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ECONOMIC DYNAMICS OF DESIGN IN THE CONTEXT OF INTERNATIONAL EXPERIENCE

The scientific novelty of the research consists of its plan and the points that were clarified for the first time. The rationality of the funds allocated by the state for creativity, the inactivity of business in this area, the lack of scientific research, the reduction in the number of researchers and engineers were cited as factors hindering the development of the creative economy.

The study mainly discusses the concept of “creative economy”, its main characteristics, principles, and the international experience of the design economy. Attention is also paid to the consideration of design as a tool and factor in the country’s economic development. The main purpose of writing the article is to study the expanded innovative reproduction system of the economy, to identify its main structural elements. In the last decade, the intensification of globalization, regionalization, modernization and transformation of the economic system has led to a kind of creative development, whose direction and pace are determined by man as an innovator, which increases the relevance of the research topic.

The following research methods were used to perform the tasks: monographic (to study the principles of management of the economic system); system-structural (to study the essence of sustainable economic design); institutional (to study the application of the design problem in institutions); abstract-logical (to make theoretical and methodological generalizations and formulate the results).

The main result of the research is that the study of the relationship between economics and culture in existing economic models allows for a more in-depth study of the phenomenon

of creativity as a factor in innovative processes. The development of research on the role of culture in the formation of human capital can be useful in the study of the main categories of economic development, such as productivity, innovation, creativity. Changes in the focus of cultural economics from the study of cultural heritage and art (welfare model and neoclassical model), as well as a reconsideration of the concept and content of culture which we observe in these models, can lead to changes in cultural development.

Key words: *design economics, international experience, creative economics, modernization, globalization, innovation.*

Наукова новизна дослідження полягає в оригінальності його структури та цілого ряду позицій, які аналізуються вперше. Названі фактори, що стримують розвиток креативної економіки, зокрема: низька ефективність використання коштів, які держава виділяє на креативність, бездіяльність бізнесу в цій сфері, відсутність наукових досліджень, скорочення кількості дослідників та інженерів, тощо.

У статті розглядається поняття «креативна економіка», її основні характеристики, принципи та міжнародний досвід дизайн-економіки, дизайн як інструмент і фактор економічного розвитку країни. Основною метою статті є дослідження системи розширеного інноваційного відтворення економіки, виявлення її основних структурних елементів. В останнє десятиліття посилення процесів глобалізації, регіоналізації, модернізації та трансформації економічної системи призвело до своєрідного творчого розвитку, напрямку і темпи якого визначаються людиною як новатором, що посилює актуальність теми дослідження.

Для виконання поставлених завдань використано наступні методи аналізу: монографічний (дослідити принципи управління економічною системою), системно-структурний (вивчити сутність сталого економічного проектування), інституційний (пов'язаний з організацією та застосуванням проектної проблеми в установах), абстрактно-логічний (теоретико-методологічні узагальнення та формування результатів).

Основним результатом дослідження є те, що вивчення взаємозв'язку економіки та культури в існуючих економічних моделях дозволяє більш поглиблено вивчити феномен креативності як чинника інноваційних процесів. Розвиток досліджень ролі культури у формуванні людського капіталу може бути корисним при дослідженні основних категорій економічного розвитку, таких як продуктивність, інновації, креативність; зміни у фокусі економіки культури від вивчення культурної спадщини та мистецтва (модель добробуту та неокласична модель), а також перегляд концепції та змісту культури, які ми спостерігаємо в цих моделях, можуть призвести до змін у культурному розвитку.

Ключові слова: *економіка дизайну, міжнародний досвід, креативна економіка, модернізація, глобалізація, інновації.*

Introduction

The human being now occupies a central position in the economy, as human capital is quickly becoming the most essential resource for economic development of each state. Human capital is traditionally defined as a set of knowledge and skills used to meet the various needs of an individual and the society as a whole. It is best to think of human capital as the sum of skills, knowledge, abilities, and experience relevant to the chosen

field of study. Human capital is synonymous with a person's talent and abilities, which can be translated into creativity. Furthermore, it is critical to consider the relationship between creativity and the economy. Creativity is defined as the generation of new ideas and their application to the creation of one-of-a-kind works of art and culture, functional developments, scientific discoveries, and technological innovations. The key concept of "creativity" refers to novelty, imagination,

inspiration, ingenuity, and skill. The concept of creativity has been known for a long time, although the term “creativity” appeared only in the 20th century. The 21st century, once in a while, enhances the relationship between creativity, culture, science, and the economy, thus accelerating the development of the so-called creative economy.

An American psychologist E.P. Torrens was among the first to describe the essence of creativity. In 1974, he defined “creativity” as “the process of emergence of sensitivity to problems, deficits, or disharmonies in existing knowledge that force a person to seek an optimal solution” [2]. The concept of “creativity” is no longer purely psychological and does not apply only to individuals. The term is now used to describe a comprehensive system economy [26].

The European Union and China are currently trying to move into the innovation phase of development, while Japan, the US and South Korea are already there. The term “creativity” (from Latin “*creatio*” – *creation*) was widely used in psychology in the 1950s, but it is currently viewed as a property of complexly organized systems of relations rather than a personal trait, prompting the emergence of a new term – “creative economy”. In 2000, the magazine *Business Week* was the first to mention this concept. In this regard, the author considers the changing role of corporations in the 21st century, as well as options for adapting to new economic conditions. When the value of ideas rises, intellectual resources become a critical factor of production. A creative economy is based on ability of a subject to solve emerging and potential problems using unconventional methods, allowing for high levels of competitiveness as well as additional economic and social effects [27].

In the most developed countries, the promising creative economy is becoming the core component of economic growth, competitiveness, employment, trade, innovation, social cohesion, and the relationship between cultural and production spheres. The combination of modern creative and experimental approaches and entrepreneurship generates innovative business ideas and the ability of

creative industries to develop style and design, which along with marketing skills, did contribute to the transformation of larger industries, enabling them to withstand increased competition. Innovative processes associated with the expansion of creative industries are inextricably linked to the concept of “creativity”. Creativity as a creative potential is no longer conceived exclusively in terms of the production of goods with a creative (cultural) content, but is associated with the concept of artistic processes. The term “creativity” is now more commonly associated with the terminology of innovation and the exchange of knowledge and information.

Creativity is the process of generating, developing, and turning ideas into values that mainly encompasses the characteristics commonly associated with innovation and entrepreneurship, as well as the art of generating new ideas from their inception to the stage of embodiment in value.

The implementation of a creative and intellectual resource into a “creative product” is what creative industries are all about. The authors believe that the study of the role of creativity, as well as the complementarity of cultural and human capital, should become one of the areas of research. One approach is to develop ideas through the exploration of genuinely complex relationships that lead to the development of talents and abilities, as described in the so-called “capability approach” [3]. The source of any interest in creativity today are related to the fact that the speed of changes in the social, economic and technological spheres is rapidly accelerating [4]. Modern man must quickly adapt to new combinations of changes in all spheres. In order to accept the new, a person must be creative, able to improvise, react and respond to these changes. In the discourse on creativity, all these clarifications bring us to the problem of personality, perception of the world, and the creative process itself. Learning through art (rather than simply learning about the art or following creative professions) is becoming increasingly vital within this context.

Literature Review

J. Hawkins, a member of the United Nations Advisory Council on the Creative Economy, and C. Landry are regarded as pioneers in this field. They see creativity as the pivotal factor in developing a modern lifestyle and a necessary component of the effective development of the new economy. In particular, in his attempts to trace the results of a creative economy John Hawkins identifies 15 creative industries that generate an intellectual property in the form of patents, copyrights, and trademarks [5]. The British Department of Creative Industries Program Development takes a similar approach, classifying creative activity as “an activity based on individual creativity, skill, or talent, with the potential to create added value and jobs through the production and exploitation of intellectual property” [6].

Unlike J. Hawkins, R. Florida uses the type of activity (occupation) rather than industry as the main determinant of the place of the creative economy in the reproduction system [7]. According to R. Florida, the labor approach is associated with the definition of a creative class, which incorporates two subclasses: a super-creative core (professions in programming and mathematics, architecture and engineering, natural and social sciences, education, upbringing, librarianship, art, design, entertainment, sports, and media) and creative professionals (managerial jobs, professions in business and finance, in the field of law, healthcare, leading occupations related to sales and sales management).

Thus, one of the core characteristics of a creative economy is a high proportion of people employed in specific areas of social production, which requires creative abilities, managerial competencies, and knowledge in the field of innovative development). Similar ideas were expressed by C. Landry, who emphasizes that urban development relies on people’s abilities, imagination, creative activity, and motivation rather than traditional factors of production [8].

Materials and Methods

Design is considered a highly profitable industry all over the world. In Europe, every euro invested in design yields a 20 Euro

profit. Despite the lack of methods for objective evaluation of the quality of tangible and intangible products, design communities are being formed in major cities, profile events are taking place, and niche publications about design are being released. Since 2012, the European Commission has launched many programs and projects to support and develop the design, which has emerged as a critical strategic tool for the effective growth of medium-sized European businesses. The longer a company has been in business, the more likely it is dominant to its strategy.

Observations on the European companies [9]:

- the companies with more than 50 employees primarily make design a central component of their strategy;
- the manufacturing companies most often recognize design as an integrated, but not central, component of their work;
- the longer the company operates, the more likely it does not use design;
- the companies that introduce innovation do not use design systematically.

Observations on the European companies in the context of the prevalence of respondents’ answers by country [9]:

- design plays a crucial role in companies’ development strategies, mainly true for Greece, Cyprus, and the United Kingdom;
- design is an integrated, but not central, component of the work of businesses in Malta, the Czech Republic, and Latvia;
- in case of Hungary and Slovenia, the companies do not work with design systematically [10].

In the EU, design is viewed as a tool for innovative development across multiple sectors of the economy, rather than as a separate area that requires support.

Observation findings:

- the direct correlation between the existence of a national policy and the economic contribution of design: 14 of the 28 countries have a valid national design support policy in place, while others incorporate it into other development policies or develop separately support strategies. Croatia, the Czech Republic, Cyprus, Greece, Portugal,

and Romania were the only EU countries with no national design support or innovation policies in 2018. The design industry in these countries, except for Romania, is not a significant component of the economy or economic development.

- high-quality statistical information as the foundation of effective state management of design development: in 16 EU countries, there are separate subclasses for design as a type of economic activity, allowing to generate and analyze statistical data on various types of design and develop optimal solutions for varied formats of support for one or another kind. Most of these 16 countries are in the top ten for the contribution of design to the national economy.

- national design awards and competitions established in 22 EU countries to popularize and promote the country's design. Such a component, however, will not ensure a high level of design development in each country provided that institutional reinforcement in terms of the support policies and programs is put in place. Some studies on the use of design for innovative transformations in European countries were carried out at the initiative of the European Commission between 2009 and 2012, and its important role for economic growth was recognized. In 2013, the Commission presented the main document on the implementation of a design-driven innovation action plan for the period 2014-2020. It includes three strategic action plans that should be implemented at the national and regional levels:

1. Increasing awareness of the impact of design on innovation:

- advocating for design's innovative role in front of European policymakers;

- measuring the role and economic impact of design, along with other intangible assets, in creating value;

- applying design methods in multidisciplinary research and innovative programs;

- developing competencies and introducing design-driven innovation in education;

- facilitating ongoing dialogue between key stakeholders of design-driven innovation.

2. Promotion of design-driven innovations in various industries to boost European countries' competitiveness:

- creating opportunities to support the introduction of design-driven innovations in European business;

- firming opportunities for European SMEs to use design as a strategic tool to add value to their goods and services;

- strengthening cooperation between companies that invest in design as an asset;

- enhancing collaboration among companies that value design as an asset;

- promoting design-oriented innovative strategies and practices for developing new business models;

- incorporating design into research and development to increase the commercial and social value of development programs.

3. Promotion of design as a driver for updating the public sector:

- improving public servants' ability to use design methods;

- implementing design innovations to improve the efficiency and customer focus of government services;

- encouraging training and collaboration among public-sector entities seeking design-driven solutions.

The US creative economy, as defined by R. Florida fosters a wide range of innovative industries and activities, which serves as the foundation for the development of the "social structure of creativity", of which the most important are the following:

1) business creativity;

2) creativity in the production of goods and the provision of services;

3) the creativity of the external and internal environment for the development of various types of creative directions [10].

The creative economy affects not only the creation of new products but the methods by which they are manufactured. For example, Japan takes a proactive stance in this regard. Given the peculiarities of the formation and development of the creative economy in this country, Japan is credited with being the first to apply non-traditional and creative approaches. Currently, the country has one of the highest GDP in the

world and is considered one of the ten largest exporters in the world. The most advanced creative enterprises operate in Japan, where the creative abilities of workers are used on the basis of their physical labor. Nowadays, Japanese manufacturing is constantly improving technologies, methods, directions, forms, industrial ideas, and models and organizations for managing processes and people.

Furthermore, the United Kingdom is the world leader in the field of creative economics with its competent specialists, a rich cultural heritage, a high interest in new areas of economic activity, and stable state support. The country can make creative industries important economically. Throughout its history, the United Kingdom has faced numerous economic challenges and after dramatic crises, it bounced back only to dip into an economic depression. It is currently one of the richest countries in the world with its significant economic assets and influence in global markets. Human resources have recently gained specific importance in the country.

The economic aspect takes into account the creative abilities of a person, extraordinary thinking, new ideas and modern views. Seminars and master classes are regularly held for employees of organizations in order to improve the skills of personnel and develop the system of professional education. All UK businesses are extremely competitive, which is critical to the long-term growth of the economy. Today, innovation is present in many areas of British companies producing a better product or providing a better service [11]. In his book "Creative City," Charles Landry accurately described the main elements of city infrastructure that contribute to the development of a creative economy. A "creative city" concept embodies a convenient transportation system, thoughtful recreation areas, and a rational distribution of residential and working quarters. Transport communication is one of the most important factors influencing the quality of life of city dwellers [8].

Although the United Kingdom has a well-developed transportation system, au-

thorities are constantly developing innovative ideas for improving and stabilizing the environmental situation. As a result, significant funds are allocated annually for the development of cycling. Cycling paths are made safer, bike parking lots are built, etc., promoting a healthy lifestyle. It can also purchase the necessary services to meet primary needs, improve his culture, and intelligence for the free pastime of people organized outdoor activities, where person/individual can find something to do with interest.

Given the importance of innovation in business, it is no surprise that innovation plays a core role in increasing productivity. Economic growth is directly related to the ability of companies to adopt new technologies and invest in various forms of innovation. It should be noted that, despite the development of new industries, it is critical to pay close attention to existing industries and support and stimulate the growth of innovations in the production of goods or services. Despite the creative activity of the British workforce, the UK government also supports the creative economy, providing various benefits and facilitating the creation of businesses [12]. According to modern foreign economists, we are entering an era of all-pervasive creativity that permeates all sectors of the economy and society.

Since the mid-1990s, when the term "creative industry" was first coined, the creative economy has been a priority for the British government due to the structure of the UK's creative industries economy. As previously stated, American economists distinguish 15 industries of the creative industry, and the United Kingdom's Department of Culture, Media, and Sport identified 12 industries that make up the modern British creative economy [13]. If we draw an analogy with the creative industry in the United States, we can see a lack of research and development, which we believe is quite appropriate given the proximity of the UK creative economy to creativity, art, and publishing, as the creative economy of the United Kingdom is built on intelligence. To conclude, the pivotal engine of creative industries is people who contribute their ideas and creativity to the final product of industries.

It should be noted that the rise of the creative economy in all countries has had a significant impact on the distribution of society members into groups and classes. Over the years, various authors – Peter Drucker, Fritz Machlup, Daniel Bell, Robert Reich, and others – have debated on the emergence of new classes in advanced industrial countries. All these experts are concerned with the economic implications of the new class structure. Russian economists did not consider the class structure of creative workers, but the prerequisites for this have already emerged. It should be noted that the economy is the foundation of the creative class (whether Russian or foreign). We distinguish it as an economic class because the creative class is made up of people who generate economic values through creative activity [27].

Discussion and Results

The creative economy, in our opinion, should be approached methodically and broadly. In this case, it acts as:

- as the share of the service sector grows and begins to dominate the manufacturing sector, a post-industrial economy emerges;
- an information economy, in which information (knowledge, science) plays a prominent role as a factor of production, and creative labor predominates;
- an innovative economy, because knowledge empowers the generation of a continuous stream of innovations that meet and frequently form the requirements of dynamically changing needs [15].

The primary distinction between a creative economy and a traditional economic structure is that knowledge is the primary tool, information is the primary resource, and innovation is the main product. As a result, the concept of a creative economy combines seemingly disparate concepts such as “information economy”, “knowledge economy”, and “innovative economy” [17]. The ability to generate new, original ideas and convert them into economic capital and sold products is the raw material of a creative economy. Human capital, domestic demand, innovation, investment, technological, organizational, and institutional modernization, especially the creative activities of all mar-

ket entities, are critical factors in the effective formation, growth, and development of a creative economy [24].

Contributing factors include effective creativity, innovation, investment, production and social management. It is also important to distinguish between terms such as “creative cluster”, “creative industries” and “creative economy”.

A creative cluster is a group of people with creative potential and the ability to generate new ideas and products. The enterprises in the cluster complement one another, resulting in a greater effect due to synergy.

Around twenty years ago, the concept of creative industry emerged, combining the creative and commercial components of the modern economic system. The creative industries are part of the Quaternary sector of the economy, which is based on the creation and dissemination of knowledge and information, in particular, economically successful products with cultural value [25]. Creative industries create goods and services, including ideas, which in the next stage serve as resources for the innovation process and other sectors of the economy, both scientifically and technologically.

The creative industries allow people to generate profit, create new jobs and innovative industries, contribute to the growth of production of traditional products, modernize industrial processes, promote the restructuring of production, create new markets and soft infrastructure for cultural tourism, improve industrial infrastructure, and investment environment, strengthen competition and give impetus to innovative development, provide trade growth, increase labor productivity and the number of highly qualified human resources.

A creative economy is one in which people who “earn on ideas” work across all industries. Without denying the fundamental positions of a market economy, it is founded on the following key principles:

- the dominance of intellectual (non-material) economic products over material products;
- intellectual and creative resources are the main asset of enterprises of any form

of ownership, the rational management of which ensures the efficient use of material and financial resources of enterprises and organizations;

- the prevalence of qualitative evaluations of the efficacy of production, logistics, trade, and other types of entrepreneurial activity;

- profit is generated by the use value (utility) of economic products, the primary value of which is their intellectual rather than physical component;

- the importance of man in the development of management systems as a source of intellectual and creative resources when operating in man-machine, man-information, man-communication, and other similar conditions. The most valuable resource in society is human creativity;

- in the production of any economic products, a free, efficient, and targeted exchange of creative energy between all market participants is ensured.

Consequently, without integrating its tools into the public services sector, and largely, due to a lack of understanding by government officials and policymakers of its value and lack of user orientation, the goals of design development and support will not be fulfilled. As a result, public sector employees at all levels must simultaneously acquire competencies such as design thinking and service design such as pieces of training, workshops, etc. The interaction of all participants in the design ecosystem, as well as the involvement of public and commercial organizations that develop design and its tools in the planning and implementation of state programs, ensures high efficiency of design development support.

Stepping up the awareness of business of the value created by design and the benefits of its use at all stages of the product value chain is an essential part of implementing strategic changes at the national level. Design support programs should include inter-sectoral collaboration and collaborative platforms for cooperation amongst all participants in the design ecosystem in the country and region. In a creative society, the state is crucial. To support the sphere of culture and art, the central budgets of European countries

use a variety of funding channels, including direct financing, a system of inter-budgetary general and targeted transfers to subnational budgets, joint participation in the financing of authorities at various levels, independent intermediary structures, and partnership mechanisms based on a mixed public-private financing.

Grants with the terms of a reciprocal funding mechanism are common in many countries. For the first time, such grants were introduced in Europe in the United Kingdom, and then in continental Europe. The goal of such grants is to help cultural organizations not only improve their financial situation but also to assist them to adapt to the market environment. They encourage them to implement corporate management methods, increase their self-sufficiency through commercial activity development, and attract non-state financial sources. Public finance and investment in the creative economy is expected to go beyond culture ministries and cover ministries in charge of industrial development, technology, and finance. Quite often, financing for startups is extremely difficult to obtain due to dim market prospects for creative products. It is difficult to predict the demand for creative goods, so investors (both public and private) view such projects as high-risk. Government investment programs, business incubators, and private venture capital firms are sometimes available to firms. However, difficulties in obtaining funding remain at the stage of functioning of creative enterprises, when working capital is required, and funds for business expansion are scarce [17].

Four types of creativity can be distinguished: scientific, cultural, economic, and technological creativity. Scientific creativity is defined as the ability to use curiosity to generate new ideas, see new connections, and solve problems in novel ways. Cultural creativity is defined as the ability to use one's imagination to generate original ideas and new ways of interpreting the world, as expressed through text, sound, and image. Economic creativity is viewed as a dynamic process that results in innovations in technologies, business practices, marketing, and so on. It is closely related to gaining a competi-

tive advantage. Technological creativity is a synthesis of various types of creativity. Since cultural creativity is difficult to evaluate, only the three types of creativity that make up the creative economy will be evaluated [26].

The term “creative economy” first appeared in *Business Week* magazine in an article titled “Creative Economy”. The United Nations Conference on Trade and Development defines a creative economy as follows: A creative economy is a developing concept, with creative assets serving as the foundation for economic growth and development [18]. The creative economy also contributes to income generation, job creation, and export revenue, all of which help with social adaptation, cultural diversity, and human development. It addresses economic, cultural, and social issues, as well as technological advancement and intellectual property issues. The creative economy necessitates the creation of innovative interdisciplinary strategic projects. At present, economic development is increasingly dependent on strengthening the relationship between the development of technological innovation and creative content.

In a creative economy, the means of production are intellectual resources, and an asset is the ability of subjects to solve problems using non-standard methods [19]. The works published by D. Hawkins, of a member of the UN Creative Economy Advisory Council [5], R. Florida, an economist and sociologist [7], and C. Landry, a World Bank expert, in which creativity is seen as an attribute of the successful development of the new economy [19], are considered fundamental in this area. Based on the theories of these three authors, a creative economy can be defined as a system consisting of three components: a creative city, a creative class, and creative industries [20].

It was Charles Landry who coined the term “creative city”. In his work, he defines a creative city as “a method of urban planning that allows people to think and act creatively, making our cities more viable and managing their imagination and talent”. The creative city proves its creativity through all modes of communication: face-to-face, printed materials, and now websites [8].

In his book, Richard Florida divides the creative class into two parts. The core of the creative class consists of people working in science and technology, architecture, design, education, art, music, and the entertainment industry, whose economic function is to generate new ideas, technologies, and creative content. Apart from the core, the creative class includes a large number of creative specialists working in business and finance, law, healthcare, and other related fields of activity [7]. The indicators proposed by R. Florida [7] can be used to estimate the level of development of a creative economy. Among them are investments in creativity, growth of creative productivity, and an increase in the creative workforce.

Investments in creativity are defined as the internal costs of research and development, the trend in granting patents, and the growth of creative labor, in particular, the number of scientists, researchers, and engineers. In the United States, funding for creativity in the form of R&D costs is systematic and increasing all the time. There is a clear trend for entrepreneurial organizations to increase their share of R&D investment. At the same time, the primary investment method is the financing of creativity by entrepreneurial organizations. Government agencies fund creativity to a lesser extent, and the share of government funding is declining. Scientific organizations’ share of their funds is small and declining [16].

In general, it can be noted that the level of the creative economy in the U.S is very high and that such an economy will continue to develop in the country. In Azerbaijan, not everything is so simple. There is a serious question about the rationality of government funding for creativity, the inactivity of businesses in this field, the insecurity of scientific research levels, and the decline in the number of researchers and engineers. Russia lags behind the United States in the development of a creative economy. Thus, trends in global practice make us believe that a creative economy will emerge in many countries around the world, owing to the fact that creativity or creativity plays an increasingly important role in economic development.

Conclusion

The study of the relationship between economy and culture in existing economic models allows us to delve further into the phenomenon of creativity as a factor in innovative processes. The development of studies related to the role of culture in the formation of human capital can be useful in studying the main categories of economic development, such as productivity, innovation, and creativity; shifts in emphasis in the cultural economy from the study of cultural heritage and art (the welfare model and the neoclassical model), as well as the revision of the concept and content of culture that we observe in these models, lead to changes in cultural development.

In this regard, it is necessary to avoid the development of creative industries sectors based solely on commercial models as well as a skewed understanding of their nature and relationships with both the traditional culture sector and other sectors of the economy; modern research necessitates a systematic approach to understanding creativity not only as an individual process involving the use of creative potential but also as a socio-cultural phenomenon in a broader context. A multilateral consideration of the phenomenon of creativity, taking into account current research in various fields of knowledge (art, sociology, psychology, economics, and so on), will enable us to develop a comprehensive vision for the development of the cultural sector as a whole.

Creativity, as a component of human and cultural capital and the basis of innovative economic development, should serve as a link for the growth of both the commercial and non-commercial sectors of culture. It is necessary to search for new tools for interaction and mutual support of areas that promote creativity (traditional branches of culture, cultural industries, education, IT-sphere, technology, social communications). Design can become an efficient industry through the development of national policies/strategies for its support and development, as well as individual vertical (sectoral, industrial policies) strategies for the development of design as a creative industry, and horizontal – through the inclusion of design as a tool in innovative development policies.

The key structural elements of the economy's system of expanded innovative reproduction are as follows: the knowledge generation subsystem, the field of education and training, which provides the formation of human potential, the creative product and service production subsystem, innovative and creative and investment infrastructure, including financial support channels for the reproduction of innovative potential.

To summarize, the last decade has seen the intensification of globalization, regionalization, modernization, and economic system transformation processes, ushering in a creative type of development, whose orientation and pace are determined by a person as an innovator.

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ECONOMIC DYNAMICS OF DESIGN IN THE CONTEXT OF INTERNATIONAL EXPERIENCE

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The transition from a raw model of development to a creative one, the transformation into a technologically dynamic country capable of developing, producing, and applying high technologies, innovations for large-scale production of competitive goods and services, are considered the most significant components of the strategy for modernizing the economy at the present stage. The study mainly discusses the concept of “creative economy”, its main characteristics, principles, and the international experience of the design economy. Attention is also paid to the consideration of design as a tool and factor in the country’s economic development. The main purpose of writing the article is to study the expanded innovative reproduction system of the economy, to identify its main structural elements. In the last decade, the intensification of globalization, regionalization, modernization and transformation of the economic system has led to a kind of creative development, whose direction and pace are determined by man as an innovator, which increases the relevance of the research topic.

The methodological basis of the research was the works of German and other foreign scientists on the problems of economic design. The following research methods were used to perform the tasks: monographic (to study the principles of management of the economic system); system-structural (to study the essence of sustainable economic design); institutional (to study the application of the design problem in institutions); abstract-logical (to make theoretical and methodological generalizations and formulate the results).

The main result of the research over time is that the study of the relationship between economics and culture in existing economic models allows for a more in-depth study of the phenomenon of creativity as a factor in innovative processes.

The development of research on the role of culture in the formation of human capital can be useful in the study of the main categories of economic development, such as productivity, innovation, creativity. Changes in the focus of cultural economics from the study of cultural heritage and art (welfare model and neoclassical model), as well as a reconsideration of the concept and content of culture, which we observe in these models, can lead to changes in cultural development.

Originality/scientific novelty. The scientific novelty of the research consists of its plan and the points that were clarified for the first time. The rationality of the funds allocated by the state for creativity, the inactivity of business in this area, the lack of scientific research, the reduction in the number of researchers and engineers were cited as factors hindering the development of the creative economy.

Practical value/implications. The practical significance of the research is related to the fact that the research topic, i.e. the creative economy, affects not only the creation of new products, but also their production methods. For example, practical research has shown that Japan is active in this matter. It was known that Japan was the first country to adopt non-traditional and creative approaches, given the peculiarities of the formation and development of the creative economy. Taking into account the Japanese experience, the use of creative abilities of employees based on physical labor can be applied. Given that Japan is constantly improving technologies, methods, directions, forms, industrial ideas, models and organizations to manage production processes and people, we can consider the possibility of applying this practice in our countries.

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