

FINANCIAL AND ECONOMIC MODELS OF THE CULTURAL INDUSTRY

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Abstract: Integrated support system of production of the creative industries as complex high-tech products is an informational and organizational support lifecycle services culture. We consider the elements, stages, structure of integrated support cultural industries, which is realized through the formation of information-analytical database of cultural industries. The embodiment of this algorithm will improve the efficiency of public and private investment funds in the cultural industries, the quality, stability and competitiveness of paid and free services culture. The system of endowment funds due to the lack of financial resources, this model in the field of culture is still not widespread. This will provide an increasing investment income from the endowment, which is directed to support cultural organizations. The development budget, which is a fundamentally new element of financing culture and formed in the endowment funds on the basis of revenues from individual budget appointments and marked taxes.

Keywords: culture industry, creative industry, consciousness industry, support model, service sector financing, endowment fund

Feature of the market of services culturists main features: less monopolized by (dispersed), savings due to diversity and quality of services; opportunistic (unpredictability); segmentation (focus on a specific group of buyers, the complementarity and substitutability of services); localization (the attachment to a specific territory); the dynamism and flexibility (the rate of turnover of capital is high, less the initial capital base - a small business).

The services market creates conditions for the development of entrepreneurship, due to the high speed of capital turnover and the use of many small businesses that contribute to the employment of a large number of economically active population, which leads to the formation of the middle class, the prevention of economic, social, political and other pressures. It is possible to identify some features of the demand for cultural services: seasonality; individuality; local character; certain difficulties with the flexibility of supply. It is also possible to highlight some features of the demand for services: seasonality; individuality; local character; some complexity with the flexibility of the proposal. Demand for services is always individual, precedes their production and has a local character, practically not interchangeable.

The consumption of cultural services, unlike the consumption of material goods, has no restrictions. The consumer usually generates demand for several types of services. The developed sphere of household services allows freeing up time for entertainment, the development of tourism increases the demand for communication services, catering, etc.

The high social importance of social and cultural services (health, education, culture) determines the availability of benefits, subsidies, free provision of certain services.

Uneven demand for cultural services in the seasons, periods of the day, days of the week and the inability to accumulate, store services creates the need to regulate the rate of demand in time through flexible pricing, differentiated pricing, the use of mechanisms of discounts and allowances. The limits of some service systems are not flexible. The volume of activity of production systems can be increased for a short period of time, for example, through overtime and additional shifts. Some service firms can also increase their activities by extending their working hours, such as amusement parks in the summer months.

Demand fluctuations are inherent in almost all types of services. Methodological prerequisites for its study are that the demand is a value that varies over time under the influence of the following factors: socio-demographic; economic; seasonal; psychological.

Let us consider in more detail the impact of the above factors on the effective demand in the service sector. Among the social factors of the growing demand for services, it should be noted first of all the increase in the length of free time of the population (reduction of working time, increase in the length of annual leave), which, combined with the increase in the standard of living of the population, means the influx of new potential customers into the service sector. Demographic factors related to population size, population distribution by country and region, gender and age structure (with the allocation of able-bodied population, students, pensioners), family status and family composition also have a constant impact on the demand in the service sector. The influence of economic factors is mainly due to the fact that there is a close interdependence between the trends in the development of services and the economy.

In the field of cultural services to a greater extent than in material production, it is necessary to take into account the time factor (seasonal declines in demand, peak periods of demand during the day). This is most clearly seen in the case of transport services. Demand depends on the time of year, days of the week, as in the summer and on weekends the number of passengers increases. Here the role of capacity planning (capacity of the service sector) is great.

Most buyers of cultural services do not follow a strict rationality in the acquisition process, which would imply the identification of all possible sources of acquisition of services and the application of evaluation criteria to each of them. However, it is obvious that organizational buyers act with more rationality than individual consumers, who demonstrate greater illogicality in making a purchase decision. A corporate consumer would rather prefer a simple and relatively less risky approach by purchasing a familiar service than spend time searching and analyzing all possible options. "The industry of consciousness" that sells "cultural values" does not create a new product of activity, but consumes cultural products and puts forward the basic conditions of existence: education, proclamation, capital accumulation, technical development.

Thus, the specificity of the dynamics of effective demand for the service of culture is due to its features such as intangible, unprotected, inseparable from the source, the volatility of quality. Demand fluctuations are inherent in almost all types of cultural services and depend on socio-demographic, economic, seasonal and psychological factors. That is, the change in demand is characterized by regularities, the qualitative analysis of which allows differentiating the volume and structure of consumption of certain types of services by the population.

The market of cultural services is absolutely different from other markets. There are several explanations for this. First, the service itself does not exist until it is provided. Therefore, it is impossible to evaluate the service of culture, and even more so to give it any assessment before it is received. Secondly, cultural services are characterized by a high degree of uncertainty, which puts the client at a disadvantage, and makes it difficult for sellers to promote services to the market. Demand for services is more individual than demand for goods, so the service market is more focused on a certain group of buyers. The demand for cultural services is quite difficult to predict, due to both the specific features of services, in particular the inability to store, and the fact that often the decision on the consumption of services is made spontaneously. Demand also depends on the seasonal factor, on the General level of welfare of the population.

The sphere of cultural services located at the intersection of various activities and should be studied taking into account the system of factors: economic, social, cultural, political, technological, psychological, etc. Entrepreneurship in the cultural and creative industries is complicated by such circumstances as the wide differentiation of products and services, the need to produce goods that have artistic value (nature), subjective evaluation by the consumer, the need to work with people who are often more content-oriented than profit-oriented. In essence, a cultural and creative entrepreneur can be described as someone who uses entrepreneurial

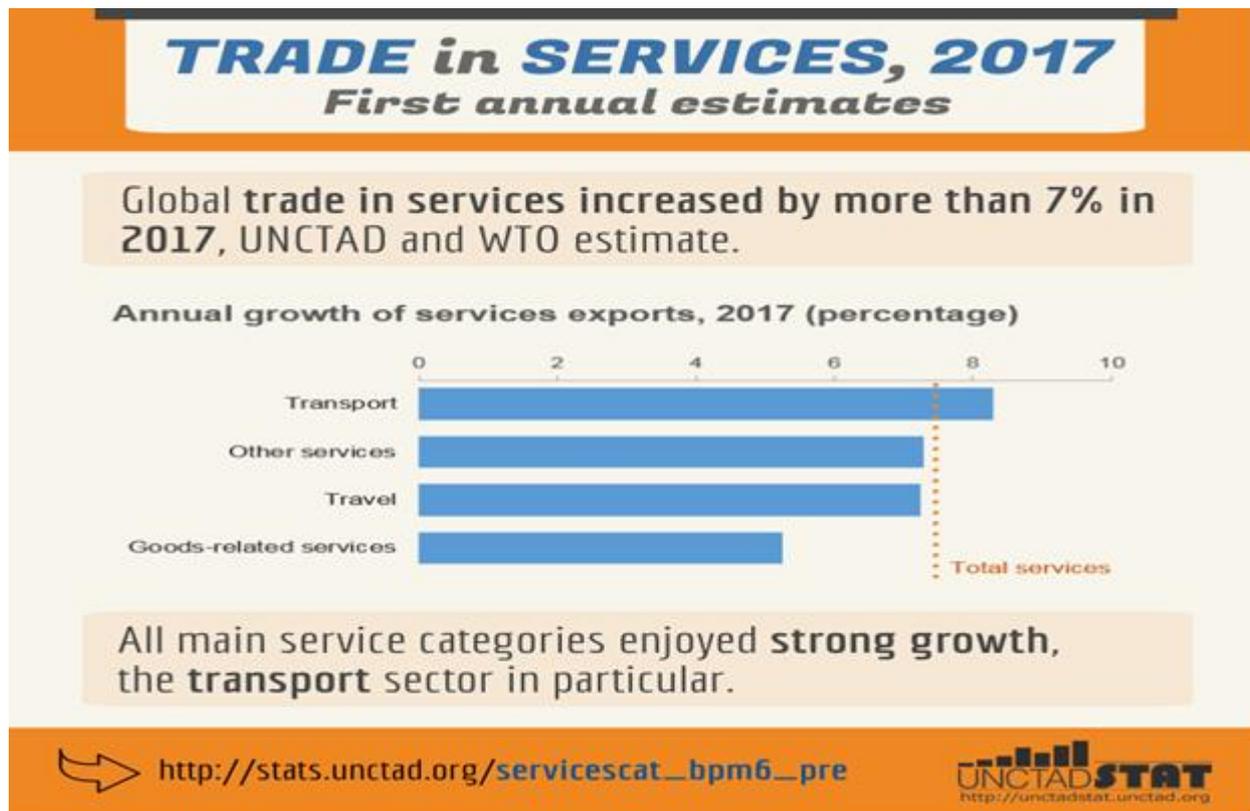
principles to carry out his or her creative activities on a commercial basis. However, achieving a balance between the "cultural Foundation of creativity" and entrepreneurship is not straightforward and depends on the type of creative industry.

The ratio of creative industries to innovation is very diverse and its study reveals empirical and analytical links between creative industries and innovation (innovation policy). Creative industries produce the result of activities in the form of goods or services (including ideas), which subsequently become resources for the process of innovation in other sectors of the economy, both in scientific and technological sense [3].

By examining the relationship between the services market and the manufacturing market, the growth of creative industries can be seen as the result of successful innovation processes in traditional sectors of the economy that allow the same volume of production using fewer resources. Productivity growth in the main sectors of the economy frees up resources, both human and non-material, which can be used in the cultural services sector as a growth factor and therefore as a basis for the sustainable growth of creative industries.

In the international export of services in 2016, the first place was taken by services in intellectual property, development and research, together amounting to about 1 trillion dollars, while the export of tourism services took the second place (700 billion dollars). Compared to 2017, according to UNCTAD, significant growth was observed in all categories of services, in particular in the transport sector (figure 1).

The total volume of world trade in services increased by 7% according to UNCTAD and WTO: in the first quarter of 2017, the growth was 3%, and at the end of the year already accelerated growth of 11%, the volume of exports of services also increased by more than 2% (figure 1).



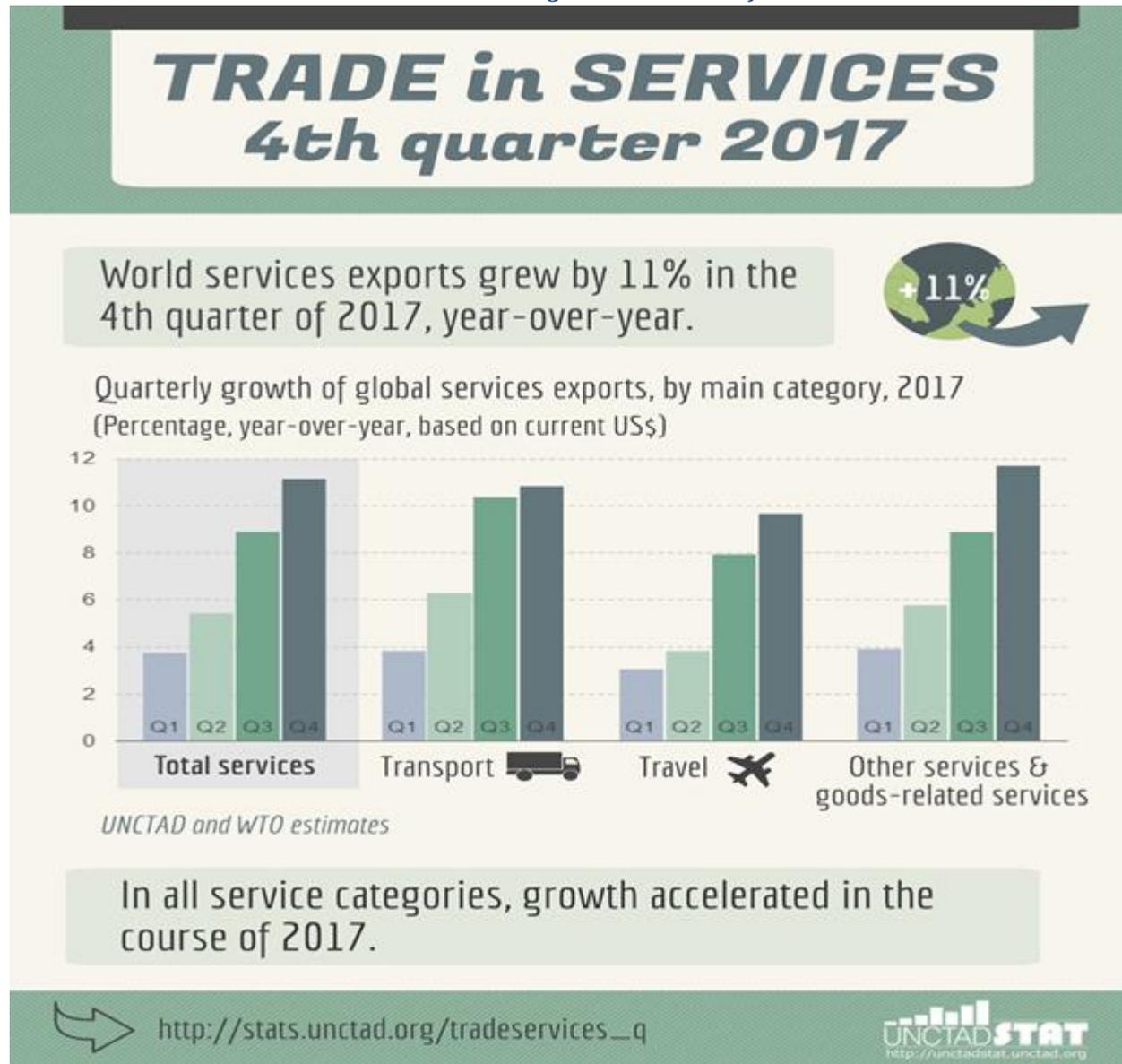


Fig. 1. Trade in services in 2017 (UNCTAD)

The basis of the increasing role of creative industries in the innovation process may be considered the concept of "creative class" [4], which explains the emergence of a new class of people in the rapidly changing economy of post-industrial society, as a new social and cultural phenomenon. R. Florida writes that "creativity acts as the most valuable resource of the new economy, not being a product itself, that the rise of the creative economy connects the spheres of technical innovations, business and culture"[4, p.12].

The high degree of realization of the creative potential of representatives of the sphere of culture and art, has a positive effect on the productivity of knowledge of other workers, which contributes to increased productivity and income. People's communications with representatives of the art sphere stimulate new ideas - "technological and economic creativity is born and created in cooperation with artistic and cultural creativity" [5, p. 5]. A product of the last hundred years becomes a "consciousness industry", hawking "cultural values". As you can see, the consciousness industry is not characterized by the creation of new, but by the consumption of cultural products.

For some sectors of the economy, the material and financial benefits of cooperation with the sphere of culture and art are obvious, and mostly these are areas that actively use cultural

goods and symbolic capital of culture and art as resources (advertising, design, it-entertainment products, etc.). At the moment, the mechanisms by which knowledge and creativity flow from one sector to another remains poorly understood and generate the need for further research [3]. Therefore, active cultural services are characterized by a certain degree of innovation and creativity.

Components of support for the provision of cultural services can develop and become more complex if the demand and purchasing power of the population of a particular subject of the Russian Federation or the growth of investment opportunities increases. Support may be reduced if the balance between demand, supply and investment activity is disrupted. There is also the possibility of a breakthrough, a leap in the process of supporting the cultural industry – the emergence of new information and other technologies. Components of the service delivery culture with the use of logistic approach includes (fig. 2.):

1. Internal logistics: data collection, service, work with clients and staff, etc.;
2. Marketing: promotion and sale of tickets and services, related products, advertising, information support, preparation of proposals, etc.;
3. External logistics: order processing, delivery of tools and personnel, preparation of reports;
4. Provision of services: direct contact between the consumer and the producer of services as a result of the implementation of cultural services;
5. Post-implementation services: customer support, feedback from consumers, regulation complaints, repairs etc.

Both commercial and non-commercial organizations and even social groups can participate in the production of cultural services.

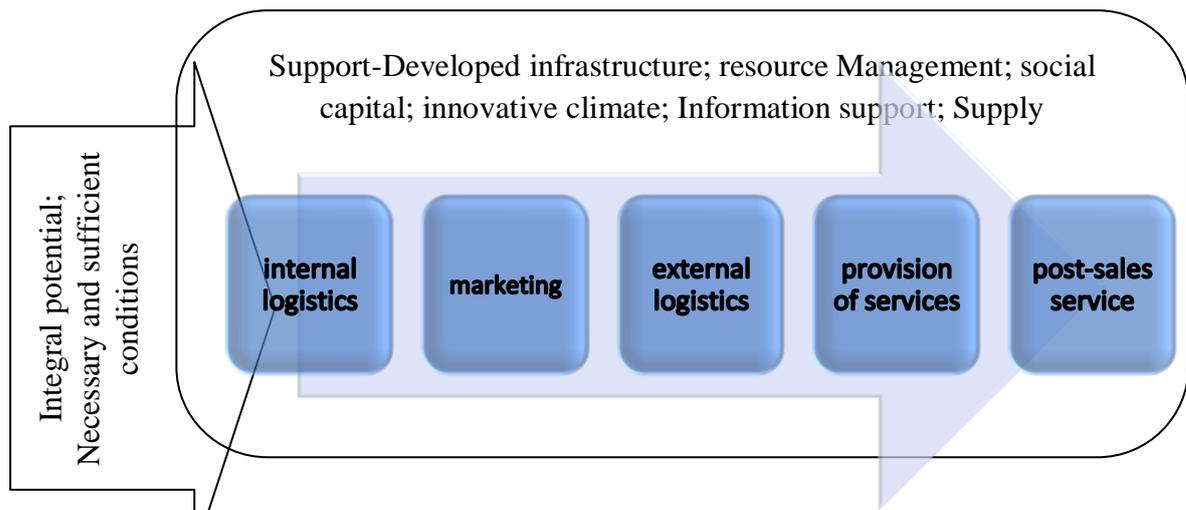


Fig. 2. Components of the process support services cultural industries

Based on the potential of a particular support subject, the following types of support are selected: infrastructure development; resource flow processes management; social capital; innovative climate; information support; supply (tools, advertising and space, etc.). These types of support can be carried out by both state and non-state organizations and enterprises of various sectors of the economy.

Linking from one side the stages of the process of providing services and culture support matrix may support the provision of culture, demonstrating the link between measures and support services culture and process of the service industry culture. Depending on the specifics of the industry system of a particular subject, the structure of the matrix may vary.

In this sense, the services of the cultural industry are an innovative product and there is a qualitative relationship between the provision of services, profit and the life cycle of cultural services and measures to support the services of the cultural industry.

Depending on the stage of the process of supporting the provision of services to the cultural industry, support institutions may include: the state; non – profit organizations-grandors; commercial enterprises; funds of "seed" investments; "business angels"; venture funds; banks; private equity funds.

The system of endowment funds due to the lack of financial resources, this model in the field of culture is still not widespread. Its real development is possible in the construction of a system of endowment funds, and in combination with the already considered institutions of individual budget appointments and marked taxes, creating effective channels for their financial security. The proposed model provides for the formation of industry endowment funds in the form of independent non-profit organizations at the regional and Federal levels for various cultural activities. In order to provide them with sufficient financial resources, in addition to traditional sources of endowment capital formation, a mechanism for its replenishment is proposed at the expense of revenues from individual budget appointments and marked taxes. In this case, annual contributions will be maintained and accumulated in the respective endowment funds. This will provide an increasing investment income from the endowment, which is directed to support cultural organizations. The development budget, which is a fundamentally new element of financing culture and formed in the endowment funds on the basis of revenues from individual budget appointments and marked taxes [4, p. 99].

Measures to support the stages of the life cycle of the development of the industry of culture and creativity in the implementation of the necessary and sufficient conditions include:

1. financial-guarantee schemes and other financial and credit mechanisms, availability of seed and venture capital, etc.;
2. production-critical mass of participants in the chain of production of goods and services of culture and creativity;
3. market-proximity to the consumer, marketing support;
4. educational - programs of creativity development through the education system, protection of copyright and related rights;
5. management and political – support for creative startups, support for mobility of creative workers and flexible labor markets, support for the internationality of creative business;
6. support – strategic documents and road maps for the development of cultural and creative industries, the formation of specialized creative clusters, integrated service centers of the cultural and creative industries.

Assistance in the work at the appropriate stages of the process can be the task of infrastructure organizations in the sphere of culture, United by a single process of providing and providing cultural services. These infrastructure organizations supporting cultural services may have specific conditions for interaction with all participants in the process of providing services to the cultural industry.

Currently, there is a need for new forms of interaction between government agencies, public organizations, non-profit organizations and the business community. These support measures can lead to the creation of conditions for attracting investment, improving the competitiveness of cultural services, the efficiency of the cultural industry, the modernization of the infrastructure of the Russian Federation, improving the quality of cultural services.

The development of integrated logistics systems in the cultural industry will effectively solve the problems of economic growth of depressed subjects of the Russian Federation [2]. For the implementation of the planned economic and legal projects requires professional management of the sphere of culture. Thus, the combination of administrative and economic methods to ensure effective management is the main direction of optimization of economic and legal mechanism in the sphere of culture.

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