



Role of Economic growth, creativity, and innovation in culture development

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DESCRIPTION

Culture has received more and more attention in recent years as a factor influencing economic outcomes. This research employs a dataset that allows for the possibility of cross sectional and time series analysis in an effort to evaluate its impact on innovation and economic development. The effects of culture on innovation and economic development are therefore examined in this study. Schwartz's cultural values, which were reported during ESS waves between 2002 and 2018, serve as a proxy for cultural background. There are 18 Eurozone nations in the dataset. In order to examine the above relationships, Principal Component Analyses were used to capture Schwartz's cultural values. Two-way fixed effects analysis (FE), time dummies for each ESS wave included in the analysis, and cluster-robust estimates of the standard errors were also used. The main conclusions from the analysis are that culture has a significant impact on innovation and economic development; and the key cultural dimensions that impede innovation all of the dependent variables employed in the analysis yield the same results. Therefore, innovation and economic development are hampered by the presence of hierarchy, emotive autonomy, and mastery, creating challenges for the sustainability of economic outcomes. In contrast, embeddedness, egalitarianism, and harmony are prevalent in societies.

The values that make up a person's cultural heritage and the economic system interact intricately. The definition of the economic system is the network of human institutions and incentives that determines the economies' growth

rates and how income and riches are divided, which in turn determines the economic outcomes. As a result, culture can be thought of as a strategic tool that influences economic outcomes both directly and indirectly. Moreover, as a society must first endorse an economic policy in order for it to be more effective, the cultural makeup of the cultures influences how effective economic policy is. Additionally, it has been suggested that culture might boost sustainable and innovative business practices. It is important to look into how cultural background and economic development are related, as well as how this link actually occurs. In other words, it matters whether culture and economic progress are connected, but much more crucial is whether and how much culture is changing. Only then will we be able to determine whether and to what extent cultural background can affect economic development.

The current article uses a dataset made up of information from the last two decades for the nations in the Eurozone to illustrate the impact of culture on innovation and economic development. Consequently, the analysis views culture as a dynamic structure that is less stable than other research in the pertinent literature. Culture's impact on creativity since culture appears to be a crucial component for the process of technical progress and explains the technological disparities between countries; performance is not a new idea in the pertinent literature. A society's set of guiding principles can either accelerate or impede the adoption of new ideas. This grid primarily addresses the degree of risk aversion, future orientation and planning, acceptance of disparities, and the individualism or collectivity of the society.