

CREATIVE INDUSTRIES MAPPING IN KAUNAS COUNTY

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Abstract

Creative industries is of increasing importance in the global economy mainly due to the fact that creativity and its employment is accessible to any given country and provides it with a competitive advantage internationally. Creativity is recognized as a key strategic asset driving economic growth as well as determining successful integration into a rapidly changing global economy.

Creative industries mapping provides the insight to which regions, counties or counties have the biggest potential and help to determine the factors of creative industries-friendly places.

Creative industries mapping is still in the early stage in Lithuania. Since Kaunas region is one of the largest in the country rich in natural and human resources, it generates a fair share of Lithuanian annual GDP. Basing on this, Kaunas region is likely to be one of the leading regions in the development of creative industries, providing people with new employment possibilities, generating added value and attracting domestic and foreign investments.

Keywords: creative industries, creative industries mapping, regional development.

JEL Classification: R12, Z10, Z11.

Introduction

Creativity, more than labour and capital, or even traditional technologies, is deeply embedded in every country's cultural context. Excellence in artistic expression, abundance of talent, and openness to new influences and experimentation are not the privilege of rich countries. With effective nurturing, these sources of creativity can open up new opportunities for developing countries to increase their shares of world trade and to "leap-frog" into new areas of wealth creation (Creative Industries and Development, 2004). However, the term "creative industries (CI)" can only be understood in the context of information society policy. It draws its political and ideological power from the prestige and economic importance attached to concepts of innovation, information, information workers and the impact of information and communication technologies drawn from information society theory (Garnham, 2005).

CI mapping, which involves a comprehensive effort to identify all relevant cultural economic activities, organizations, employment and links in a given area such as a town or region, has the added advantage that the actual mapping process itself can generate substantial awareness and foster collaboration across a wide range of creative stakeholders, building momentum that can then influence the political sphere and encourage suitable public policy-making (Understanding Creative Industries, 2005). This is considered to be the main reason proving that CI mapping is crucial in any country which seeks to foster the creativity and employ it in order to create new jobs and increase the national GDP.

The aim of this paper is to provide CI mapping in Kaunas County. The tasks of this paper are the following:

- *To define CI ;*
- *To discuss CI mapping and the factors that characterize creative places;*
- *To characterize CI situation in the EU and the Baltic States;*
- *To carry out the CI mapping in Kaunas County.*

Research methods used: systematic and comparative scientific literature analysis, empirical quantitative research, CI mapping.

Defining Creative Industries

In order to analyse CI mapping, it is crucial to define the term 'creative industries' at first. The term 'creative industries' first appeared in the mid-to-late 1990s. Advocates of the CI idea believed that the totality of economic activity stemming from creativity and culture, including their commercial forms, needed to be considered to understand their true contribution to the nation's life. This activity included more than traditional art forms, such as theatre, music and film, but services businesses such as advertising (which sell their creative skills mostly to other businesses), manufacturing processes that feed into cultural production, and the retail of creative goods. Based on this broader definition, it was argued that the industries with their

roots in culture and creativity were an important and growing source of jobs and wealth creation (Gibbon, 2011).

As Western nations move away from the production of goods and services and concentrate instead on the production of ideas and knowledge, the CI have become the subject of an increasing amount of research and theoretical development (Matheson, 2006). At the moment “CI are becoming increasingly important components of modern post-industrial knowledge-based economies. Not only are they thought to account for higher than average growth and job creation, they are also vehicles of cultural identity that play an important role in fostering cultural diversity” (Green Paper, 2010). Moreover, diversity rather than homogenization appears to characterize both cultural vitality and economic success. Cultural development is generally considered to be an essential part of social development, and cultural diversity provides sources for creative expression that are increasingly being harnessed by players in the CI (Creative Industries and Development, 2004). Matheson (2006) agrees to this, stating that this view places the CI at the centre of civic and commercial life.

While there are obvious connections to and continuities with cultural industries, such as the performing arts and handicrafts, the designation marks a historical shift in approach to potential commercial activities that until recently were regarded purely or predominantly in non-economic terms (Creative Industries and Development, 2004).

It is crucial to understand and define both cultural industries and creative industries as these terms should not be considered to be interchangeable. The term “cultural industries” refers to industries which combine the creation, production and commercialization of creative contents which are intangible and cultural in nature. The contents are typically protected by copyright and they can take the form of a good or a service. CI generally includes printing, publishing and multimedia, audiovisual, phonographic and cinematographic productions as well as crafts and design. This term encompasses a broader range of activities which include the cultural industries plus all cultural or artistic production, whether live or produced as an individual unit. The CI are those in which the product or service contains a substantial element of artistic or creative endeavor and include activities such as architecture and advertising (Understanding Creative Industries, 2005).

Matheson (2006) emphasizes that the distinction between popular and elite culture defines the CI: “the kind of culture that is available to most, if not all people, often highly commercial in nature, comprised of varying kinds of popular music, advertising, magazines, posters, film, video games and so on, and are all created in order to return a financial profit”. At the same time it must be noted that different countries use different definitions of CI, it covers different sectors in each country and that is why the universal definition of CI should be established. In this paper we understand CI as: *those industries which have their origin in individual creativity, skill and talent, and which have the potential for wealth and job creation through generation and exploitation of intellectual property* (Lassur, Tafel – Viia, Viia, 2010).

Subsectors of CI in Lithuania (Lassur, Tafel – Viia, Viia, 2010):

1. Visual arts, applied arts and heritage;
2. Performing arts (theatre, dance, festivals);
3. Music (interpreting, composing, producing, publishing, musical instruments, festivals, etc.);
4. Architecture;
5. Designer fashion, graphic design;
6. Film and video;
7. Television, radio and interactive media;
8. Computer games and interactive software publishing;
9. Publishing (books, magazines, newspapers, etc.);
10. Heritage (museums, libraries and archives);
11. Advertising and public relations and communication activities;
12. Educational activities;
13. Botanical and zoological gardens;
14. Travel agencies and tour operators.

Having briefly discussed the history and concept of CI, we define and understand CI according to the existent concept used in Lithuania. The following part of this paper is based on it. Since we have settled the definition of CI, it is possible to move further to analyzing the CI mapping.

Mapping the Creative Industries

During the last decade a number of governments around the world have recognized that CI are becoming increasingly important and started to develop specific policies to promote them. This mainstreaming of what was once considered a sector of marginal interest, which received limited attention from researchers, has led to a growing body of analysis, statistics and mapping exercises on the relationship between culture, CI and economic development to give officials in these countries the raw data they need to make policy. However, the sector is still poorly understood and many governments remain to be convinced of its potential, while trying to accurately measure economic activity in the sector poses considerable obstacles (Understanding Creative Industries, 2005). Most data on the CI do not, unless very carefully checked, provide a robust basis for policy making (Creative Industries and Development, 2004). There are many reasons for this: the recent emergence of the term itself, the large number of individuals and small companies involved, the high proportion of intangible services that are not differentiated or even caught at all by national company reporting methods or financial authorities, just to name a few. However, at the same time it has been noted that some places and particular cities host more CI companies than the rest of the country or a wider region. A wide literature has attempted to “explain the general characteristics of “creative places””; nevertheless, there is still little knowledge of the micro-interactions that creative practitioners and businesses establish within specific local contexts” (Comunian, Chapain, Clifton, 2010). This complex relationship between CI and the place seems to be determined by four interrelated dimensions (Fig.1).

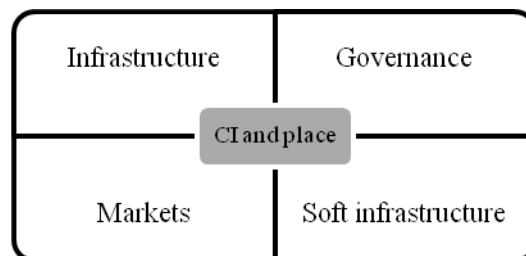


Figure 1. Interconnections between CI and place (*source*: Comunian, Chapain, Clifton, 2010)

These dimensions are as follows (Comunian, Chapain, Clifton, 2010):

1. Infrastructure: this is a very broad dimension that can include factors external to the creative economy per se;
2. Governance: here are included aspects of policy strategies and initiatives and interactions between institutional and non-institutional actors at various levels;
3. Soft infrastructure: some places emerge in the CI map thanks to networks, a specific image or identity of the place, the presence of traditions that might become meaningful factors in terms of support for CI to develop and grow, and with regard to the attractiveness of certain places for creative people to live and work (Clifton, 2008);
4. Markets: the CI work in very fast-changing markets. Uncertainty of demand and interaction with clients and customers play a key role for the sector.

Geographical scale and location play a role in all of these dimensions (Comunian, Chapain, Clifton, 2010). Hence the CI mapping is aimed at distinguishing the most creative places that are defined by infrastructure, governance, soft infrastructure and the markets. In addition to this, the creativity of the city is regarded as the key to the economic success for the whole industry, therefore many countries and cities try to stress their creative qualifications. CI are important not only as the ultimate goal, but also as the index of industrial creativity of the whole country or city (Creative Klaipeda, 2011). Due to this CI mapping is regarded as a way to stress city’s competitive advantage, attract investments and provide people with employment possibilities.

Creative Industries in the European Union and the Baltics

CI mapping reinforce the view that the role played by major world cities in the creative economy is extremely important (Comunian, Chapain, Clifton, 2010), however Europe’s creative and cultural industries are global leaders and competitive exporters in a wide range of fields. They are the heart of creating Europe’s culture and identity, and central to promoting Europe’s identity around the world (Power, Nielsen, 2010). In

order to fully understand and map the CI in Kaunas County, it is important to take a closer look at the circumstances in which CI are being developed in the aforementioned county.

It is crucial to emphasize that regions of Europe with high concentration of creative and cultural industries have Europe's highest prosperity levels. Large urban areas and capital city regions dominate the creative and cultural industries, but some city regions do better than others. The super clusters London and Paris stand out, followed by Milan and Amsterdam. Since 6.5 million people were employed by European creative and cultural industries in 2006, this sector comprises a large and influential power in the economy of the EU (Power, Nielsen, 2010).

Most of the regions in the top 25 highest cultural and creative growth regions are small and medium sized regions. However, the following regions with labor markets over 1 million people were in the top 25 for annual employment growth: Seville (7.78%), Southampton (7.22%), Bilbao (6.51%), Valencia (6.25%), Lithuania (5.79%) and Galicia (5.45%). It should be mentioned that the highest annual employment growth rates in the period 2001 – 2006 are found in Austria, Lithuania, Estonia, Slovakia, Latvia and Slovenia (see Fig. 2) (Power, Nielsen, 2010).

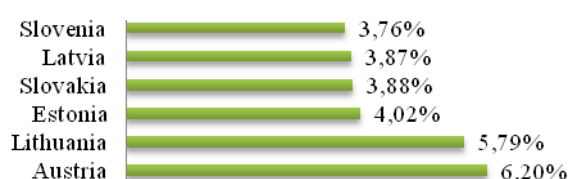


Figure 2. Annual CI employment growth rates 2001 – 2006 (*source*: Power, Nielsen, 2010)

Obviously (Fig. 2) Baltic countries have a big potential in the field of CI. Estonia and Lithuania managed to include the financing of creative industries into the National strategy for EU Structural Funds for 2007 – 2013 (Lassur, Tafel – Viia, Viia, 2010). At the same time it must be noted that the globalization level of the state in all three Baltic countries is quite high. In all three Baltic countries, growth trends are observed in the level of globalization overall and the individual fields of globalization - economic, political and socio-cultural (Pekarskiene, Susniene, 2011). This proposes that CI and employment in this field must be influenced by increasing power of globalization within each Baltic State.

On the other hand, CI studies that were carried out in all the Baltic States are not comparable because every country has adopted a slightly different methodology that covers different sectors. Consequently, these sectors in the three Baltic countries have been researched and mapped differently, so the real benefits, value added and other economic as well as statistical indicators are not directly comparable. All researches tried to assess both CI's contribution to employment, and its economic role in producing value added and revenues (Table 1). Calculations about the share of GDP or share of employment that CI represents are made very carefully due to possible biases and uncertainties about the sub-industries included (Creative Industries in Estonia, Latvia, Lithuania, 2011)

Table 1. Economic and statistical indicators of CI

	Estonia (2007 data)	Latvia (2006 data)	Lithuania (2006, 2007 data)
Number of people working in CI (% of all employed)	28 000 (4.3%)	63 511 (5.8%)	61 297 (4.02%)
Number of businesses in CI (% of all businesses)	Over 5 000 (9.4%)	9 327 (8.9%)	6 149 (8%)
Total income of CI	1 146 000 000 EUR	1 014 000 000 EUR	1 256 000 000 EUR
CI as a share of GDP	2.9%	n/a	5.2%
Concentration in the capital city	47.1% of CI enterprises	54.8% of CI enterprises	70% of value created by CI

Data source: Creative Industries in Estonia, Latvia, Lithuania, 2011

As seen in the Table 1, Lithuania has less people working in the CI and the number of CI companies is lowest of all the States compared. However, Lithuania enjoys highest CI income among all the countries and has the highest CI share of the GDP. It is crucial to note that CI concentration in the capital city is extremely high and this issue has to be solved in order to promote economic growth in the country as a whole. The

Ministry of Culture takes actions to successfully implement the long-term strategic plan Lithuania 2030 and the National reform programme (2020) that summarizes the major structural reforms seeking to remove barriers for Lithuanian economy's growth. Since the creative civil society is one of the priorities discussed in these strategic documents, the cultural economy and CI are particularly important sectors (Creative industries in Estonia, Latvia, Lithuania, 2011).

However, in the context of the EU Lithuania is referred to as a problem-orientated region and stays behind comparing factors, defining majority of development indicators. Recommended priority weaknesses of Lithuania development must be encouraged by the means of regional policy, i.e. population change, development of research and technologies, production sector, transport and tourism infrastructure (Kilijoniene, Simanaviciene, Simanavicius, 2010). In addition to this, CI entrepreneurs feel they lack soft skills like communication, negotiation and conflict management, they would like to receive more information about specific CI problems and needs, get to know the ways of implementing knowledge in practice, enabling dialogue and peer-teaching among participants (Kuttim, Arvola, Venesaar, 2011). It is in this light that an important issue to be discussed arises: CI situation in Lithuania, except for the capital city (Table 1). As seen in Table 1, there is a giant gap between CI in the capital city and the rest of the country and this still holds true according to the 2009-2012 data (Fig. 3).

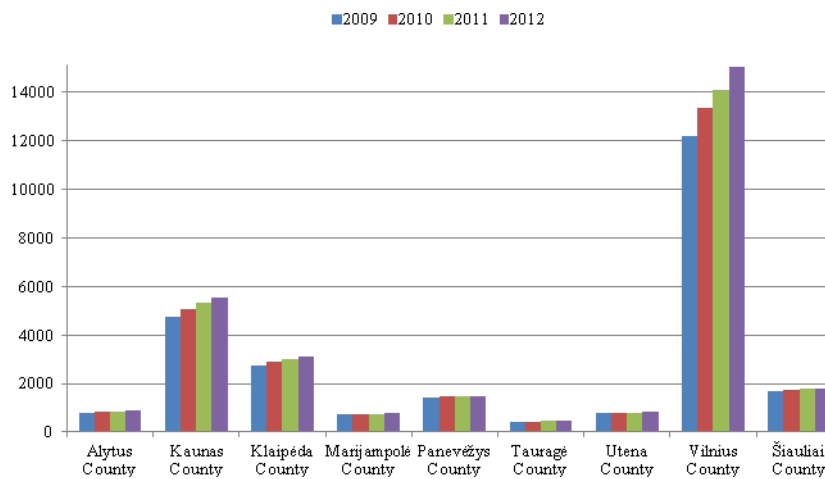


Figure 3. CI dynamics in Lithuania 2009 – 2012 (data source: “Įmonių skaičius...” (2012))

What is more, CI mapping does not cover all Lithuania, only a rather small part of it. Wider scale mapping has been carried out in Alytus and Utena counties (*Creative Industries Mapping Document in Alytus and Utena Counties, 2005*); smaller scale mapping has been carried out in so-called the most creative part of Vilnius city – Republic of Užupis, descriptive CI mapping has been carried out in Klaipėda (*Creative Klaipėda, 2011*).

Utena and Alytus counties were selected for the preparation of CI mapping document in order to compare the development and possibilities of adapting the CI methods in these two border regions, famous for paying most attention to tourism. A pilot research was carried out on the opinion of representatives of CI enterprises about the needed and missing skills for creative businesses. Quantitative data provides a clear basis for policy decision making or investment into the particular region (Mazeikis et al., 2005). Concerning smaller scale CI mapping, the qualitative and quantitative study of Republic of Užupis should be mentioned. It reveals statistical CI information and indicators, as well as emotional, social and cultural potential (Lassur, Tafel – Viia, Viia, 2010).

According to the data provided (Table 1, Fig.3), county of Vilnius and the capital city itself comprise a fair share of all the CI in Lithuania and receive more attention. However at the moment of considering the idea to join Vilnius and Kaunas, increasing investments in Kaunas region, fostering technology incubators and new CI incubators (such as *Fluxus Minsitry*), it is important to have the full picture of CI in Kaunas County.

Creative Industries in Kaunas County

The given situation reveals that CI in Kaunas County is overlooked. As seen in the Fig.3, Kaunas firmly holds the second position in CI development in Lithuania; it sustains constant growth. In the light of these facts and intensifying cultural life in Kaunas, the upcoming opening of CI incubator *Fluxus Ministry* and tendencies of this kind, it is logical to take a closer look at the CI situation in Kaunas County.

According to the recent research, Kaunas city is attractive for investments and has the following strengths: competitiveness of firms, openness of a city's economy, the increase of attractiveness of a city for tourists, infrastructure of studies, low level of social burden, social security, the quality of transport infrastructure and the level of recreation and culture development (Bruneckiene, Guzavicius, Cincikaite, 2010). The latter can be illustrated by statistical data.

As we can see in the Table 2, enterprises operating in the CI sector in Kaunas County sustain constant growth in the period 2009-2011. At the same time the part CI enterprises comprise among all the enterprises in Kaunas county is growing: it has increased from 13,45% in 2009 to 14,86% in 2012. This is not a dramatic change but it shows that CI enterprises are becoming more important in the region analyzed.

Table 2. CI in Kaunas County

Creative Industries	2009	2010	2011	2012
TOTAL (number of CI enterprises)	4758	5054	5310	5508
TOTAL (number of enterprises)	35371	35948	36614	37064
Part CI comprise in the total number of enterprises	13,45%	14,06%	14,50%	14,86%
Number of inhabitants (of working age)	428 727	425 649	408 771	n/a
Coefficient* of entrepreneurship, %	1,11%	1,19%	1,30%	n/a

Data source: „Įmonių skaičius...“ (2012), „Gyventojų skaičius...“ (2012)

*Coefficient of entrepreneurship is calculated by dividing the number of economic activity subjects (enterprises) by the number of inhabitants of working age

Coefficient of entrepreneurship demonstrates number of CI enterprises per number of inhabitants of working age. Coefficient of entrepreneurship is rather low in Kaunas County in 2009-2011, however it is constantly increasing.

The analyzed data shows that Kaunas County is the up-and-coming region in the sector of the CI. Government and local municipalities must provide positive support for the CI to grow and foster. That is why the opening of *Fluxus Ministry* is seen as a positive step towards the goal of nurturing the CI in Kaunas County.

However, this research was carried out using statistic data provided by the State Department of Statistics. More detailed information must be used in order to carry out a reliable research and propose solutions. At the same time, this research shows that Kaunas County has a lot of potential and must be mapped in detail in order to attract new investments, present employment abilities and the dynamism of Kaunas and its county.

Conclusions:

1. Creativity is given at any country because it derives from cultural and historical events and values. It provides countries with an opportunity to create new jobs, added value and international competitive advantages via CI. CI is a rather new term and is not understood universally, however it defines the industries that employ individual creativity in order to create jobs and wealth.
2. Due to the lack of universally accepted definition of CI, mapping it poses a challenge. However, it is very important to map CI in order to evaluate its importance in the national economy.
3. Fostering creativity and CI is one of EU priorities. The Baltic States have big CI potential, however it must be noted that CI concentration in capital cities is very high creating a challenge for CI development in other cities and regions.
4. CI mapping in Lithuania covers only a small part of the country leaving Kaunas County overlooked. At the moment cultural life and CI activities in Kaunas are increasing, raising the question about overall CI situation in this region.
5. CI enterprises in Kaunas County sustain constant growth, the part it comprises among all the enterprises is growing, and coefficient of entrepreneurship is constantly increasing.

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