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CULTURAL INFLUENCES ON THE ECONOMY UNDER CONDITIONS OF UNCERTAINTY**Ona Gražina Rakauskienė^{1*}, Neringa Žibaitė²**^{1,2} Social Innovations Doctoral School, Institute of Business and Economics, Mykolas Romeris University, Ateities st. 20, LT-08303, Vilnius, LithuaniaE-mails: ^{1*} ona.rakaus@mruni.eu (Corresponding author); ² nezibaite@stud.mruni.eu

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Abstract. As economic instability grows and the risk of global threats increases – including pandemics, wars, climate crises, and sudden migration flows – conventional indicators of progress, such as gross domestic product (GDP), are increasingly recognised as insufficient to assess socio-economic development, societal resilience, and a country's capacity to recover from crises. This article highlights the role of culture in evaluating the socio-economic development of European Union member states under conditions of uncertainty. Culture is understood as a factor shaping long-term development trajectories, influencing not only economic outcomes but also institutional quality, social trust, and societies' ability to adapt to shocks. From a methodological perspective, the article applies criteria for assessing the cultural sector in line with the EU's "Beyond GDP" approach, focusing on cultural employment, the business environment of the cultural sector, and public expenditure on culture across EU countries. These indicators are analysed alongside levels of trust in public institutions and the Human Development Index (HDI), as well as their correlations, to identify key factors that may significantly impact societal resilience, sustainability, and long-term growth. Using descriptive and comparative methods, the study seeks to identify recurring patterns and structural imbalances across countries, particularly when high GDP levels are not reflected in social well-being or national stability. The empirical findings suggest that cultural indicators are more closely associated with long-term development outcomes than with short-term economic performance. The results indicate that the vitality of the cultural sector and consistent public support contribute to strengthening social cohesion and resilience, while their impact on economic growth is indirect and materialises through longer-term institutional and value-based transformations. The article concludes that culture should be regarded as a strategic resource for long-term development rather than a secondary component of economic policy, especially in contexts of global crisis and uncertainty.

Keywords: cultural and economic interaction; cultural indicators; socio-economic development; path dependence effect; general trends in cultural employment; cultural enterprises; government expenditure on culture; trust in government; Human Development Index (HDI)

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JEL Classifications: O1, O34

1. Introduction

Growing human insecurity, the threat of incurable disease pandemics, unprecedented socio-economic inequality, climate change and its ecological consequences, the escalation of international conflicts, the risks posed by artificial intelligence and information technologies, as well as limited public understanding of these threats and of measures to mitigate them, increasingly reinforce human vulnerability and contribute to a widespread sense of anxiety and instability (Mohammed & Ahmad, 2025; Gqalindaba, Lukman & Makiwane, 2024; Ivančík, Nečas & Iľáčiková, 2024; Ivančík & Nečas, 2025).

The Human Development Report 2021/2022 (UNDP, 2022) emphasises that global society is living in an era of uncertainty in which individuals struggle to manage their lives effectively. Global economic progress does not

necessarily translate into a sense of security for people. The United Nations' 2025 report already identifies emerging threats to humanity related to artificial intelligence, including disinformation, deterioration of mental health (particularly among young people), loss of human control, erosion of democratic processes, rising inequality, and environmental impacts (UNDP, 2025).

The COVID-19 pandemic led to a decline in the Human Development Index in almost all countries, while new and unforeseen virus variants continue to emerge. Record temperatures, wildfires, hurricanes, floods in some regions and droughts in others pose a serious threat to the planet's stability and further disrupt its fragile equilibrium. Against the backdrop of shifting geopolitical orders and growing tensions, armed conflicts persist in multiple hotspots, with the number of civilian casualties continuing to rise (Ivančík & Andrassy, 2025). Acute crises are increasingly giving way to chronic uncertainty and recurring global shocks that undermine human and societal development.

People around the world report feeling increasingly insecure and vulnerable. A special United Nations report on human security (2022) found that 6 out of 7 people worldwide reported feeling insecure at some point in their lives, even before the pandemic. Today, residents of even the wealthiest countries feel less secure than they did a decade ago. It is therefore unsurprising that many societies struggle to withstand pressures of polarisation and political extremism, further intensified by social media, artificial intelligence, and other powerful information technologies. This is reflected in the decline of the Human Development Index for two consecutive years following the COVID-19 pandemic (UNDP, n.d.).

In recent years, amid economic uncertainty and repeated shocks, research into the relationship between culture and the economy has become particularly important. Some scholars around the world (from the United States and Europe), as well as researchers in Lithuania, argue that culture constitutes a pathway to well-being and stability in people's lives, that material prosperity is shaped by a country's or nation's cultural code and that it is precisely behavioural norms and patterns among the population that influence balanced and sustainable economic growth.

Contemporary societies also exhibit rising levels of aggression. Aggression between nations at war, repression, alienation between peoples, hostility, and civil conflict represent forms of violence that must be addressed. Culture – particularly the culture of communication – plays a critical role in countering this aggression. Culture is inherently non-aggressive; it fosters restraint, calmness, balance, and inner stability, providing individuals with the capacity for self-regulation and resilience.

Research on the economic impact of culture has developed a solid theoretical and empirical foundation, particularly since the early 2000s, when creative industries began to be recognised as an integral part of the economy. Such studies often focus on the contribution of cultural and creative sectors to GDP, employment, innovation, and territorial development (Baculáková & Gress, 2021; Liu & Li, 2022; Kostakis & Lolos, 2024; Zhang & Wei, 2024; Li & Yan, 2024; Valiati & Möller, 2025; Dellisanti, 2025).

Due to its complexity and both direct and indirect effects, culture remains difficult to define and measure clearly and straightforwardly. Its impact is evident not only through direct economic contributions but also as a driver of innovation and a key factor in urban and regional regeneration. Culture helps to "bind together" different social groups and functions as a catalyst for economic recovery, especially in the aftermath of crises, shocks, and economic downturns.

In 2007, the European Union adopted its first cultural strategy. Currently, the EU is implementing the Creative Europe 2021–2027 programme (European Commission, 2021). At the same time, both economists and policymakers increasingly acknowledge that GDP has ceased to be an adequate primary indicator of economic well-being. The European Commission's "Beyond GDP" initiative aims to develop indicators that are as clear and

compelling as GDP, while better reflecting societal progress and quality of life (World Wide Fund for Nature, 2022).

The Lithuanian State Progress Strategy “Lithuania 2050: The Vision for the Future” identifies culture as one of the country’s key strengths and a defining feature of the state (Lithuanian Government, 2023). Culture is presented as a source from which values, identity, self-awareness, sovereignty, and the meaning of national existence emerge. It also contributes to improving quality of life, strengthening social cohesion, and promoting inclusiveness. The creative and cultural industries are recognised as a driving force of the economy, generating employment and fostering international connections.

In light of these developments, research on the impact of culture on socio-economic progress is particularly significant and relevant in the current era of prolonged uncertainty.

2. Theoretical framework

For several decades, scholars have sought to explain why some countries achieve greater economic sustainability and progress than others, and which factors shape their development trajectories and growth. Although numerous studies, assessments, and measurements have been conducted in this field, several assumptions and hypotheses have proven unsustainable over time. In addressing the question of why one country becomes a leader while another remains lagging, researchers point to the so-called path-dependence problem in contemporary economic theory. According to this concept, countries become locked into established trajectories and, despite attempts to break away, repeatedly slide back into familiar patterns (North, Wallis, & Weingast, 2009; Auzan, 2017). From this perspective, what constrains countries within these entrenched paths is not economic growth as such, nor the efficiency of economic policy or systems, but rather values and behavioural norms – namely, what societies define as good or bad, acceptable or unacceptable.

Research on path dependence and institutional lock-in, developed by Douglass North (1990), was recognised with the Nobel Prize in Economics. North's hypothesis explains how institutions and culture influence why countries tend to stay on existing development paths. The underlying cause ultimately lies in culture, which can evolve through education, learning, and sustained engagement with society over time. In their book "Violence and Social Orders", North, Wallis, and Weingast (2009) argue that transitions from lagging to leading economies are rare and require long time horizons – often up to 50 years.

Differences in living standards between countries are influenced by cultural values and the way institutions develop from them. Culture determines economic behaviour at the national level. Empirical research suggests that, historically, countries associated with what is often termed the “Protestant ethic” achieved higher levels of prosperity. However, this outcome is linked not to religion itself, but rather to patterns of behaviour, underlying values and worldviews. According to Auzan (2024), communities in which wealth is no longer viewed with suspicion and poverty is no longer treated as a moral virtue tend, over time, to move toward a higher standard of living. Cultural processes are slow, yet highly significant and effective, as societies themselves choose their values and behavioural models. There have been repeated attempts to explain why countries that have achieved growth subsequently slip back into established development paths. Auzan (2024) outlines three key hypotheses.

The first hypothesis assumes that economic growth alone is sufficient and that all other factors will adjust automatically. Empirical evidence, however, contradicts this assumption. For example, Lithuania's economy grew by 10.3% in 2003–2004 and by 9.8% in 2007, earning the label of a "Baltic tiger", yet this breakthrough proved unsustainable. This means that certain barriers exist that hinder progress, prevent breakthroughs, and make it difficult to sustain them once they occur. Among these are a lack of preparedness for long-term transformation, an absence of strategic vision, the devaluation of culture and education, their perceived lack of demand or necessity,

the tendency to displace them in favour of commercial and purely financial objectives, a fundamental failure to recognise the importance of these levers and a complete absence of attention given to them. Over time, countries striving for success, self-realisation, and material well-being may exit a previous state of stagnation but fail to enter a stable new one. In practice, this hypothesis has not been confirmed: it is possible to achieve a high rate of economic growth, yet in the absence of a clear understanding of what should follow, development tends to revert to established paths.

The second hypothesis is grounded in economic policy and centres on changes in the political system and democratisation. This assumption has also proven insufficient. Countries such as Singapore and Taiwan, despite limited democratic frameworks, have achieved and sustained high levels of economic development. Quantitative studies, including analyses of revolutionary outcomes, demonstrate that in countries with weak institutions and low respect for the rule of law, revolutions tend to worsen, rather than improve, economic conditions. This path, therefore, does not guarantee the desired results.

The third hypothesis, currently under examination, **emphasises culture as the key factor** – specifically, a form of culture capable of change through education and sustained societal engagement. Such processes can guide societies over a period of 10 to 15 years toward a desired direction and remove development blockages, as observed in southern Germany and, to some extent, in Poland.

The central lever in this process is the reinterpretation of values – particularly attitudes toward work, wealth, freedom, and long-term orientation. The critical point is the realisation that this is a long road that demands continuous work, and that those who promise a rapid leap within a short period are not to be trusted.

Two distinct trajectories of economic development can be identified, analogous to first and second cosmic velocities. Both involve growth and expansion, yet countries following the so-called "B" trajectory grow significantly more slowly than those on the "A" trajectory. Based on two centuries of statistical observation, only five cases of transition from the lower to the higher trajectory have been identified: South Korea, Japan, Hong Kong, Singapore, and Taiwan. All of these are Asian societies, traditionally influenced by Buddhism. At the turn of the twenty-first century, a notable "Catholic boom" also occurred, as Ireland, Poland, and southern regions of Germany experienced accelerated development.

Countries that have moved from lower to higher levels of development tend to share a **set of common principles**. **First**, their primary objective was **the realisation of national potential – rooted in human capital and its qualities – rather than mere survival**. **Second**, they adopted a **long-term strategic perspective extending well beyond electoral cycles**. In contrast, Lithuania exhibits weaknesses in both dimensions: limited emphasis on self-realisation and constrained strategic planning shaped by governance regulations. Although Lithuania appeared to break out of its established path in 2003–2004 and again in 2007, it subsequently reverted to earlier patterns. This indicates the existence of persistent structural constraints, including insufficient readiness for long-term change, undervaluation of culture and education, prioritisation of short-term financial goals, and limited awareness of the strategic importance of these factors. Recognising and addressing these constraints should become a decisive turning point.

In response to Samuel Huntington's concept of a "clash of civilisations" (1996), many scholars propose a "concert of civilisations", emphasising mutual cultural influence and interaction among nations. In numerous countries, multiculturalism has become an official foundation of state policy, while societies increasingly seek sources of strength in their civilisational roots. This process supports national self-respect and reinforces confidence in cultural identity. Henry Kissinger argues for a return to a meaningful, substantive economy and to dialogue among civilisations, stressing that diplomats must understand the cultures of the countries with which they engage

(Kissinger, 2022). The relevance of this perspective is already evident in the title of the book "Culture matters: How values shape human progress" by Samuel Huntington and Lawrence Harrison (2000).

In her 2025 paper "Resilient Human Development: Advancing Human Development in the Context of Shocks and Crises", Sabina Alkire integrates three closely related concepts: sustainable human development, oriented toward advancement and progress, is not possible without the idea of human security – protection from risks and crises and preparedness for them. In other words, resilience brings these perspectives together, helping societies not only grow but also adapt and withstand a wide range of shocks. Equally important in this context is agency – the capacity of individuals and institutions to creatively (re)generate prosperity in transformed and disrupted environments, recognising people not merely as beneficiaries, but as drivers of change (Alkire, 2025).

According to the author, resilience should not be understood solely as recovery, but also as transformation. While resilience is often defined as a return to a previous state (the status quo), Alkire emphasises a forward-looking and dynamic perspective. It is not enough to resist, absorb, adapt, and recover; societies must also learn, evolve, transform, and grow.

Culture is viewed as a lever for strengthening individual and societal resilience during periods of shock (Rakauskienė et al., 2025). Theory grounded in the measurement of culture is particularly relevant in the present period of disruptions, as one avenue for reinforcing human and societal resilience. During times of crisis and uncertainty, including the pandemic period, people around the world experienced anxiety and a lack of confidence in the future. The ability to overcome uncertainty and cope with difficulties depends on how prepared a society is to respond to an unknown future. Research into the impact of culture on the economy in periods of uncertainty can help lay the foundations for strengthening resilience.

3. Methodological approach

There are numerous theories of culture, among which two main approaches deserve particular attention. The first defines culture as a way of life and worldview characteristic of a specific nation or social group, encompassing all spheres of human life. The second approach understands culture as the totality of values and moral norms shared by a given society. Cultural values are not limited to individual objects – such as architectural monuments, sculpture, painting, literature, archaeology, craftsmanship, music, or folklore – but also include traditions, the transmission of knowledge, artistic skills, science, education, as well as the behaviour and customs of nations, social groups, and individuals.

From our perspective, culture is a broad concept: it encompasses systems of morality, ethics, and behaviour; beliefs and convictions shaped by a nation's mentality; ways of thinking and seeing the world; levels of education; the motivation of the population; and, ultimately, the quality of the elite – whether it thinks in global terms or, conversely, in narrow and everyday categories. Indeed, the very meaning of a nation's existence lies in its culture. A country and a nation are remembered not for their economy, but for their culture (Rakauskienė et al., 2022).

Culture is one of the fundamental factors determining the existence of nations, small ethnic groups, and states alike. It transcends time, linking the past, present, and future, leaving a lasting imprint on societal development and becoming a defining characteristic of states. From culture emerge values, identity, self-awareness, sovereignty, and the meaning of national existence, while simultaneously influencing the quality of life, social cohesion, and inclusiveness. Cultural and creative sectors contribute significantly to economic activity through employment, value creation, and international exchange.

In the twentieth century, **culture acquired an explicit economic dimension** and began to be treated as a commodity. British author and advocate of the creative economy John Howkins (2002), in his book "The creative

economy: How people make money from ideas", notes that by the end of the twentieth century, perceptions of work – and consequently of its outputs – had fundamentally changed. He highlights that in 1994, the United States generated USD 414 billion from books, films, music, television, and other copyright-protected products. Copyright-based industries surpassed clothing, chemicals, machinery, computers, and aircraft to become the country's leading export sector (Howkins, 2002). Based on these figures, Howkins leaves little doubt that in the twenty-first century the creative economy will become the dominant form of economic activity.

A 2020 article published in the business and finance magazine "World Finance", entitled "How culture can help explain economic development", discusses why **economic policies that disregard cultural context often fail**. One notable example is the Washington Consensus, a set of neoliberal policy prescriptions implemented in 1989, which did not deliver the anticipated prosperity in Latin America. Over the 30 years following its implementation, Latin America experienced annual per capita growth of less than 1%, compared with an average yearly growth rate of 2.6% during 1960–1981. This demonstrates that while specific institutional reforms may succeed in one country, they may fail in another, with cultural factors playing a decisive role.

Examining the interdisciplinary impact of creativity on business innovation, sociologist and economist Richard Florida, in his book "The Rise of the Creative Class" (2002), analyses how **creativity has become a central driving force of economic and social development** in contemporary cities and states. As the significance of the traditional working class in manufacturing and services has declined, an increasing share of economic value has been generated by a new social group – the **creative class**. This group consists of **individuals whose work is based on creativity, innovation, knowledge, and problem-solving**; in other words, whose primary tool is creative thinking. Florida argues that the economic success of cities and regions increasingly depends on their ability to attract, retain, and nurture creative individuals.

Florida identifies **three key factors (3T model) – talent, technology, and tolerance**. Cities that are open to diversity, characterised by high levels of education and robust innovation ecosystems, are the most attractive to the creative class and to investment and growth more broadly. Notably, Florida notes that **the creative class demonstrates greater resilience during economic crises**. Even during downturns, unemployment levels among this group remain lower than in other sectors, making their contribution to financial stability particularly significant. According to Florida, the creative class (which includes scientists, engineers, programmers, educators, researchers, artists, designers, media professionals, doctors, lawyers, financiers, and others) numbers 38 million people in the United States alone, accounting for 30% of the country's workforce. As a result, this group has had, and will continue to have, a substantial influence on our activities, values, aspirations, and everyday life.

A study prepared by KEA European Affairs (2006), "The Economy of Culture in Europe", significantly expanded the definition of the cultural and creative sector. It encompassed not only traditional cultural industries such as film, music, and publishing, but also media (print, radio, television), creative industries (fashion, interior, product design), cultural tourism, and traditional art forms, including performing and visual arts and heritage. The study argues that **culture and creativity are not secondary concerns, but vital drivers of both the economy and society**. It challenges the perception of culture as merely entertainment and demonstrates its direct and indirect contributions to economic growth, employment, innovation, and social integration.

The findings indicate, **first, that the economic strength of the cultural sector is substantial and growing faster than the economy as a whole**. The cultural and creative sectors outperform many traditional industries in terms of GDP contribution, turnover, and employment growth. **Second, culture and creativity are inseparably linked to information and communication technologies (ICT)** and local development, as creative content stimulates technological advancement, especially in the ICT field. **Third, culture itself is a key factor in attracting talent, investment, and tourism** to cities and regions. **Fourth, culture is closely linked to how societies bring people**

together and maintain social ties; it is a powerful instrument for empowering marginalised communities, strengthening self-confidence, and fostering cultural diversity.

Research indicates that **creativity extends beyond income generation and strengthens social capital, drives innovation, and plays a role in long-term economic transformation.** As noted in the Organisation for Economic Cooperation and Development (OECD, 2022) report, cultural and creative sectors play an essential role in local development by supporting employment, boosting incomes, and influencing the broader economy. These sectors foster innovation and serve as a source of creative skills, with strong linkages across supply and demand chains within the economy. In addition to their economic impact, these sectors also exert a substantial social influence, ranging from support for health and well-being to the promotion of social inclusion and the strengthening of local social capital.

Cultural and creative industries combine aesthetic value with economic returns: they generate income, increase value added, and create employment in cities and regions. **Creative individuals, working across almost all sectors of the economy, play a central role in innovation and help address future challenges.** Culture shapes how attractive places are to residents and visitors and also supports emotional and psychological well-being. In the aftermath of crises, achieving these benefits depends not only on restoring stability and enabling recovery but also on fully exploiting growth and development opportunities. This, in turn, calls for integrating culture across multiple policy domains rather than confining it to cultural policy **alone. Cultural funding should therefore be regarded as an economic and social investment rather than as expenditure** (OECD, 2022).

Creativity and innovation are overlapping concepts. Creativity refers to the generation of new ideas, whether this involves finding new ways to address existing problems or recognising new opportunities. Innovation, by contrast, involves the successful application of these ideas, transforming them into new products, services, or even new business models. Increasingly, both elements are becoming essential across all sectors of economic activity. **Creative industries are pioneers of the economy: a sector that has forged new paths, shaped approaches to creativity and innovation, and generated spillover benefits for the broader economy and society.** However, this process critically depends on effective transmission mechanisms that allow creative ideas and practices to diffuse more widely (The Work Foundation & Department for Culture, Media and Sport, 2007).

The United States government has long been receptive to academic insights and has supported a wide range of cultural development initiatives. According to the National Endowment for the Arts (2023), its strategic plan implementation report for the period 2018–2022 indicates that more than USD 773 billion was allocated to cultural activities during this timeframe.

In 2007, the European Union (EU) adopted its first cultural strategy. Currently, the EU is implementing the “Creative Europe” programme for 2021–2027, with a total budget of approximately EUR 2.4 billion – an increase of 63% compared to the 2014–2020 period. In 2022, the programme’s budget amounted to approximately EUR 385 million, including EUR 226 million for the audiovisual sector and EUR 35 million for cross-sectoral cooperation. The programme comprises **three strands: Culture, MEDIA (audiovisual), and Cross-sectoral.** The EU Work Plan for Culture 2023–2026 identifies **four priorities: empowering artists and cultural sectors, strengthening the role of culture in society, enhancing culture’s contribution to sustainability, and promoting internationalisation** (European Commission, 2021). Emphasis is placed on supporting innovation, digitalisation, artist mobility, and promoting inclusion and diversity. It is currently under consideration that, within the next EU Multiannual Financial Framework (MFF) for 2028–2034, culture could receive up to 2% of the total EU budget (approximately EUR 24 billion), as research suggests that every euro invested in culture can generate up to eleven euros in GDP (European Commission, 2024). Cultural financing thus extends beyond individual programmes to include components of national plans, external action funds, and regional development and cohesion funds.

It is important to emphasise that economists and governments increasingly acknowledge that GDP has ceased to function as a sufficient primary indicator of economic well-being. In response, the European Union is currently advancing the “Beyond GDP” initiative, whose objective is to develop indicators that are as clear and communicative as GDP, while offering a more comprehensive understanding of societal progress (European Commission, 2009, “Beyond GDP” initiative).

A number of internationally recognised methodologies exist for the study of culture, including those developed by Inglehart (1997), Hofstede (1980), Schwartz (2006), Trompenaars (2012), and others, which enable the measurement of the evolution of socio-cultural characteristics.

The Dutch scholar Geert Hofstede, while working at IBM, conducted a large-scale survey of IBM employees worldwide between 1968 and 1972 to identify national cultural differences affecting organisations. The study collected more than 116,000 questionnaires (Hofstede, 2001). Hofstede classified cultural differences according to four dimensions: power distance (the extent of inequality between authority and subordinates), uncertainty avoidance (the degree to which uncertainty and ambiguity are tolerated), individualism versus collectivism (the relative emphasis on individual versus group interests), and masculinity versus femininity (the distribution of emotional roles between genders). For each of these dimensions, Hofstede developed indices that enable cross-country comparisons. His methodology has been widely applied globally, particularly in management and marketing research. Even though there is continued debate about the reliability and limits of Hofstede's framework, as the first systematic attempt to quantify culture using sociological tools from an economic perspective, it is still analytically sound to examine selected statistical indicators derived from this approach.

This article analyses statistical data from selected areas of the cultural sector across European Union member states. From a methodological perspective, and in line with the EU's "Beyond GDP" framework, the study identifies the following criteria for assessing the cultural sector: employment in the cultural sector, the business environment, government expenditure on culture, overall trust in public institutions, the Human Development Index (HDI), and the correlations among these indicators. The purpose of examining these measures together is to identify key factors that may significantly influence societal resilience, sustainability, and long-term growth.

The study covers the period 2022–2024, which is particularly relevant for several reasons: (1) it best reflects current trends; (2) it avoids the distortion of cultural indicators caused by the global COVID-19 pandemic in 2020–2021; and (3) it captures the context shaped by the war in Ukraine and heightened geopolitical risks.

The analysis includes all 27 European Union member states, except for isolated cases where data for specific years or indicators are unavailable. Descriptive and comparative methods are employed to identify recurring patterns and structural discrepancies across countries, particularly when high GDP levels do not correspond to human development outcomes or socio-economic sustainability. The study seeks to uncover interdisciplinary linkages and long-term tendencies by filtering out short-term fluctuations and deliberately moving beyond GDP as the dominant indicator of socio-economic progress.

4. Key trends in cultural dimensions across EU Member States (Empirical Findings)

The empirical analysis covers employment in the cultural sector, cultural enterprises, and government expenditure on culture, drawing on the latest Eurostat data. To provide a broader analytical perspective, the study is complemented by annual data on trust in government published by the Organisation for Economic Cooperation and Development (OECD, n.d.) and Human Development Index data from the United Nations Development Programme (UNDP, n.d.). The analysis aims to identify regularities and long-term trends, and to capture dimensions of socio-economic development that extend beyond GDP indicators.

4.1. Employment in the Cultural Sector

Based on the Eurostat database (Eurostat, 2025), two main trends in cultural employment across EU countries can be identified in 2024:

- Across the EU, 7.9 million people were employed in the cultural sector, accounting for 3.8% of total employment. Although this share is relatively modest, it has remained stable over a long period.
- In virtually all EU countries and across all cultural occupations, the majority of workers have a tertiary education (62% in the cultural sector, compared to 39% in total employment). As a rule, culture is a sector characterised by a high level of educational attainment and can, to some extent, be described as an elite field.

Employment dynamics in the cultural sector across EU countries during the 2015-2024 period show gradual and steady growth (excluding the pandemic period). In 2015, cultural employment accounted for 3.6% of total employment, rising to 3.8% in 2024. In 2024, the lowest share of cultural employment was recorded in Romania (1.6%), while the highest was observed in the Netherlands (5.3%). Fig. 1 presents a detailed overview of country-level indicators.

Cultural employment, 2021 to 2024

	Number				Share of total employment				Change in the number of employees 2023 - 2024	Change in the share of total employment 2023 - 2024
	(thousands)				(%)					
	2021	2022	2023	2024	2021	2022	2023	2024		
EU	7 408	7 743	7 785	7 932	3.7	3.8	3.8	3.8	1.9	0.0
Belgium	210	210	202	198	4.3	4.2	4.0	3.9	-1.9	-0.1
Bulgaria (*)	86	80	81	83	3.0	2.7	2.8	2.8	3.1	0.0
Czechia	210	194	205	205	4.0	3.8	4.0	3.9	0.0	-0.1
Denmark (*)	132	135	138	137	4.6	4.5	4.6	4.5	-0.1	-0.1
Germany	1 615	1 705	1 685	1 673	3.9	4.0	3.9	3.9	-0.7	0.0
Estonia	32	31	36	35	4.9	4.5	5.1	5.0	-2.5	-0.1
Ireland	73	84	85	80	3.0	3.3	3.2	2.9	-6.0	-0.3
Greece	144	145	128	125	3.7	3.5	3.1	2.9	-2.2	-0.2
Spain	725	735	755	799	3.7	3.6	3.6	3.7	5.8	0.1
France	1 088	1 142	1 165	1 274	3.9	4.0	4.1	4.4	9.4	0.3
Croatia (*)	54	51	55	58	3.4	3.2	3.4	3.4	4.7	0.0
Italy	771	815	825	843	3.4	3.5	3.5	3.5	2.1	0.0
Cyprus	16	18	17	17	3.5	3.9	3.5	3.5	3.6	0.0
Latvia	36	35	37	38	4.2	4.0	4.1	4.3	3.8	0.2
Lithuania	54	58	58	61	4.0	4.1	4.0	4.1	3.8	0.1
Luxembourg	13	15	17	17	4.3	4.8	5.2	5.1	-0.6	-0.1
Hungary	167	164	171	186	3.6	3.5	3.6	3.9	9.0	0.3
Malta	12	13	13	14	4.4	4.4	4.2	4.3	8.7	0.1
Netherlands	471	521	514	523	5.1	5.4	5.3	5.3	1.9	0.0
Austria	170	176	184	189	3.9	4.0	4.1	4.2	2.6	0.1
Poland	567	604	623	597	3.3	3.5	3.6	3.5	-4.1	-0.1
Portugal	178	193	201	197	3.7	3.9	4.0	3.9	-2.0	-0.1
Romania	111	117	112	124	1.4	1.5	1.5	1.6	10.4	0.1
Slovenia	46	45	42	43	4.7	4.6	4.2	4.3	2.9	0.1
Slovakia	75	76	71	75	2.9	2.9	2.7	2.9	6.0	0.2
Finland	119	123	119	111	4.6	4.6	4.5	4.2	-7.1	-0.3
Sweden	232	260	249	230	4.5	4.9	4.7	4.3	-7.7	-0.4
Iceland	11	12	14	12	5.8	5.6	6.1	5.3	-9.6	-0.8
Norway	113	123	129	119	4.0	4.3	4.4	4.1	-7.3	-0.3
Switzerland	232	223	227	236	4.9	4.7	4.7	4.8	4.2	0.1
Serbia (*)	93	102	102	107	3.4	3.6	3.6	3.7	5.0	0.1
Türkiye	708	770	831	893	2.5	2.5	2.6	2.7	7.4	0.1

Figure 1. Employment in the cultural sector in EU countries, 2021–2024

Source: Eurostat (2025).

In 2024, the gender gap in cultural employment reached its lowest level (Eurostat, 2025), with 4.0 million men and 3.9 million women employed in the sector. A long-standing and stable trend is the dominance of employment in creative, artistic, and entertainment activities, which accounted for 1.12 million employees. The most pronounced growth was observed in fields such as design, photography, broadcasting, and audiovisual production. At the same

time, a gradual decline was recorded in publishing, sound recording reproduction, and programme and broadcasting activities.

Individuals employed in the cultural sector (aged 15-74) are predominantly highly educated (Fig. 2). In 2024, 62% of cultural workers held tertiary education qualifications, compared to 56% in 2015 (Eurostat, 2025). Not only did the share of tertiary-educated workers increase, but the proportion of those with only secondary education declined in the cultural sector – from 9% in 2015 to 7% in 2024. The share of tertiary-educated employees in culture (62%) is 23 percentage points higher than in overall employment (39%).

Cultural and total employment by sex, age and educational attainment, EU, 2024

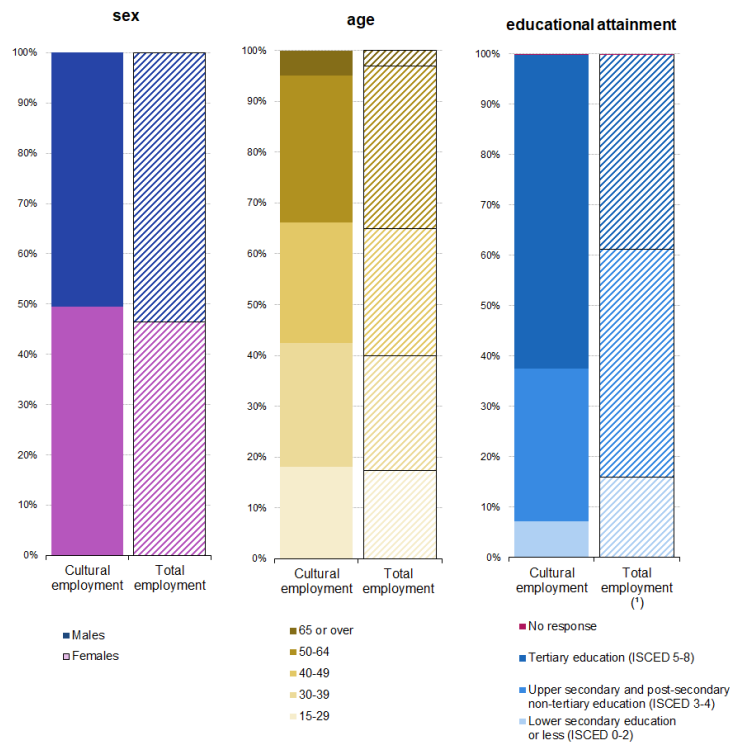


Figure 2. Cultural and total employment by sex, age and educational attainment, 2024

Source: Eurostat (2025)

Education is one of the most distinctive indicators characterising employment in the cultural sector. This is unsurprising, as many cultural professions require years of formal education (e.g., architects, journalists, writers, and composers) as well as continuous skills development. In 2024, more than half of cultural sector employees in all EU countries held tertiary education qualifications. In nine EU countries, this share exceeded two-thirds, including Lithuania (73%). The lowest shares were recorded in Slovakia, Czechia, and Italy (52%), while the highest was observed in Luxembourg (84%). A decade earlier, only five EU countries reported such high proportions. This situation differs markedly from overall employment patterns, where the share of tertiary-educated workers reaches 50% in only eleven EU countries (in 2015, this was the case only in Ireland).

4.2. Business in the cultural sector

When assessing business activity in the cultural sector, a clear and consistent trend emerges: countries with the largest number of cultural enterprises tend to have long-standing historical and cultural traditions. In 2022, more than half (51.5%) of all cultural enterprises in the EU were located in four countries: France (17.5%), Italy (12.5%), the Netherlands (12.0%), and Spain (9.4%).

The share of cultural enterprises within the business economy (Fig. 3) was particularly high in the Netherlands (11.0%) and Sweden (10.8%), while the lowest shares were recorded in Bulgaria and Slovakia (both 3.1%).

According to 2022 data, 2.03 million cultural enterprises operated in the EU, accounting for 6.3% of all businesses in the economy. The cultural sector generated approximately EUR 199 billion in value added, representing 2.0% of total business economy value added. Net turnover in the sector amounted to roughly EUR 503 billion, or 1.3% of total EU business economy turnover.

The highest share of value added in the national economy was recorded in Cyprus (5.4%) and Finland (2.8%), while the highest share of turnover was observed in Cyprus (5.4%), France (1.8%), and Sweden (1.8%).

Main indicators for cultural enterprises, 2022

	Number of enterprises		Value added		Net turnover	
	(number)	(%, share of total in industry, construction and market services)	(€ million)	(%, share of total in industry, construction and market services)	(€ million)	(%, share of total in industry, construction and market services)
EU	2 026 361	6.3	198 519	2.0	502 987	1.3
Belgium	61 682	6.9	5 755	1.5	18 060	1.1
Bulgaria	12 389	3.1	708	1.4	1 961	0.8
Czechia	70 082	5.4	2 565	1.7	8 709	1.1
Denmark	18 215	4.8	4 997	2.2	13 657	1.6
Germany	175 480	5.6	52 455	1.8	113 501	1.1
Estonia	9 658	6.8	372	1.8	1 123	1.1
Ireland	25 862	6.6	6 625	1.6	14 316	1.1
Greece	43 308	4.7	1 542	1.7	4 464	1.1
Spain	190 762	5.5	16 078	2.1	40 718	1.4
France	355 309	7.2	34 622	2.4	96 421	1.8
Croatia	12 934	5.7	731	2.0	2 076	1.4
Italy (*)	253 614	5.5	22 847	2.1	60 619	1.4
Cyprus (*)	4 662	5.3	965	5.4	3 508	5.4
Latvia	9 158	6.3	371	1.9	978	1.1
Lithuania	29 246	8.9	561	1.4	1 599	1.0
Luxembourg	2 623	5.6	566	1.1	2 054	0.6
Hungary	65 506	6.7	1 402	1.5	5 582	1.2
Malta	3 883	7.5	323	2.5	741	1.5
Netherlands	243 059	11.0	14 923	2.2	34 369	1.3
Austria	47 143	8.1	5 123	1.8	12 747	1.2
Poland	115 735	4.3	6 296	1.7	19 155	1.1
Portugal	69 710	5.2	2 673	1.9	7 067	1.3
Romania (*)	46 779	4.8	2 082	1.6	4 685	0.9
Slovenia	17 426	8.9	823	2.3	2 083	1.3
Slovakia	19 633	3.1	606	1.0	2 271	0.8
Finland	31 481	7.1	3 748	2.8	9 213	1.7
Sweden	90 497	10.8	8 708	2.3	21 243	1.8
Iceland	5 433	12.1	343	2.2	810	1.8
Norway	57 999	12.7	4 380	1.0	10 275	1.1
Switzerland (*)	11 086	6.3	12 382	2.7	25 828	0.8
Bosnia and Herzegovina	2 427	3.0	243	1.8	478	0.9
North Macedonia	2 677	4.0	87	1.2	257	0.7
Albania	3 749	3.3	176	2.5	392	1.4
Serbia	6 504	3.2	731	2.1	1 965	1.3

Figure 3. Main indicators for cultural enterprises, 2022

Source: Eurostat (2025).

The largest share of value added in the cultural sector was generated by small and medium-sized enterprises (SMEs). SMEs employed the majority of workers across most cultural activities, except programming and broadcasting, where two-thirds of employees (67.3%) worked in large enterprises. Micro-enterprises (fewer than 10 employees) employed the majority of workers in photography (89.5%), specialised design (82.4%), creative, artistic, and

entertainment activities (78.0%), and translation and interpretation (74.1%). The largest share of cultural enterprises (27.4%) operated in creative, artistic, and entertainment activities (Fig. 4). Architecture (16.5%) and specialised design (13.5%) also accounted for significant proportions.

Number of cultural enterprises, by broad heading, EU, 2022
(%)

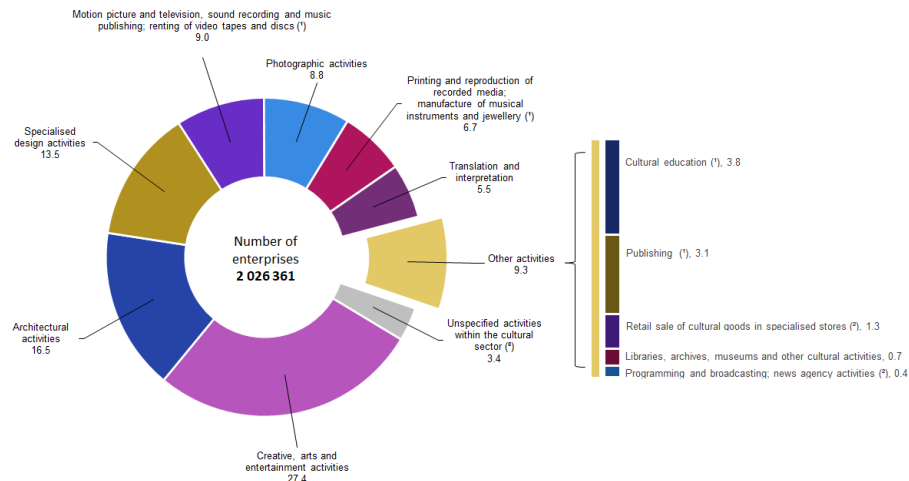


Figure 4. Number of cultural enterprises, by broad heading, EU countries, 2022

Source: Eurostat (2025).

The highest value added (Fig. 5) was generated by publishing (14.9%), architecture (14.6%), motion picture and television activities, sound recording and music publishing (14.2%), as well as printing and reproduction of recorded media; manufacture of musical instruments and jewellery (13.5%).

Value added for the cultural sector, by broad heading, EU, 2022
(%)

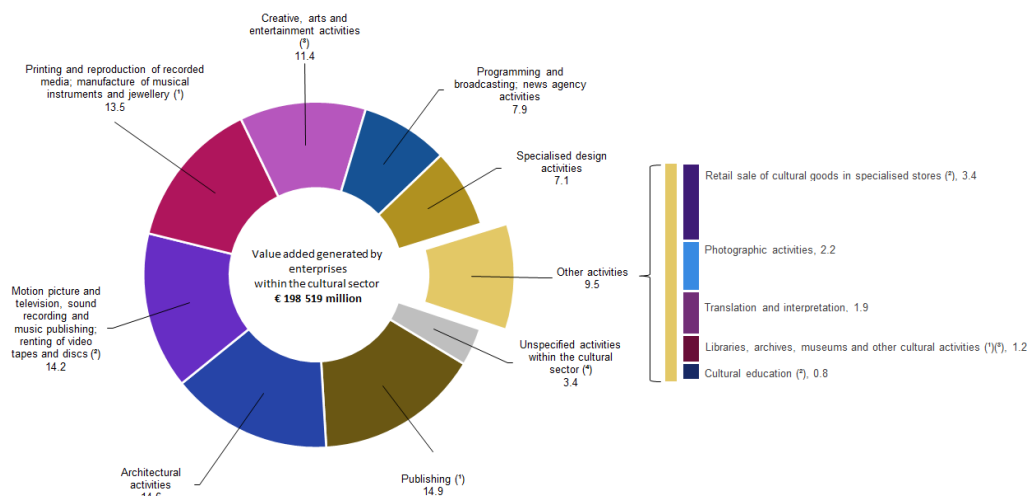


Figure 5. Value added for the cultural sector, by broad heading, EU countries, 2022

Source: Eurostat (2025).

Programming and broadcasting; news agency activities, while accounting for only 0.4% of all cultural enterprises, generated 7.9% of total sector value added (EUR 15.8 billion). By contrast, cultural education, which represented 3.8% of enterprises, generated only 0.8% of value added (EUR 1.6 billion).

EU Member States' shares in the EU total for main indicators concerning the cultural sector, 2022
(%, share of EU total)

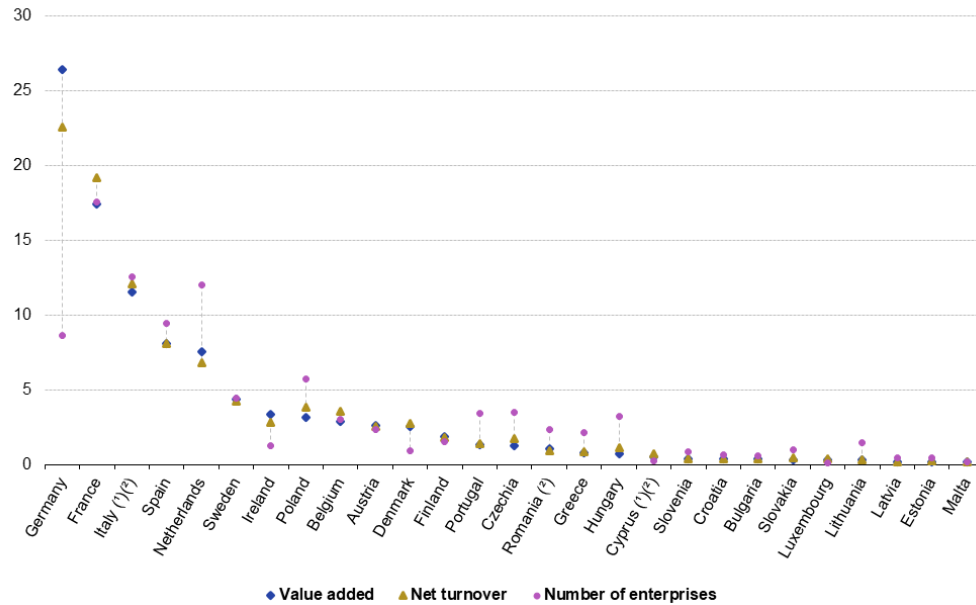


Figure 6. Shares of EU Member States in total EU cultural sector indicators, 2022

Source: Eurostat (2025).

The EU countries generating the most significant shares of value added (Fig. 6 above) were Germany (26.4%), France (17.4%), and Italy (11.5%). Together, these three countries accounted for 55.3% of total value added and 53.9% of cultural sector turnover.

4.3. Government expenditure on culture

It is important to note that a high proportional share of government expenditure on culture does not always directly correlate with higher levels of public cultural participation. However, such expenditure can be interpreted as a timely recognition of the potential for strengthening a country's economic and social capital. Naturally, countries with a strong and long-standing historical and cultural heritage, or where the private sector has already successfully developed cultural activities, require less direct government involvement than countries that are only beginning to recognise and embrace the importance of culture for overall national development.

In 2023, total government expenditure on cultural services in the EU amounted to EUR 81.1 billion (EUR 74.3 billion in 2022). This represented 1.0% of total general government expenditure in the EU (Fig. 7). The largest share was allocated to broadcasting and publishing services, amounting to EUR 35.0 billion (0.4% of total general government expenditure). Government expenditure on cultural services accounted for 0.5% of GDP, a proportion that has remained stable at the EU level since 2001.

General government expenditure on cultural services, broadcasting and publishing services, 2023 (% of total expenditure)

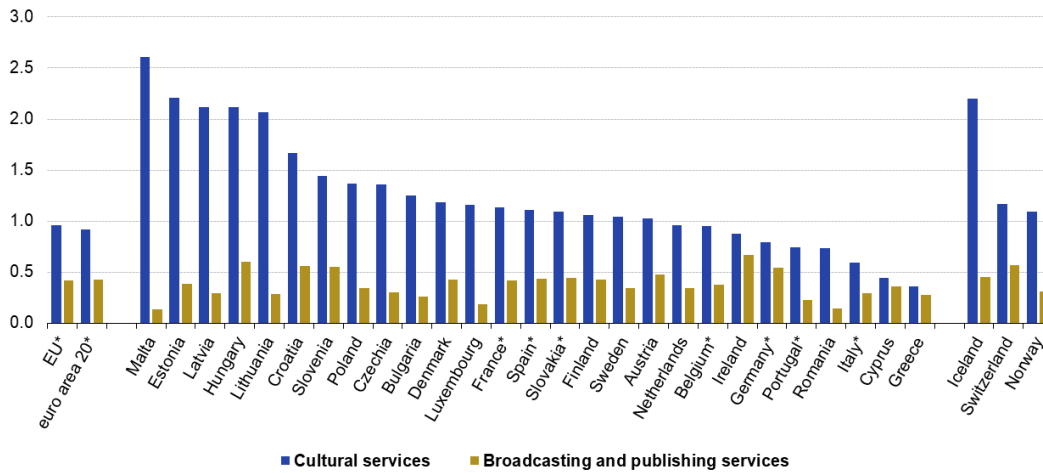


Figure 7. General government expenditure on culture services, broadcasting and publishing services, 2023 (% of total expenditure)

Source: Eurostat (2025)

Between 2022 and 2023, the share of GDP allocated to cultural services (Fig. 8) remained stable in most Member States, increasing slightly in five countries: Bulgaria, Estonia, Croatia, Malta, and Finland. The highest expenditure shares were recorded in Malta (2.6%), Estonia (2.2%), Latvia, Hungary, and Lithuania (2.1% each). The lowest shares were observed in Greece and Cyprus (0.4% each) and Italy (0.6%).

General government expenditure on cultural services, 2022 and 2023

	€ million		% of GDP	
	2022	2023	2022	2023
EU*	74 311	81 106	0.5	0.5
euro area 20*	60 843	66 047	0.4	0.5
Belgium*	2 835	3 013	0.5	0.5
Bulgaria	317	460	0.4	0.5
Czechia	1 699	1 890	0.6	0.6
Denmark	2 110	2 093	0.6	0.6
Germany*	14 510	16 023	0.4	0.4
Estonia	315	365	0.9	1.0
Ireland	976	1 015	0.2	0.2
Greece	333	401	0.2	0.2
Spain*	6 818	7 539	0.5	0.5
France*	16 978	18 183	0.6	0.6
Croatia	453	608	0.7	0.8
Italy*	6 482	6 763	0.3	0.3
Cyprus	49	58	0.2	0.2
Latvia	341	364	0.9	0.9
Lithuania	494	570	0.7	0.8
Luxembourg	412	440	0.5	0.6
Hungary	1 839	2 061	1.1	1.0
Malta	150	196	0.8	1.0
Netherlands	4 395	4 425	0.4	0.4
Austria	2 219	2 560	0.5	0.5
Poland	3 782	4 826	0.6	0.6
Portugal*	723	837	0.3	0.3
Romania	820	956	0.3	0.3
Slovenia	390	428	0.7	0.7
Slovakia*	573	649	0.5	0.5
Sweden	1 397	1 611	0.5	0.6
Iceland	2 900	2 773	0.5	0.5
Norway	1 397	1 611	1.1	1.0
Switzerland	2 900	2 773	0.5	0.5

Figure 8. General government expenditure on cultural services, 2022–2023

Source: Eurostat (2025)

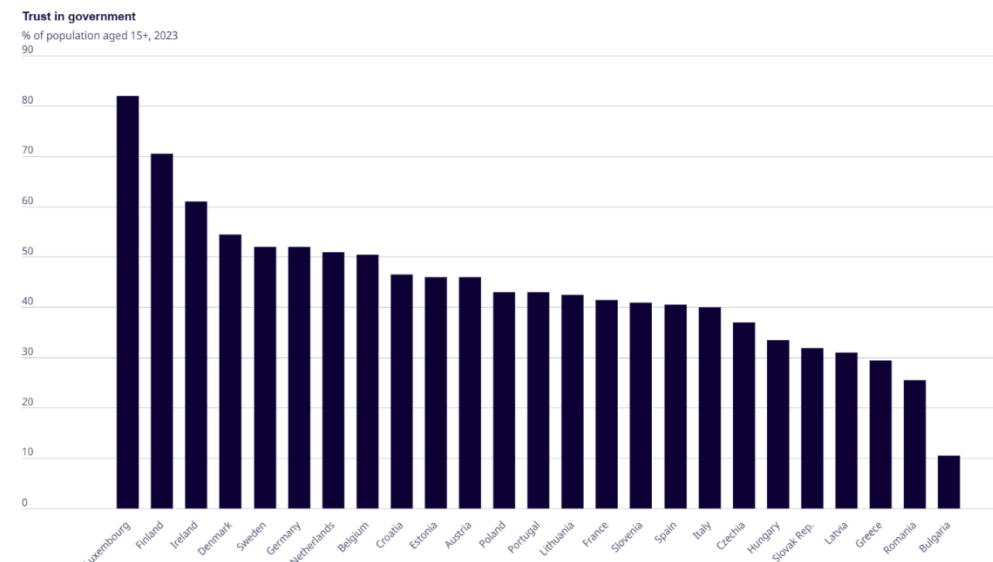
Although governments invest consistently in culture, the proportion of these investments (relative to GDP or total expenditure) does not always translate directly or proportionally into public cultural activity. This indicates that policy implementation and broader contextual conditions are as important as the scale of funding itself.

4.4. Trust in government and the significance of the Human Development Index

Raquel Fernández, a professor at New York University who studies the relationship between culture and the economy, notes that modern neoclassical economics, until recently, tended to ignore the role of culture in explaining economic outcomes, largely because it was difficult to clearly disentangle the effects of culture from those of institutions and traditional economic variables (Fernández, 2008). Today, however, as ways of addressing this challenge have become better understood, a new task has emerged: the collection of objective empirical evidence. Fernández also suggests drawing on sociological survey data alongside historical case evidence.

To understand the role of culture in the context of threats, the impact of various crises, and countries' recovery processes, it is important to adopt a broader perspective and to look for correlations by comparing not only GDP, but also indicators such as trust in government (public support being a critical factor for public authorities when implementing decisions, particularly those with long-term consequences) and the HDI. This approach rests on the assumption that culture influences not so much GDP directly. Instead, it shapes behaviour, innovation, future-oriented investment, and collective priorities and values, trust, tolerance, long-term orientation, and a wide range of other "soft" dimensions.

Based on the OECD survey on trust in public institutions (OECD, n.d.), the 2023 data (Fig. 9) show that trust indicators reflect both economic and cultural factors. In other words, the **highest levels of trust are expressed by citizens of countries whose cultural indicators and economic conditions rank among the strongest. A similar pattern is observed in countries where these indicators are the weakest.**



Note: Data for Malta and Cyprus are not available

Figure 9. Trust in government in EU countries, 2023

Source: OECD (n.d.)

Based on the data reviewed, it is not possible to claim that this represents a direct effect of culture; such a conclusion would require a more in-depth analysis. Nevertheless, it is evident that these elements are closely interconnected, and their influence cannot be disregarded.

Global threats primarily affect systems of human development directly, with economic factors operating alongside them. For this reason, it is appropriate to include the HDI as an analytical indicator when seeking to understand not only immediate economic outcomes, but also the long-term capacity of societies to strengthen resilience and to create, sustain, transform, and improve the quality of life, even in the aftermath of periods of global crisis. The HDI incorporates indicators of healthy living (life expectancy at birth), knowledge (literacy and levels of education), and standards of living (gross national income per capita) (UNDP, 2023).

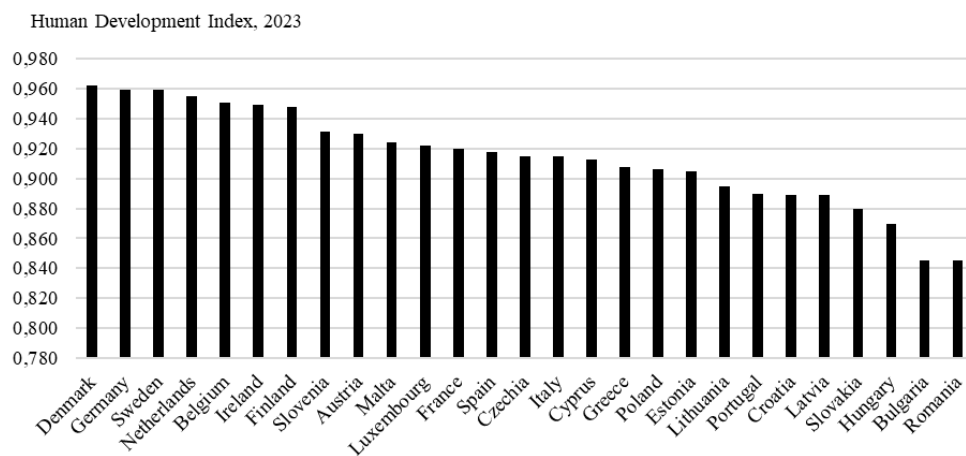


Figure 10. Human Development Index (HDI) in the EU, 2023

Source: compiled by the author based on the UNDP Human Development Index database.

As with trust in public institutions, similar patterns can be observed with respect to the HDI (Fig. 10 above). **Quality of life is higher in more advanced countries, as reflected in business activity, employment, and value creation in the cultural sector.** It is also evident that countries with lower HDI levels allocate a larger share of government expenditure to the cultural sector.

This may be interpreted as a forward-looking, long-term approach and a strategic investment, in which stronger public support for culture is an essential factor in strengthening national stability, the well-being of society as a whole, and trust in government – key conditions for resilience and enabling recovery and sustained growth.

5. Results

When summarising all the data, it is analytically valuable to examine the indicators jointly, as an integrated whole, rather than as isolated components (Fig. 11).

Metric:	Real GDP per capita	Culture employment, % of total	Cultural enterprises value added, % share of total	Cultural enterprises, % share of total	Government expenditure on cultural services, % of total	Trust in parliament, % of population aged 15+	Human development index			
Source:	Eurostat	Eurostat	Eurostat	Eurostat	Eurostat	OECD	UNDP			
Data year:	2023	2023	2022	2022	2023	2023	2023			
AVERAGE	33993	3,9%	1,98%	6,3%	1,24%	44,1%	0,915	Above average	Below average	N/A
Austria	45 670	4,1%	1,79%	8,1%	1,03%	46,0%	0,930	5	2	
Belgium	44 230	4,0%	1,49%	6,9%	0,95%	50,5%	0,951	5	2	
Bulgaria	10 950	2,8%	1,42%	3,1%	1,25%	10,5%	0,845	1	6	
Cyprus	29 200	3,5%	5,40%	5,3%	0,44%	N/A	0,913	1	5	1
Croatia	16 490	3,4%	2,03%	5,7%	1,67%	46,5%	0,889	3	4	
Czechia	21 680	4,0%	1,68%	5,4%	1,36%	37,0%	0,915	3	4	
Denmark	56 470	4,6%	2,20%	4,8%	1,19%	54,5%	0,962	5	2	
Estonia	21 210	5,1%	1,77%	6,8%	2,21%	46,0%	0,905	4	3	
Finland	43 280	4,5%	2,80%	7,1%	1,06%	70,5%	0,948	6	1	
France	37 760	4,1%	2,37%	7,2%	1,13%	41,5%	0,920	5	2	
Germany	43 450	3,9%	1,82%	5,6%	0,79%	52,0%	0,959	4	3	
Greece	18 600	3,1%	1,70%	4,7%	0,36%	29,5%	0,908	0	7	
Hungary	16 050	3,6%	1,45%	6,7%	2,12%	33,5%	0,870	5	2	
Ireland	87 810	3,2%	1,56%	6,6%	0,88%	61,0%	0,949	4	3	
Italy	32 640	3,5%	2,10%	5,5%	0,59%	40,0%	0,915	2	5	
Latvia	16 770	4,1%	1,86%	6,3%	2,12%	31,0%	0,889	2	5	
Lithuania	19 220	4,0%	1,44%	8,9%	2,07%	42,5%	0,895	3	4	
Luxembourg	102 250	5,2%	1,08%	5,6%	1,16%	82,0%	0,922	4	3	
Malta	33 380	4,2%	2,50%	7,5%	2,61%	N/A	0,924	5	1	1
Netherlands	50 660	5,3%	2,17%	11,0%	0,96%	51,0%	0,955	6	1	
Poland	15 950	3,6%	1,65%	4,3%	1,37%	43,0%	0,906	1	6	
Portugal	22 130	4,0%	1,88%	5,2%	0,74%	43,0%	0,890	1	6	
Romania	12 970	1,5%	1,60%	4,8%	0,73%	25,5%	0,845	0	7	
Slovakia	18 750	2,7%	1,04%	3,1%	1,09%	32,0%	0,880	0	7	
Slovenia	25 120	4,2%	2,25%	8,9%	1,44%	41,0%	0,931	5	2	
Spain	27 150	3,6%	2,07%	5,5%	1,11%	40,5%	0,918	2	5	
Sweden	47 960	4,7%	2,33%	10,8%	1,04%	52,0%	0,959	6	0	

Figure 11. Data on indicators significant for socio-economic progress in EU countries, 2022–2023

Source: compiled by the author based on Eurostat, OECD, and UNDP databases.

Such a comparative reading of the data makes it possible to identify a number of parallels, interconnections, and recurring patterns:

- Cultural indicators show a clear relationship with HDI and trust in government, but do not consistently correlate with GDP. This observation reinforces a growing consensus in recent scholarship that GDP is an insufficient indicator of socio-economic progress. It fails to capture long-term perspectives and does not reflect the influence of culture on economic performance, thereby obscuring a country's growth and development potential. This shortcoming is evident in the context of global threats, where GDP offers little insight into sustainability or resilience and cannot serve as a reliable basis for evaluating societal recovery. Culture is a far broader phenomenon: it influences more than material living conditions and plays a significant role in shaping institutional trust, social welfare, and overall quality of life.
- Countries such as Finland, Sweden, and Denmark – representative of the Nordic model – exhibit consistently high values across cultural employment, HDI, and trust in government. These cases illustrate that culture can legitimately be understood as a system of social trust and a platform for political capital.
- Trust in government shows a clear correlation with GDP: countries with trust levels above the EU average also tend to record the highest GDP indicators (with Portugal as a notable exception). This points to strong linkages between social and institutional capital and highlights their importance for economic progress.

d) Governments in economically weaker countries tend to allocate a larger share of public expenditure to the cultural sector. This, in turn, directly supports the vitality of the cultural ecosystem despite lower GDP levels. The Baltic states (Lithuania, Latvia, and Estonia), as well as Malta, stand out for relatively high public spending on culture despite medium or lower GDP levels and comparatively high HDI scores. All of these countries rank within the top 40 globally among the 193 countries assessed by HDI.

e) Further evidence that high GDP does not necessarily correspond to a strong cultural sector can be found in countries such as Luxembourg and Ireland. While GDP per capita in these countries is exceptionally high, the value added generated by the cultural sector is relatively modest and public spending on culture remains close to the EU average. This represents a well-known distortion in economic assessments, where factors such as the dominance of the financial sector, multinational profit shifting, investment funds, tax regimes, cross-border labour flows, and other structural elements significantly inflate GDP per capita figures.

f) Data from Hungary, Romania, and Bulgaria indicate that although governments in these countries allocate a relatively high share of expenditure to culture, this does not translate into higher trust in public institutions, and HDI levels remain below the EU average. This may point to shortcomings in the quality of cultural sector empowerment, excessive political fragmentation, or a cultural ecosystem that lacks institutional credibility and public trust.

g) From a geographical perspective, a distinct pattern emerges in Southern Europe (Spain, Portugal, Italy, and Greece). In these countries, cultural employment is moderate, and the value generated by the sector remains stable. Yet, trust in parliament is among the lowest in the EU, and HDI levels lag behind those observed in Northern Europe. Historically and culturally, these societies possess long-standing traditions and strong global recognition, and their cultural potential – along with highly developed tourism sectors – is unquestionable. However, the evidence suggests that institutional effectiveness in nurturing and strengthening the cultural sector remains insufficient.

h) Overall, this form of data comparison offers a broader analytical perspective and helps clarify the role of culture as an essential connecting factor between economic development and social well-being. Culture contributes to strengthening trust, shaping quality of life, and informing long-term national strategies, including the ability to withstand crises and support recovery and sustained development.

Conclusions

1. Strengthening the relationship between culture and the economy should be a strategic, foundational priority in pursuing social and economic progress. The question of why some countries achieve sustained development while others fall behind is increasingly addressed through the contemporary concept of path dependence. Countries striving for success, self-realisation, and material prosperity may exit a previous stage of development yet fail to remain on a trajectory of progress, repeatedly reverting to established paths. This phenomenon is driven less by economic growth rates or political systems than by values and behavioural norms. Culture represents one of a country's key strengths and comparative advantages: it is a source of values and identity, a foundation of collective self-awareness, and an essential dimension of national and human existence. At the same time, culture contributes to improving the quality of life, strengthening social cohesion, and fostering inclusion. The cultural and creative sectors can therefore justifiably be viewed as accelerators of innovation and, consequently, of socio-economic progress – through job creation, income generation, and the gradual replacement of traditional economic drivers with new ones that exert a broader impact on societal sustainability, resilience, and long-term development.

2. Culture should be treated as a priority area of public policy and embedded within a long-term strategic framework, integrated across multiple policy domains. Its contribution cannot be measured solely through GDP or

through direct economic effects in specific sectors. Recognising culture as one of the core and strategic pillars of state policy is essential for achieving sustainable growth, maintaining development gains, and expanding the tools available to enhance resilience and sustainability. In this sense, culture functions not only as a mechanism for recovery and stabilisation in times of crisis, but also as a means of breaking free from entrenched development paths and securing a durable trajectory of comprehensive progress. Empirical evidence indicates that cultural indicators are more closely associated with long-term development outcomes, such as human development and trust in public institutions. The impact of culture usually develops over time through gradual shifts in behaviour, trust levels, and the quality of institutions, rather than through short-term economic effects. This further supports the view that GDP alone is not an adequate measure of socio-economic progress, especially during global crises.

3. Two main methodological approaches can be distinguished in the study of culture. The first conceptualises culture as a way of life and worldview characteristic of a particular nation or social group, encompassing all spheres of human activity. The second understands culture as the set of values and moral norms shared by a given society. Culture is a broad and multidimensional concept. It encompasses systems of morality and ethics, patterns of behaviour, beliefs shaped by national mentality, modes of thinking, attitudes toward the world, levels of education, societal motivation, and, ultimately, the quality of elites – whether they operate with a global, strategic outlook or remain confined to narrow, short-term perspectives. In this sense, a nation's existence lies in its culture. Countries and nations are remembered not for their economies, but for their cultures. Culture is one of the fundamental factors shaping the existence of nations, small ethnic groups, and states alike. From culture emerge values, identity, self-awareness, sovereignty, and a sense of national purpose, while simultaneously influencing quality of life, social cohesion, and inclusion. Cultural and creative sectors make a significant contribution to economic activity through employment, value creation, and GDP growth. Across developed societies, substantial public resources are allocated to culture. Unlike in business, however, rapid returns should not be expected. The effectiveness of cultural investment is oriented toward the long term, with its returns manifesting in both the material and spiritual dimensions of human development, strengthening society's moral and intellectual potential. The methodological objective of this study was to identify regularities and long-term trends and, by applying the EU's Beyond GDP framework, to capture dimensions of development that lie beyond conventional economic indicators. The empirical analysis of EU member states draws on data on cultural employment, cultural enterprises, and public expenditure on culture from Eurostat. To provide a broader analytical perspective, the study was complemented by indicators of trust in government from the Organisation for Economic Cooperation and Development and Human Development Index data from the United Nations Development Programme. Together, these indicators allow for a more comprehensive assessment of the role of culture in shaping long-term socio-economic resilience and development beyond GDP.

4. A comparative analysis of EU member states reveals that cultural employment, the structure and performance of cultural enterprises, and consistent public investment in culture contribute to higher levels of institutional trust and human development. These relationships are most evident in countries where culture is integrated across policy domains rather than treated as a secondary or merely symbolic area of public policy. The findings also indicate that public expenditure on culture should not be assessed through the lens of short-term economic returns. While increased cultural funding does not automatically translate into a stronger cultural sector or produce immediate measurable effects, it plays a vital role in reinforcing social cohesion, strengthening trust in public institutions, and supporting long-term development potential. Higher levels of institutional trust coincide with well-developed cultural environments and stronger human development outcomes. In contrast, low trust weakens the impact of cultural investment and limits its wider effect on society.

5. Overall, the study's results support the conclusion that culture serves as a critical lever linking economic development with social well-being, shaping value orientations, institutional quality, and societies' capacity to commit to long-term goals. Its influence manifests primarily through institutional trust, social cohesion, and quality of life, rather than through immediate or direct economic returns. In the context of escalating global threats – such

as economic instability, geopolitical tensions, and growing social fragmentation — culture should be recognised as a central component of long-term development strategies and a key resource for enhancing resilience, supporting recovery, and ensuring sustainable growth.

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