainability” funded by the Latvian Science Council in 2020, which was implemented in the programme of Fundamental

26 LR Ministry of Culture(1998). Assessment of the economic significance of the cultural sector. [https://www.km.gov.lv/sites/km/files/kult\\_sekt\\_nozimig\\_19981.pdf](https://www.km.gov.lv/sites/km/files/kult_sekt_nozimig_19981.pdf).

27 Vanags, Alf, Mīkēlsone, Anda, Gubins, Sergejs (2007) Creative industries in Latvia. BICEPS, Riga. <https://culturelablv.files.wordpress.com/2009/04/ri-apskats2007.pdf>.

28 Council conclusions on the transfer effect of cultural and creative industries. Promoting Innovation, Economic Sustainability, and Social Inclusion. Official Journal of the EU 2015/C 172/04.

29 Cultural Policy Guidelines 2014–2020. “Creative Latvia”, Cabinet Order No. 401, 29 July 2014.

and Applied Studies.<sup>30</sup> Another project funded by the Latvian government is funded by the Ministry of Culture of the Republic of Latvia in the framework of the State Research Programme “Latvian Culture – a Resource for National Development (2023–2026)”<sup>31</sup>

A further document the “Guidelines for Cultural Policy 2022–2027 “Country of Culture” can be considered as a step in solving these problems. They entered into force on 1 March 2022.<sup>32</sup> Experts in Latvia contributed to the research about the role of creative industries and digital transformation underlined a prerequisite for their further development. The research confirms<sup>33</sup> that qualified labour is on demand. In this respect education of children and young people in its formal and informal forms is badly needed on the country.

This long-standing, comprehensive document identifies the sustainable development of the cultural and creative industries as one of the key strategic priorities (along with the cultural offer available to the public, active public participation in cultural processes, preservation and creative use of cultural heritage, as well as the generation of talent and the professional development of cultural workers).<sup>34</sup>

The most important directions of action for the development of creative industries and digital transformation are defined in the strategic document “Guidelines for Cultural Policy 2022–2027 “Country of Culture”. Those are:

1. Support for innovation (technological and non-technological innovation).
2. Strengthening competitiveness and supporting exports.
3. Stimulating the crossover-effects of the cultural and creative industries and closer sectoral cooperation with a view to creating innovative solutions.
4. Developing a culture of experimentation.
5. Support mechanisms for ecosystem actors in the creative industries.
6. Availability of information and networking opportunities.

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30 Creative industries in small cities: potential and contribution to sustainability. No. VPP-MM-LKRVA-2023/1–0001, funded by the Ministry of Culture of the Republic of Latvia in the framework of the State Research Programme “Latvian Culture – a Resource for National Development” (2023–2026).

31 Ibid.

32 The Guidelines for Cultural Policy 2022–2027 “Country of Culture”. The Cabinet of Ministers Nr. 143 Riga 2022. gada 1.03. (Nr. 12 26).

33 Cane, Renate, Steinbergs, Kaspars (2022). The Role of Digital Transformation in Creative Industries Companies in Regions. DOI: 10.22616/ESRD.2022.56.042.

34 Council Conclusions on Culture as a Catalyst for Creativity and Innovation. Brussels, 12 May 2009. <https://cultureactioneurope.org/wp-content/uploads/2015/02/2009-creativityandinnovation.pdf>.

### 3. *Are Cultural and Creative Industries in Latvia a remedy to increase technological improvements and economic advances?*

Digital transformation is an integral part of policy planning documents, which is vividly confirmed by the Digital Transformation Guidelines for 2021–2027 of Latvia.<sup>35</sup> The vision defined in the document emphasises the importance of technology for the development of society and the competitiveness of the business and for the development of creativity. It describes the relatively low level of digital transformation in small and medium-sized enterprises in Latvia, which is very typical as well for creative industries. Funding for these lines of action is provided from the state budget and EU funds, such as the European Regional Development Fund, as well as part of the funding for regional development activities in the field of creative industries and digital transformation is provided in local government budgets. Similarly, during the programming period of the EU funds 2021–2027, the previous successful support for the business incubator of creative industries continues. In its turn, the plan of the Latvian Recovery Fund submitted to the European Recovery Fund envisages 20% (365.2 million euros) for digital transformation and 20% or 370 million euros for the reduction of inequality.<sup>36</sup> Part of these funds will also be trained for the development of creative industries<sup>37</sup> and their digital transformation, including in the regions of Latvia.

These efforts are aimed at creation of new knowledge based on an interdisciplinary research approach towards the resilience of the CCIs in the current processes, especially by shedding light on the dynamics of the cultural offer and accessibility in the face-to-face and digital environment, as well as the employment and education processes of the sector.

The interplay between creative industries and arts-based education in Latvia not only enriches the educational experience but also contributes to the growth of the country's economy. This synergy prepares students to tackle future challenges in a rapidly changing world, equipping them with valuable skills and fostering a lifelong appreciation for the arts.

35 Jakobson, M. (2021) Latvia – Digital transformation Guidelines 2021–2027. <https://digital-skills-jobs.europa.eu/en/actions/national-initiatives/national-strategies/latvia-digital-transformation-guidelines-2021-2027>.

36 The Latvian Recovery and Resilience Plan. [https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/latvia-s-recovery-and-resilience-plan\\_en](https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/latvia-s-recovery-and-resilience-plan_en).

37 Cultural and creative industries definition. LR Ministry of Culture. <https://www.km.gov.lv/lv/kulturas-un-radoso-industriju-definicija>.

#### *4. Knowledge and future-proofing skills*

The CCIs often apply new forms of employment such as ICT-based mobile work, portfolio work, crowd employment or collaborative employment (co-working). Many creative workers engage in irregular (often low paid) part-time or temporary forms of employment as well as hybrid models, for example combining freelancing with other professions to provide the financial stability to maintain their creative activities. As CCIs require a work force with a unique mix of skills (including business knowledge, creative entrepreneurship, e-skills, technical as well as traditional skills), some sectors face a general shortage of talent. Creating stronger partnerships between CCIs, social partners as well as education and training providers is seen as one way of improving the provision of the right “cross-disciplinary curricula” needed in the creative sectors.

Creative industries inspire the development of innovative learning environments and pedagogical approaches already in schools. For instance, design thinking principles may be applied to problem-solving, encouraging critical thinking and collaboration among students. Moreover, creative industries in Latvia provide opportunities for local artists to engage with educational institutions. Collaborations between educational institutions and artists can enhance curriculum delivery and provide students with firsthand experience of professional practices. Latvia has a rich cultural heritage that serves as a foundation for arts education. Educational programmes at all levels often include traditional arts and crafts, folklore, and music, promoting students’ understanding of their own cultural identity while instilling respect for cultural diversity. Arts-based education often extends beyond the classroom, engaging communities through public art projects, performances, and exhibitions. This engagement fosters a sense of belonging and encourages students to contribute to their local environments creatively.

The skills cultivated through arts-based education—such as creativity, critical thinking, and collaboration—are increasingly recognized as essential for the workforce. Creative industries help shape educational programmes that prepare students for various careers in arts and culture, design, media, and technology.

The Latvian government, as discussed above, recognises the significance of the creative sector, aligning cultural and educational policies to support the growth of creative industries. This includes funding arts programmes in schools and promoting creative methodologies in education. The inherently interdisciplinary nature of the CCIs combines culture and economy, providing significant potential for regional and national development. To fully realise this potential, the implementation of policy instruments facili-

tates the introduction and development of new services and products by SMEs.

## **E. Conclusion and Potential for Future Research**

The EU's emphasis lies on enhancing the sustainable and green competitiveness and cultural diversity, particularly in the CCIs. Moreover, the ongoing digital shift requires the adaptation of business models within CCIs to remain competitive and inclusive. Integration of the EU Industrial Strategy within national frameworks support a cohesive approach in addressing green innovative technologies, regulations, and standards. This is essential for preventing fragmentation in the Single Market and ensuring competitiveness of the EU.

EU policy frameworks must remain adaptable, responding to emerging challenges and ensuring that industries can leverage new technologies and business models for continued growth and success. Ultimately, CCIs hold a strategically important position for promoting smart, sustainable, and inclusive growth across EU Member States. CCIs play a critical role in maintaining Europe's cultural diversity, promoting social unity, and enhancing the continent's international interest. Additionally, these industries are increasingly recognised for their innovation capacity, notably their ability to link creative processes with other sectors. This interconnection fosters interdisciplinary collaboration but also enhances overall competitiveness of the EU economy.

Despite the importance of the CCIs, there is a noticeable lack of support and cohesive policy initiatives for CCIs at both the EU and national levels. This gap indicates an opportunity for policymakers to leverage the potential of CCIs in alignment with the objectives of the EU economic competitiveness strategies. Building partnerships between educational institutions and industry can play a vital role in nurturing talent and ensuring that the workforce is equipped with relevant skills, thus reinforcing Europe's competitive advantage in the creative sector. To improve conditions for knowledge development though comparative analysis of best practices and innovative strategies for CCIs across EU Member States and regions helps to incorporate a concept of sustainability onto CCIs to ensure responsible growth and competitiveness. Governments could set up a continuous monitoring to adapt strategies to emerging trends in CCIs. An integrated and proactive policy framework is crucial for elevating the role of CCIs, promoting sustainability, inclusivity, and progressive growth in the EU. This approach can cultivate a dynamic cultural landscape that simultaneously drives economic benefits and social well-being.

The concept of CCI in Latvia is relatively new but has evolved significantly over the past decade. These industries are crucial to the country's national identity. In economic terms, CCI contribute to the revival of competitive advantages of the economy as a source of employment, unique export opportunities, representing a vital sector in the overall national economy.

Latvia's government has recognised the economic potential of CCI through various policy documents and strategic guidelines and emphasise the importance of innovation, sustainable competitiveness, and cross-sector cooperation to enhance the creative industries.

Digital transformation is a fundamental element of Latvia's policy planning. Despite acknowledging its importance, the level of digital integration in CCI remains low. Funding from both state and EU sources aims to bolster digital initiatives and improve the resilience of creative industries.

The creative sector requires a diverse and innovative skill set that includes business knowledge and technical proficiency. However, there is a shortage of talent in certain areas. Strengthening partnerships between CCI, their ecosystem that includes educational institutions, and social partners, is crucial for addressing this gap and developing relevant cross-disciplinary curricula.

The integration of creative industries into broader sustainable and competitive economic and social policies is essential for further development and increase in competitiveness.

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