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CHALLENGES OF MANAGING CULTURAL PROJECTS IN THE CONTEXT OF ECONOMIC VOLATILITY

Abstract. The article explores and substantiates the challenges of project management in the field of culture in the context of economic instability. This work is aimed at studying not only the impact of crisis phenomena on cultural initiatives and their adaptation, but also the specifics of cultural projects and their contribution to the socio-cultural environment in the context of economic instability. This issue is of particular importance in the context of the events of recent years — the coronavirus pandemic and the full-scale war unleashed by the Russian Federation against Ukraine on February 24, 2022. The cultural sector, having not yet met the challenges posed by Covid-19, has faced even greater challenges in terms of impact and scale — the war and all its consequences. In the context of economic instability, the cultural sphere faces a number of challenges that at best create obstacles for it, and at worst may make its development impossible for a certain period of time. Particular attention should be paid to the problems of managing cultural projects in Ukraine, in particular insufficient funding, which is sometimes carried out on the principle of “residual” funding, when only residual funds from other strategically important areas are allocated to culture. There is also a serious problem of the outflow of qualified personnel, the lack of tangible incentives and encouragement for the creative work of artists and cultural figures, as well as the general «untouchability» of the industry and the lack of support for cultural projects from the state. All these problems, combined with the lack of a deep understanding of the mechanisms of cultural management, create significant difficulties for the development of culture in Ukraine and limit the industry, forcing it to solve problems and finance its development on its own.

Keywords: culture, cultural projects, cultural management, challenges, funding, digital transformation.

Relevance of the research topic. Managing cultural projects in times of crisis is an important and complex task that requires attention and adaptation to changes in the socio-economic environment. Modern crisis situations, such as economic recessions, wars, or global pandemics, have a significant impact on the cultural sector, creating challenges in financing, access to resources, and changes in social priorities. The relevance of this study is due to the fact that it aims to examine not only the impact of crisis phenomena on cultural initiatives and their adaptation, but also the specifics of cultural projects and their contribution to the socio-cultural environment in the context of economic instability. Thus, an integrated approach and specialised study of the relationship between the cultural sphere and the dynamics of crisis situations is necessary to ensure the sustainability and development of cultural initiatives in unstable conditions.

Problem statement. In the context of economic instability, the cultural sector has faced a number of problems, including insufficient funding (often based on the principle of «residual» funding, when funds left over from other strategically important areas are directed to culture); outflow of talent; lack of effective incentives and encouragement for creative work of artists and cultural figures; general «non-prestige» of the sector and lack of support for cultural projects by the state.

Analysis of recent research and publications. The question of cultural sector management in Ukraine and, in particular, the challenges it faces in the context of economic instability, is currently virtually unaddressed in scientific publications. The low degree of coverage of the research topic necessitates an in-depth study of this topic.

Identification of unexplored parts of the general problem. The research generalised the key challenges and negative factors faced by cultural management in the context of war and the crisis it generates. In particular, the main problems identified include funding issues, a significant outflow of personnel and a lack of development conditions for the cultural sector.

Statement of the problem. The purpose of the article is to identify the main challenges of managing cultural projects in the context of war and the economic instability caused by it.

Main results of the research. Managing cultural projects in times of crisis is a complex and strategically important task that requires special attention and adaptation to changes in the socio-economic environment. Crisis situations, such as economic recessions, conflicts or global pandemics, have a significant impact on the cultural sector, creating challenges related to funding, access to resources and changes in public priorities.

In these circumstances, it is important to take into account not only the impact of the crisis on cultural initiatives and the ability to adapt to new realities, but also the specifics of cultural projects and their impact on the socio-cultural environment in the context of economic instability. Thus, it can be stated that the management of cultural projects in times of crisis is a complex process that requires a comprehensive approach and a specialised study of the relationship between the cultural sphere and the dynamics of crisis situations to ensure the sustainability and development of cultural initiatives in unstable conditions.

This issue is of particular importance in the context of the events of recent years — the coronavirus pandemic and the full-scale war unleashed by the Russian Federation against Ukraine on 24 February 2022. The cultural sector, having already faced the challenges posed by Covid-19, has now faced even greater challenges in terms of impact and scale — the war and all its consequences: from the «outflow» of talent abroad to the physical destruction of cultural heritage and cultural centers.

Thus, the management of cultural projects in the context of economic instability faces a number of serious challenges, which are also determined by the decline in state funding, the dispersion of the cultural community and limited communication about contemporary Ukrainian culture abroad. The decline in state funding significantly hampers the ability to implement cultural initiatives and projects.

After the end of the strict quarantine restrictions, the Ukrainian economy began to show a rapid recovery. The government has been actively investing in stimulating demand through the ePidtrumka program. During the winter of 2021–2022, Ukrainians spent approximately UAH 3.4 billion on books, cinema tickets, theatre performances, and concerts [8]. State spending on culture increased by one and a half times in dollar terms, and local spending on culture increased by 17% [1]. Despite this significant growth, economic development (including the cultural sector) was halted by the war.

It should be noted that the development of culture in society plays a crucial role in ensuring the livelihoods of citizens, promotes their integrity, supports patriotism and affects various spheres of public life, including economic processes and human well-being [6]. The problem of cultural development is especially relevant in times of war. The development of culture determines the competitiveness and attractiveness of both the country as a whole and individual regions. That is why it is important that the financing of the cultural sector meets the needs of citizens and meets the requirements of modernity. Only under such conditions can the development of this sector be achieved and all the necessary needs be met.

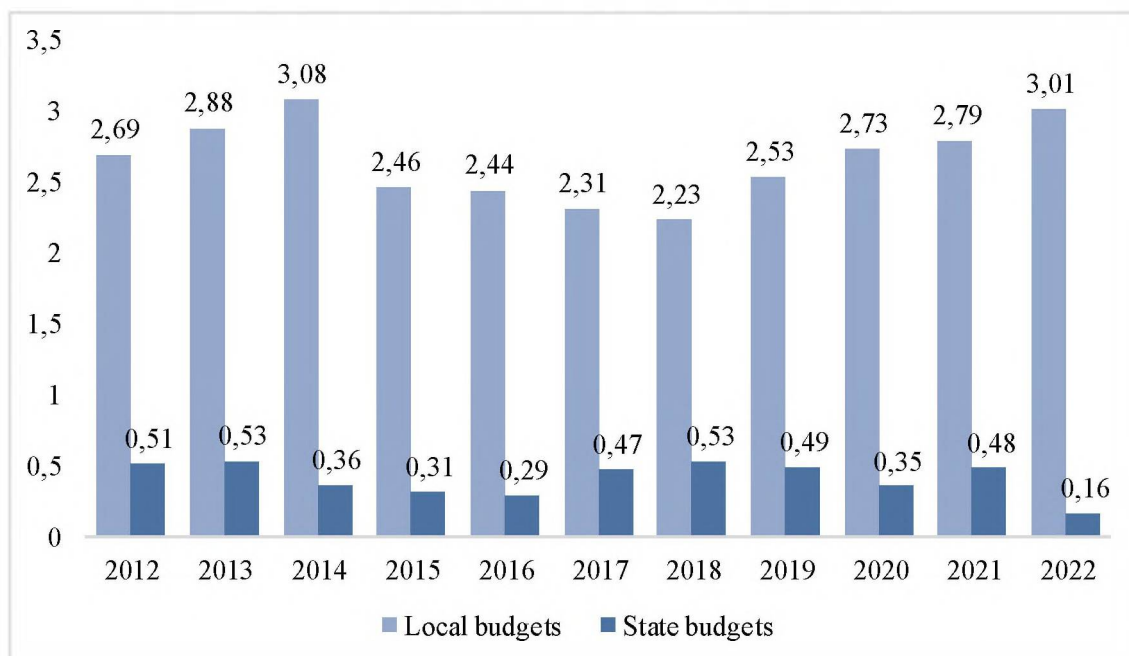
According to the analytical report on the state of funding for culture and art from local budgets in 2022, last year, funding for culture from the central government decreased by half, amounting to \$133 million in 2022, compared to \$261 million in 2021 and \$169 million in 2020. The share of public spending on culture in the overall structure decreased to 0.16% last year, the lowest in the last ten years.

Local funding for the cultural sector also decreased by a quarter: from \$610 million in 2021 to \$453 million in 2022. The decline in cultural spending is observed in all regions, especially in the territories under occupation, as well as in those areas where active hostilities have been and are still ongoing: Luhansk, Donetsk, Kherson, Kharkiv, Mykolaiv, Zaporizhzhia, Zakarpattia and Kyiv

regions. Even those regions where cultural expenditures nominally increased by 1–5% in hryvnia terms decreased in dollar terms due to inflation [1].

Local funding for culture has been reduced, but relatively speaking, regions have allocated 3.01% of their expenditures to this area. This may indicate the effect of decentralisation, when local governments received more powers and budgetary resources, allowing them to allocate more funds to the needs of citizens [2].

Thus, the management of cultural projects in the context of economic instability faces a number of challenges, which have been exacerbated by the war and economic difficulties.



Pic 1. The share of actual expenditures in the structure of state and local budgets in 2012–2022, %.

Source: compiled by the author according to [1].

Firstly, the problem of reduced funding for the local cultural sector is manifested in the significant part of labour costs (60%). The salaries of employees in this sector are 26–30% lower than the average and amount to approximately UAH 10.5–11 thousand, and the war is further deepening this gap [7].

Second, there is an uneven distribution of local budget expenditures in 2022. Clubs, libraries, museums, and exhibitions are the main focus of attention (almost 80%), while other areas, such as cinema and theatres, receive insufficient funding. The quality of the cultural infrastructure is rather poor, and capital expenditures, although higher due to the restoration of destroyed facilities, remain insignificant [1].

Third, economic uncertainty is deepening regional inequality. The reconstruction of the liberated territories may lead to a temporary increase in spending on culture, but proximity to the frontline leads to a prioritization of defense funding. The large-scale outflow of population from the east and south makes investment in the arts less attractive and deepens the unevenness in regional cultural development.

All of the above factors related to funding pose significant challenges to the management of cultural projects during the Russian-Ukrainian war and the resulting economic instability. Despite the fact that international financial assistance covers a significant portion of budget expenditures, grant assistance for the development of Ukrainian culture is mainly of a targeted extra-budgetary nature. For this reason, most cultural figures are forced to work in conditions of insufficient funding and falling demand for culture, as it is not included in the list of basic human needs, unlike, for example, security, housing and food.

The dispersion of the cultural community in the context of economic instability, which is another challenge of cultural governance, leads to a loss of coordination and efficiency in project management, as different cultural actors may have different views and goals. This can complicate strategic decision-making and cause conflicts of interest [3]. And insufficient communication about contemporary Ukrainian culture abroad, in turn, jeopardizes opportunities for international cooperation and exchange

of cultural values. The lack of effective communication can lead to a loss of access to international resources, partnerships and opportunities to promote Ukrainian culture on the world stage [9].

In the context of economic instability, the challenges of managing cultural projects in Ukraine are of particular importance. Even during the 2021 quarantine period, some successes were achieved, such as the holding of Ukrainian Film Days in different countries and participation in international exhibitions, which contributed to the country's recognition on the world stage [10].

Economic problems related to the war and the influence of Russian propaganda require attention and a responsible approach. The contradictory nature of history and attempts to appropriate achievements require critical thinking and awareness of one's own cultural heritage. The expansionist nature of the current war creates challenges for the management of cultural projects and challenges artists and managers not only to present Ukrainian identity to the general public, but also to permanently distinguish Ukrainian cultural heritage from Russian, claiming their different nature and origin. Thus, the obvious issue of finding funding for projects is compounded by the issue of ideological work and the promotion of correct narratives.

Measures are now needed to overcome these challenges and ensure the sustainability and development of cultural projects in the face of economic instability. In particular, emphasis should be placed on finding alternative sources of funding, improving internal coordination mechanisms in the cultural sector, and actively implementing communication strategies to raise awareness of Ukrainian culture internationally.

In the context of economic instability, the management of cultural projects faces significant challenges, among which the problem of talent drain is an important one. The phenomenon of massive departure of Ukrainian artists abroad is particularly relevant, due to policies that encourage cultural figures to stay in Europe. The interest of foreign employers, offers of temporary work and attractive conditions lead to the fact that cultural figures, especially women, choose to stay abroad.

Another important aspect is that the cultural sector in Ukraine is currently one of the lowest paid, as mentioned above. This makes it unattractive for professionals, which results in a lack of incentives for them to return to Ukraine. The current remuneration model in the cultural sector is insufficient to attract and retain highly qualified professionals. To overcome this challenge, a new approach to remuneration in the cultural sector needs to be developed that will help attract and retain professional talent. Such an approach should take into account not only the material aspect, but also recognition and social impact, which will ensure stable conditions for the development and attraction of cultural professionals in Ukraine.

Digital transformation in the cultural sector poses a significant set of challenges, especially given the current economic instability. One of the main aspects of these challenges is the need to develop the digital skills of cultural workers. They need to learn new technologies and ways of working in order to effectively implement digital innovations.

In addition, for the digital transformation of the cultural sector to be successful, appropriate resources need to be provided. This includes not only providing the necessary equipment, such as tablets and laptops, but also the use of specialized technological tools, such as scanners and 3D scanners, for the digital documentation and storage of cultural objects. This is important for the preservation of historical memory and cultural heritage, especially in the face of a tangible threat of destruction and destruction of this heritage due to turbulent events, including military operations and economic turmoil [3].

Such a vector of development in the context of economic instability places great emphasis on the need to adapt and integrate the latest technologies into the management of the cultural process to ensure its sustainability and preservation of historical and cultural heritage.

Conclusions. It can be said that in the context of economic instability, the cultural sector faces a number of challenges that, at best, create obstacles for it, and, at worst, make its development impossible for a certain period of time. If we talk about the challenges of managing cultural projects in Ukraine, we are talking about insufficient funding (or funding based on the so-called "residual" principle, when funds left over from other strategically important areas are allocated to culture); significant outflow of personnel; lack of tangible incentives and encouragement for artists and cultural figures to work; general "untouchability" of the sector and lack of support for cultural projects from the state. All of these challenges, together with the lack of a comprehensive understanding of cultural management mechanisms, create significant obstacles to the development of culture in Ukraine and

put the sector in a position where it is effectively forced to develop solely on its own efforts and at its own expense. Obviously, these problems require comprehensive solutions and a change in approaches to cultural management as such.

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