

**Kaunas - Technological Innovative Creative City**  
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**Abstract**

*Seeking to evaluate the cities of Kaunas, Klaipėda and Vilnius according to the index of creative cities, qualitative research was conducted. The nature of the qualitative research was determined by the fact that the research methods and data measurement means were formed by the authors Hartley, Potts et al. (2012) in the course of the study "CCI-CCI Creative City Index". To determine the creative city index the authors use the analysis of statistical data. Kaunas city was chosen for the research into the increase of competitiveness solutions of creative cities. During the qualitative research, the representatives of Culture and Tourism Division as well as Strategic and Development Division of Kaunas City Municipal Administration, and Kaunas Region Development Agency were interviewed. The results are provided in line with creative city dimensions. The interview focused on the weak points of Kaunas city and such dimensions as the scope of creative industries, scale and employment, attractions and economy of attention, public support, human capital and research as well as global integration.*

*Search results shows that The vision of Kaunas city and the prioritized spheres of activity of the city have clear allusions to technologically innovative creative cities.*

**Keywords:** *Technological-innovative, creative cities, creativity, economic growth, creative industries.*

**I. Introduction**

At the end of the 20<sup>th</sup> century a new attitude towards the economy also gave rise to the idea of creative cities that is based on the principles of the creative economy. Creativity, knowledge and access to information are understood as a strong and powerful source encouraging the growth of the economy. The works of Landry (1995, 2000, 2012), Hospers (2003), Levickaitė and Reimeris (2011), Černevičiūtė (2011), Makselis (2010), Landry and Wood (2007), Pratt (2008) and others underline that creativity is integrated in creative cities in different ways. The SWOT analysis conducted under the guidelines of order No V-217 as of 2007 issued by the Minister of Culture of the Republic of Lithuania "Regarding the Enhancement of Creative Industries and Confirmation of the Development Strategy" established that there is a productive and developing sector of creative industries in Lithuania, and the political context of the EU is favourable for the development of creative industries with the aim of implementing the Lisbon strategy. This means that there are many cities in Lithuania that by using the creative potential they already have, could become competitive not only at the national level, but also on the global scale.

**Typology of Creative Cities**

As discussed before, creative cities are analyzed from several different aspects, and the cities themselves make use of their creativity in different ways. Following this classification, Hospers (2003) points out four main types of creative cities:

1. Technological-innovative cities that bear the names of Technopoles (for example, Detroit, San Francisco);
2. Cultural-intellectual cities that have the strongest culture and that attract talented people (Athens, Florence in the Renaissance epoch, Heidelberg, etc.);
3. Cultural-technological cities that have strong creative industries (Hollywood with the motion picture industry, Paris the fashion industry, etc);

4. Technological-organizational cities that are known for creatively solving urban problems (in London and Paris their underground metros were started in the 19<sup>th</sup> century, sky-scrapers were built in New-York City, etc.).

**Solutions for the Increase of Competitiveness of Creative Cities**

According to Piliutytė (2009), the first and the simplest definition of competitiveness can be related to the understanding of competition seeking to create the best conditions for work and development. However the competition of local organizations is not the same as the competitiveness of cities, as cities compete seeking to become attractive for investments, tourism, events, human resources, high technologies, etc. (Piliutytė, 2007). Sinkienė (2008, p. 72) defines the competitiveness of cities as the relations of the activities of two or more cities as "the ability to maintain the competitive positions in the specific competitive field/market among other cities of a similar type (in size, geopolitical status, dominating economic field), seeking for similar aims, saving resources and increasing the wellbeing of the member of the city due to the administration of local resources and the factors of external environment".

Vanolo (2008) distinguishes the following characteristics of creative cities:

- important places for meeting and concentration of people (variety and attention towards different ethnic cultures and tolerance are obligatory);
- remarkable local scenic art – elite and popular art;
- active night-life – restaurants, clubs, attracting young and modern people;
- established public spaces – parks, open spaces with outdoor sports equipment;
- the opportunity of higher education both for young people and professionals (who contribute to the city's competitiveness);

- various events are organized, especially mega events – big events, sport festivals, concerts, city festivals, art exhibitions. Such events have the power to attract a great number of city guests from all over the world. There is a strong means of communication that can be used to spread the city's ideas both to city guests and local citizens.

The characteristics of the creative city distinguished by the author underline once more that there should be conditions provided for the needs and communication of creative and young people in creative cities.

The most important elements of an increase of the competitiveness of creative cities, according to Suciū (2009), are as follows:

- Creativity should be developed and expressed by all citizens (not only artists, craftspeople, scientists). Therefore, the city policy must encourage the creation of cultural merits and services as well as improve the environment of offices and factories.

- Institutions carrying out the creative activity in the art and science fields (universities, technological schools, research institutes, theatres, libraries and other cultural organizations) in the city should function as the supportive creative infrastructure.

- Environmental policy is especially important for the successful functioning of creative cities. They must retain their historical heritage and city environment, in this way forming a better living environment. Such an environment encourages the creativity of people and reduces indifference.

- Cities must have a balanced economic basis, which also helps to maintain and encourage creativity.

In the opinion of the scholar, creative cities must have a city policy where creativity is integrated, as well as a united policy of culture, industry and environment, based on democratic administration (Suciū, 2009, p. 90).

Weiping (2005) also stresses the importance of the totality: creative cities must unite the creative bureaucracy, individuals and organizations, such as, schools and universities. Creativity and its application in both the public and private spheres of community life must be encouraged. In such a way that a bank of ideas is created that facilitates the search for solutions to cities' problems.

- **Interrelationship of Exclusive Universities' Research and Business** – most creative communities are established next to universities where education and business classes are included into the local culture. Universities become a place where specialized research is conducted, knowledge is patented, and where scientists and business subjects co-operate. Such places may serve as incubators for newly launched companies.

- **Risk Capital Opportunity.** An important factor for the growth of the creative sector is investments into the production and development of innovations, especially in the field of research (for instance, bio-technologies). The risk capital is understood here as a regional investment fund from which research is financed, and support is granted to start up entrepreneurs. Such investors often supervise

those businesses where they invest and help them to solve emerging problems. The equivalent of such a practice in Lithuania could be Business Angels.

- **Large and Medium Companies.** This aspect is more related to the development of creative clusters. The basis of a creative cluster is one or two

initiating/nuclear companies and other supporting (smaller) companies that carry out their activities together. For example, the Microsoft Company helped to develop the computer software cluster in Seattle. The existence of initiative companies/organizations is important for the development of creative clusters as well as the development of creative cities.

- **Possession of Basic Knowledge and Skills.** Almost all creative cities are characterized by a high concentration of educated people. As previously mentioned, the role of knowledge and skills is of special importance in the creative economy, (the idea of creative cities is based on it).

- **Target Policy.** Although political actions usually do not have any influence upon the formation and development of clusters, some examples of creative cities show that a decisive role can be played by city policy. For example, the development of the software cluster in Bangalore city was largely influenced by the actions of the government which prompted the technology sector. Moreover, the policy of the city/region may contribute to the development of new businesses – for instance, establishing an association of entrepreneurs, etc., where young business people could receive consultations and draw on the experience of others.

- **The Quality of Services and Infrastructure.** A city that copes well with its simplest functions (planning, public utilities) will be more attractive to creative companies. The location of an airport reduces travel costs; therefore making the city is more attractive to travellers. Infrastructure's importance to companies can include specialized laboratories and libraries.

- **The Variety and Quality of Vicinities.** The natural and urban environment is a significant aspect for the existence of creative cities, the diversity of citizens and an active "street life". Such places must provide various alternatives. Educated people need more diverse entertainment: going out for dinner in the city, taking a walk, active night-life, rock climbing, cycle routes and similar (Weiping, 2005).

Most of the solutions distinguished by the author are closely related to the development of creative clusters.

## II. The Nature of the Research.

Seeking to evaluate the cities of Kaunas, Klaipėda and Vilnius according to the index of creative cities, qualitative research was conducted. The nature of the qualitative research was determined by the fact that the research methods and data measurement means were formed by the authors Hartley, Potts et al. (2012) in the course of the study "CCI-CCI Creative Cities Index". To determine the creative city index the authors use the analysis of statistical data. Comparing and evaluating the three Lithuanian cities – Vilnius, Kaunas and Klaipėda – it became evident that Vilnius city has the biggest creative index (92), Kaunas has one

and a half times smaller index (58.6) and Klaipėda's creative index is twice as smaller (50.3).

In Kaunas city, the strongest dimensions are participation and expenditure, as well as micro-productivity. In the course of the empirical research it was established that Kaunas city has the potential of technologically innovative creative city.

#### ***The objects under research and their selection***

Kaunas city was chosen for the research into the increase of competitiveness solutions of creative cities. The city was chosen because of its convenience. In order to evaluate the creativity of Kaunas city using the CCI Index, the cities of Vilnius and Klaipėda also were selected for comparison.

The selection of the objects for research was carried out in two stages:

1. Lithuanian cities were chosen during the first stage, following these criteria:

- The cities of Kaunas, Vilnius and Klaipėda are the largest cities of Lithuania; therefore it can be assumed that there must be a strong social and cultural infrastructure in them and a relatively high concentration of creative employees. The aforementioned factors are important features of creative cities.

- The status of capital gives Vilnius city the opportunity to receive more public support for cultural activities and commits the city to be competitive not only to other cities of the country, but also to the capitals of foreign countries.

- Kaunas is characterized by a high concentration of higher education institutions, and in the study that was carried out in 2011 (S. Ipiyt „Galerijos „Meno parkas“ k rybos klasteris“), it was revealed that there is a creative cluster of galleries in Kaunas city.

- Klaipėda city calls itself as a creative city, and in 2008 it joined the new network of European creative cities-partners –.

2. During the second stage, after having evaluated the creativity of cities and having established the type of creative city. Kaunas respondents were selected and semi-structured interviews were conducted with them. The target selection of typical samples were applied, when respondents were selected on the basis of certain criteria – with regards to the problems of Kaunas city that were detected in the course of a quantitative research.

- In order to gain useful information on the issues of creative industries, the problems of the cultural situation in Kaunas City, and the problems related to attractions and economy of attention, a representative of the Division of Culture and Tourism of Kaunas City Administration was chosen as a respondent.

- A representative of Kaunas Region Development Agency was also interviewed on the topic of the creative industries of Kaunas City, taking into account the fact that in 2010-2011 the agency carried out the project “Action Plan of Creative Industries Development of Kaunas Region”, therefore it was well

aware of the present situation of Kaunas City and the position of the authorities.

- A representative of the Division of Strategy and Development of Kaunas City Administration was interviewed on the questions regarding Kaunas City strategy, development problems, global integration, human capital, research and public support.

### **III. The results of research**

During the qualitative research, the representatives of Culture and Tourism Division as well as Strategic and Development Division of Kaunas City Municipal Administration, and Kaunas Region Development Agency were interviewed. The results are provided in line with creative city dimensions. The interview focused on the weak points of Kaunas city and such dimensions as the scope of creative industries, scale and employment, attractions and economy of attention, public support, human capital and research as well as global integration.

The majority of problems as emphasized by the respondents were found in the dimensions of creative industries, attractions and economy of attention as well as global integration. The lowest number of the city's advantages was considered to be in the dimensions of attractions and economy of attention as well as global integration, therefore we can state that in Kaunas city these two fields have the biggest problems. Moreover, speaking about global integration and its important factor – Kaunas airport – the respondents indicated that the city can have least influence upon it, therefore, all the problems emerging there cannot be solved in a very simple way. The human capital and research were considered to be the strongest dimension during the interviews. Only one problem was mentioned in this dimension, i.e. a small contribution from the municipality, but there were many

advantages emphasized, such as the encouragement of small and medium businesses for innovation and creativity, the abundance of students and technologically oriented university graduates. In the public support dimension there were three advantages highlighted, namely the financing by the EU of creative industries during the period 2014-2020, cultural scholarships, art awards as well as the participation of the municipal government in the activity of communities. However, at the same time such problems as the understanding of politicians and the absence of a strategic plan for 2014-2020 were also mentioned, which largely influence further actions of the municipal government with regards to the city.

#### ***Creative Industries' Scale, Scope and Employment in Kaunas City***

The interview allowed identifying the main problems and advantages of Kaunas that are related to creative industries and the cultural situation in the city (see *Table 1*).

**Table 1**  
**Problems and advantages of creative industries' scope, scale and employment in Kaunas city**

Problems	Advantages
<ul style="list-style-type: none"> <li>• Absence of cultural strategy ;</li> <li>• Absence of Strategic plan;</li> <li>• Stagnation of cultural institutions;</li> <li>• Legal base of cultural institutions;</li> <li>• Lack of entrepreneurial skills of artists</li> </ul>	<ul style="list-style-type: none"> <li>• Examples of good practices</li> <li>• Contribution of the municipal government to the encouragement of cultural/creative action</li> <li>• Abundance and variety of associations of artists</li> <li>• Cluster of the Old Town creative industries</li> <li>• Advertising, visual art and computer games as well as IT creative industries</li> </ul>

Source: compiled by the author

As we see in the given table, this dimension highlights five problems related both to the work of the municipal government – the absence of a cultural strategy and a strategic plan, and to the activity of cultural institutions – their stagnation, legal base as well as the lack of entrepreneurial skills of artists themselves. Also, the respondents identified such advantages as the examples of good practices, the encouragement of others' initiatives, the contribution of the municipal government to the encouragement of cultural/creative actions, the large number and variety of artistic associations, the existing cluster of creative industries of the old town, as well as a strong commercial environment, visual art, computer games and creative IT industries.

According to the opinion of Respondent R1, the most urgent problem in Kaunas city, as well as in the whole of Lithuania and other cities, is the absence of a strategy of culture on the national and local scale.

*"... we do not have a Lithuanian cultural strategy, so what can we say about the city's strategy? <..."*

*"... therefore our biggest task now is to prepare the cultural strategy for at least 6 years, for the period 2014-2020, that could designate such trivial things as the fact that culture is a prioritized field, that culture gains a certain part of the budget. ... It should be noted that the pearl, peculiarity and uniqueness of the city are dance, motion, festivals, small chamber spaces and similar things."*

The first step necessary for the creation of the cultural strategy has already been taken, i.e. the feasibility study of Kaunas city culture has been carried out, but its results have not been published publicly. However, the recommendations and the collected information were used for the preparation of the strategy.

Respondent R2 also speaks about the need for a cultural strategy for the city:

*"... sometimes it seems that the urban cultural activity is being developed without any specific plan, out of inertia, or depending upon the mood of the government on the day when the plans are formed."*

The respondent also underlines that the present Strategic Activity plan of Kaunas City for the period 2013-2015 is not good, as it was prepared hurriedly.

*"... These are just pompous words. In principle, that document [the strategic activity plan] was remade without much discussion with the then Cultural Division, and it was prepared in an urgent way. And after the specification of the strategic plan, we carried out the feasibility study, and quite different measures could have been taken and other proposals could have been given out of it..."*

The stagnation of cultural institutions, "old-fashioned thinking", inactivity and the legal base are indicated to be a huge problem of Kaunas city.

*"The main problem of our culture is that our cultural institutions are still living in the past. The imperfect legal base related to the activity of those institutions gives rise to many problems – from the issue of labour payment to that of employees. If the institutions functioning on the national level have a limited term of office of the leading manager, then in municipal administration there is no such regulation. There are absolutely no means how to make the leader work differently, change the situation or change himself/herself."*

And its consequences are such problems as the non-effective work time of cultural institutions (for example, some museums are closed on Sundays, during events on national holidays, etc.), the institutions have no advertising sign; there is insufficient competence of cultural employees, inability to use modern technologies, problems of publicizing of events and an absence of entrepreneurship of institutions.

The respondents stressed not only the lack of entrepreneurship of cultural institutions of the city, but also the lack of entrepreneurship of artists themselves. According to Respondent R2, artists of Kaunas do not have an entrepreneurial nature.

*"... often our artists create art for the sake of art, without trying and even understanding that art can bring huge profit. Of course, the primary aim of an artist is to create a piece of art, but in such a case artists should hire people with management education to sell their pieces of art. I think then there would not be so many oppressed and undercover artists, there would be more art galleries, and the creative industries of Kaunas city would become stronger."*

But the respondents also noted that during the recent years, thanks to a few enthusiastic people in Kaunas, the Old Town and Laisvės alėja have been revived and enlivened. According to the respondents, examples of good practice spread very quickly,

therefore they hope there will be more such good examples in the city in the not too distant future.

*"It is not a secret that it all started with the initiative of one person – Mrs. Šmidtienė, and I do believe that she was the example that 'contaminated' all the rest, as all the cafes in the Old Town are certain galleries, all of them are very peculiar. After some time, another active person appeared – Mr. Palevaitis who consolidated Vilnius gatvė, began an argument and sowed discord, and then a dialogue among the community as well as the city government started." (R1)* And although in the opinion of the respondents, it all starts "from the bottom", i.e. from individual enthusiastic people, their encouragement to be initiative is also an important factor of competitiveness. Kaunas City Municipal Administration prepared the *Programme of Encouragement of Cultural Action in the Pedestrian Zone (Old Town, Laivės al. ja)* that provides for the support of the aforementioned areas by the means of the municipal budget. The programme was started this year. Young artists are also encouraged in line with the *Young Artists Encouragement Programme* that states, " ... that the projects of young artists make up at least 80 per cent of all financed projects. These activities are encouraged, having in mind the fact that young people often do not have an enterprise, a legal entity, but they want to do something." (R1)

According to Respondent R2, the situation of creative industries in Kaunas city as established during the preparation of the action plan of creative industries' development in Kaunas region was regarded as sufficiently good. An important and remarkable creative cluster was established here – and it is the Old Town of Kaunas City. In this zone, there is cooperation among businessmen, artists, community members and universities. Advertising, visual art and computer games as well as IT creative industries were considered to be the strong creative industries of Kaunas city.

### **Attraction and Economy of Attention**

The table below reflects the problems and advantages of attraction and economy of attention of Kaunas city (see *Table 2*).

**Table 2. Problems and advantages of attractions and economy of attention of Kaunas city**

Problems	Advantages
Lack of publicity of events Lack of employees with competences in marketing field Lack of inter-communication of cultural institutions	High standards raised by consumers of events

Source: compiled by the author

The main problems of the dimension of attractions and economy of attention that were indicated by the respondents in the interview, are the lack of publicity of events, the lack of employees competitive in marketing as well as the absence of mutual communication among cultural institutions. The insistence for a high standard by consumers of events, however, was indicated to be a merit.

Speaking about various events organized by institutions subordinate to the municipal administration, Respondent R1 said that the institutions often do not know how to properly advertise events, do not put enough efforts to attract as many visitors as possible. Such a situation is often conditioned by the lack of employees with competences in the marketing field.

*"In this time of austerity, many employees were dismissed. Any employee, the necessity or employability of who raised any doubts, was sacked. Therefore, many institutions were left without employees who could be specifically responsible for making events public. We have an aim to create an internet site where all institutions could publish information about the events they organize, but we need a person for that ... We need a person who could take care of and administer, and right now it is very difficult to find such a person".*

Respondent R1 also says that it is often a case that employees of institutions do not have the skills to use the opportunities provided by social networks or to use the internet and other new technologies.

*"One of our aims is to achieve that all the cultural institutions, carrying out any activity, would be able to use the internet – social networks, exchange information with one another, publish information in the websites, etc. But there should be an attitude change, and sometimes a change in personnel and leadership is also necessary."*

The lack of communication among cultural institutions gives such awkward results, such as the organization of events of the same genre on the same evening in nearby institutions as well as the lack of visitors.

*"...institutions themselves do not know what their neighbours are doing, if they organize events of the same genre on the same day. Moreover, the employees of these institutions are the main visitors to cultural events, so the institutions should share their information, send invitations to events, etc." (R2)*

However, Respondent R1 noted that there is a demand for high quality, and that criticism from Kaunas city residents is very beneficial for both companies organizing events, as well as the quality of their services. A demanding consumer always makes institutions seek higher results and look for ways to get audiences interested. It is one of criteria that, in the opinion of the Respondent, should encourage little by little cultural institutions "to brace themselves".

### **Public Support**

The main problems and advantages of the dimension of public support of Kaunas City as identified during the interview are provided in *Table 3*.

**Table 3 Problems and advantages of public support of Kaunas City**

Problems	Advantages
Understanding of politicians Absence of strategy for the period 2014-2020	Creative industries' financing by the EU for 2014-2020 Scholarships, art awards Participation of municipalities in the activity of communities

Source: compiled by the author

During the interviews the respondents indicated the two main problems that have the biggest influence upon the public support of Kaunas City – these are the understanding of politicians and the absence a strategic plan for the period 2014-2020. However the respondents mentioned merits such as creative industries' companies have been financed by European Union funds since the beginning of 2014, scholarships and art awards granted by the municipal government and as well as the participation of the municipal government in the activity of communities.

According to the respondents, all the public support given and foreseen priorities depend first of all upon the understanding of the elected politicians. Therefore, speaking about creative industries and creative clusters, they often encounter a lack of understanding and comprehension.

*"We do see the potential of creative industries in Kaunas City, but each programme is approved by politicians. They allot finances. And the funds depend upon their education, understanding of what culture is, what a cluster is, a general understanding about industries, etc. Today we are explaining very trivial things to them; therefore I really cannot imagine how to explain to them what a cluster is..." (R1)*

But the respondents also indicated that from 2014 until 2020, all companies of creative industries that want to start an activity or are thinking of expansion of their activities, have the right to prepare projects and obtain finances from the European Union. Under this programme the companies of creative industries of Kaunas City should expand their activities and improve the present situation of the creative industries of Kaunas city, thus becoming more competitive with regards to Vilnius city.

*"In the course of this project, the municipal government, as an institution, is eliminated in order to get rid of all unnecessary mediators. Therefore, the lack of understanding from politicians will not be able to influence any results. It is a perfect chance for the creative companies of our city to get stronger and improve the present situation. We only have to hope that they will make use of this opportunity." (R2)*

Respondent R3 indicates the absence of a strategic plan for 2014-2020 as one of the existing problems of Kaunas city.

*"I have the biggest headache now that we have to start with new strategic activity next year, and up till now we have not had the rudiments of a strategic plan for 2014-2020. What is planned in the strategic plan for 2013-2015 is from a very short-termed perspective. The plan is a little renewed, modified, but in reality we have to think about the plans for the upcoming six years."*

Speaking about the part of the municipal budget allotted for the Division of Culture and Tourism, Respondent R1 said that the present situation meets their needs. And citizens, when evaluating and comparing the means allotted by the municipality, should analyze more what is calculated in and included by the municipal government.

*"We have such a situation that Vilnius does not have any theatre and museums of its own, they have state institutions that satisfy their needs. Therefore, their financing is direct, and not from the municipal government. The municipality partially finances one theatre under the competition rules, and it has a right to be called a city theatre. Then there are announcements for bids of cultural programmes. They spend about 1.5 million Litas per year. Where else does the city municipality make an input into culture? ... Here [in the municipal budget] state, national and other theatres are summed up, and the municipal government in reality does not have any financial responsibility for them. And that is where we have impressive sums."*

This factor that was brought to light during the interview was not ascribed to either the problems or merits of Kaunas city, as, according to the respondents, the former municipal budget does not raise any additional problems, because the municipal government makes use of the allotted funds and does not feel a need for more financing. Also, the respondents stressed that, in their opinion, a bigger budget would not improve the present cultural situation of Kaunas city, as the attitude of employees and citizens has to be changed first of all.

#### **Human Capital and Research**

The merits and problems of the human capital and research dimension that were discovered during the interview are provided in Table 4.

**Table 4  
Problems and merits of public support of Kaunas city**

Problems	Advantages
Small contribution from municipality	Abundance of innovative companies Encouragement of small and medium business innovations and creativity Large number of students Technologically oriented graduates

Source: compiled by the author

In the opinion of the respondents, the dimension of human capital and research has the lowest number of problems and has quite a large number of advantages. The only problem that they identified was a small input from the municipality, but this is balanced by the contribution of innovative companies themselves. The merits of human capital and research became clear during the interviews. These include the abundance of innovative companies, the encouragement of small and medium businesses for innovation and creativity and the large number of students as well as technologically-oriented graduates.

Although there is a sustainable development programme for Kaunas City for 2013-2015 with the aim of encouraging business development, activity of technological parks and business incubators as well as planned means to finance companies functioning in the fields of applied scientific research, information technology and precision engineering, the contribution of the municipal government to this field is relatively very small according to the respondents.

*"Most of the means belong not to the municipal government, but companies themselves that are part of the umbrella of technological parks or that are related to the creation of innovations and are based in Kaunas city. It is in our interest to have as many such companies as possible. We contribute a little financially via activities of individual companies that work in the field of innovation and technologies in line with their nature and activity field. But the contribution of the municipal government in budgetary means is relatively very small." (R3)*

The abundance of innovative companies in Kaunas city is one of the advantages of the dimension of human capital and research of Kaunas city that were emphasized by the respondents.

*"It is not a secret that Kaunas is one of the leading cities in the development and consolidation of innovative companies. Recently we implemented a project, and during it a catalogue of innovative companies was developed. So this catalogue has 120 innovative companies that are based in Kaunas city." (R3)*

All the respondents mentioned students as a huge advantage of Kaunas city. During the interview the respondents said that students contribute to the wellbeing of the city by their own initiatives, projects, and activities.

*"I think no one has any doubts that students bring a lot of benefit to the city. First of all, one can notice their enthusiasm – various events they organize and visit. Secondly, the most talented youths from all over Lithuania come here to study – therefore, our companies and employers have a better choice. And in summer time, when students have their holidays, the city looks very empty." (R2)*

A very strong university in Kaunas that is oriented towards technology, in the opinion of

Respondent R3, also contributes to the development of innovations in Kaunas city.

*"It should also be noted that Kaunas universities graduate a really large number of technologically-oriented students. And they are strong graduates. Therefore, it is no wonder that we do have strong innovative companies. Because we have all it takes – young, enthusiastic minds, strong universities and companies that are interested in the development of innovations." (R3)*

In the opinion of the respondents, Kaunas should remain a creative city in the future due to the aforementioned abundance of innovative companies, technologically-oriented graduates and strong universities.

### Global Integration

The main problems and merits of the dimension of global integration of Kaunas city, as specified during the interview, are shown in Table 5.

**Table 5 Problems and advantages of public support of Kaunas city**

Problems	Advantages
<ul style="list-style-type: none"> <li>• Absence of brand</li> <li>• TIC activity abroad</li> <li>• Status of Kaunas airport</li> <li>• Political decisions</li> <li>• Migration of people</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of social services</li> </ul>

Source: compiled by the author

In the dimension of global integration, the respondents referred to five important issues that are found in Kaunas city – the absence of a brand and logo, the lack of activity of tourist information centers abroad, the political decision making and status of Kaunas airport, and migration of people. The quality of social services was seen as an advantage.

First of all, speaking about the problems of Kaunas city, Respondent R1 said that Kaunas city has not had a proper brand or logo up till now. Right now there is group formed to develop such a brand, but in his opinion, it is quite difficult to reach a decision because of sentimental thinking.

*"We still do not have a brand, a logo or a motto for the city, we do not know how to position our city on the national and the Baltic region scale. We must form a city vision – as we want to see ourselves through the tourist and cultural aspect, what piece of news we want to transfer. For ourselves, we portray ourselves as a city on the confluence of two rivers, a city of students, the greenest city, etc. Are there no other cities of students in*

*the world or in Europe? And they are even more genuine students' cities, such as Cambridge, etc. Are we the only ones to have access to a confluence? How many more cities are there in Lithuania that are located on the confluence of two rivers?"*

Respondent R1 also underlines that at present they are trying to jettison all stereotypes and look for a new and modern vision.

*"...and we start thinking of quite a different city, and a city as a logistics centre, the city crossroad, heart, and nod. A city of new technologies, modernity, information. Because nothing else matters."*

Secondly, global integration is also influenced by the advertising of the city and the country abroad. Therefore, the present situation of tourist information centers in foreign countries, in the opinion of Respondent R3, negatively affects the number of city tourists.

*"There used to be information centres in foreign countries, for example, in London, in Berlin, etc. But right now such services have been transferred to state agencies. Just imagine, we buy a service from a certain English company in London so that they would provide information about Lithuania. Are they really interested in attracting more tourists to Lithuania? ... What can a Spaniard say in Barcelona? They could only give a standard description that probably will not arouse interest in anyone."*

Thirdly, during the interviews the respondents indicated that, on the one hand, Kaunas airport gives a huge benefit to the city, but on the other hand, the city municipal government cannot have any influence upon any changes in the airport's activity, as Kaunas airport is a stock company subordinate to the Ministry of Transport. Two problems arise from this – the status of the airport and the decisions of national politicians which cannot be affected by the municipal government.

*"We, as a municipal government, contributed quite a lot to convince Ryanair to come to Kaunas city and choose it as a base in the Baltics. The municipal government finances Kaunas city airport commercials in publications, announcements and various advertisements. ... But all our actions cannot not make or overrule decisions that are taken by the Ministry of Transport, for example, to subsidize Vilnius airport for 2 years, and then Ryanair sees that the landing price in Vilnius is much more beneficial to it than in Kaunas." (R3)*

Finally, negative migration from Kaunas city has been noticed by the respondents. As stated by Respondent R3, such a tendency is the same in the whole of Lithuania, and not only because of citizens going to live abroad, but also because of internal migration.

*"Citizens of Kaunas city move to live in Kaunas region. This is a natural process, as young families build houses, and the city cannot provide with*

*plots of land suitable for housing. This has been observed all over Lithuania, all around the largest cities."*

However, Respondent R3 highlighted the quality of social services as an advantage that is used by the citizens who moved to live in the region.

*"All social services are still provided in Kaunas. Only they now live in the region and pay all the property related taxes there. They receive educational, health care and cultural services in Kaunas. In order to improve their quality even more, we plan to carry out a survey of residents about (dis)satisfaction by the services administered by our municipal administration. But now we have information that the situation is not that bad."*

Also Respondent R3 said that the number of students who graduated from Kaunas universities remaining in Kaunas is lower than that in Vilnius city. This is affected by the capital city status of Vilnius that assures more cultural events, more employment opportunities and more international companies.

#### **IV. Decisions of Competitiveness Increase of Creative Cities in the case of Kaunas City**

Having evaluated the problems of Kaunas city that were pointed out in the qualitative research as well as the fact that Kaunas city is regarded as a technological-innovative city, the following solutions for an increase of competitiveness are recommended:

- **Interrelations of Exceptional University Research and Business.** This factor for an increase of competitiveness must be among the most important ones for Kaunas city because of the type of a technological-innovative creative city established. As revealed by the studies, Kaunas city is characterized by an abundance of innovative companies, the desire of small and medium businesses to improve in the field of creativity and innovation, and the largest amount of research and development per capita. The activity of business incubators, the development of scientific and technological clusters should be enhanced further in order to strengthen competitiveness. It is also important to include education and business undertakings into local culture, and companies should use the large potential of students.

- **Risk Capital Opportunity.** In order to attract more new companies and encourage their development as well as the creation of innovations, the city should form an investment fund of Kaunas city that would finance the attempts of companies to innovate and provide support for new business people. Now, for the third year in a row, Kaunas city has been carrying out its *Entrepreneurship Programme* where companies or people having licenses for business are encouraged to submit applications for product development ideas. The company may submit an idea for the development of a product of public use or the development of a product for the needs of the company. However, this programme does not quite meet the requirements for the solutions of the increase of creative cities' competitiveness, as projects meant for public use gain more evaluation points. The municipal government co-operating together with business people should form



an investment fund where, if it is necessary, the companies could borrow means for the creation of a new products and innovations, under the condition that the money is returned in the case of success. It is foreseen that the maintenance of such a fund and the consultancy of companies must be carried out by competitive business entities, for example, companies functioning at the science and technology park "Technopolis" – joint-stock companies UAB "Aedilis", UAB "Agmis", UAB "Aksonas", UAB "Conmack Consultancy Baltic LT", UAB "Frineta", etc.

• **Possession of Basic Knowledge and Skills.** As established in the course of the research, there are a large number of educated people residing in Kaunas. However, it is important to plan the measures that should be taken in order to encourage students who graduate from universities in Kaunas to stay in the city later. Such factors as the supply of well paid job places, the standard of living in the city, and cultural entertainment have the biggest influence upon the number of graduates who live in the city after graduation. In order to solve the problems of unemployment of university graduates, universities should be encouraged to co-operate with business enterprises, prepare internship programmes for students who, after gaining work experience, would remain working for the company. It is also recommended to conduct research that would reveal the reasons why students of Kaunas city do (not) remain in Kaunas. The improvement of the urban infrastructure and attraction of investments into the city are also significant factors in keeping educated persons in the town. During the interview the respondents mentioned that there is a plan to develop an investment attraction strategy, the implementation of which should contribute to attempts to make students stay in the city.

• **Quality of Services and Infrastructure.** As revealed in course of the research, the contribution of the airport upon the wellbeing of Kaunas city is absolutely evident. However, taking into account the fact that Kaunas city municipal government cannot in any way affect the activity of the airport, there are proposals to improve the quality of other services and infrastructure. The implementation/renewal of cycle routes, the renovation of housing, road repairs, improvement of health care services, and the assurance of safety should be the priorities of the municipal government. There are plans to carry out a poll in 2014 regarding the services provided by the municipal government, and the results of the poll will be the basis for taking actions to confront the problems established. A city that is able to manage its public services, planning and guarantee the necessary infrastructure will be more attractive both for creative companies and the creative class.

• **Creative Clusters.** The encouragement of creative clusters and their maintenance in the city should be one of the priorities for planning by Kaunas city municipal government. There are suggestions for the establishment of an information centre of creative clusters, the main activity of which would be the consultancy of creative companies, entrepreneurial education, the search for co-operative opportunities,

and the dissemination of information about creative industries in the city. The fact that only one creative cluster is identified in Kaunas city may also indicate an improper environmental policy of the city.

• **Environmental policy.** The research also showed an emerging problem that is an obstacle to changing the present situation – it is the lack of understanding from politicians. Therefore, the education of and provision of information to politicians is recommended in order to create beneficial conditions for the development of creative clusters in Kaunas city. To achieve a higher understanding of politicians, there are proposals for the co-operation of universities and politicians, the participation of politicians in seminars and conferences.

Having implemented the recommended decisions, Kaunas city would strengthen its own potential as a technologically innovative creative city.

## V. Conclusion

In the course of the empirical research it was established that Kaunas city has the potential of a technological-innovative creative city. Such a potential was revealed by all the research results. The data obtained during the interviews showed that Kaunas city is characterized by a strong dimension of human capital and research, which is very important for technological-innovative creative cities.

The vision formed of Kaunas city as well as prioritized activity fields as indicated in the strategic plan of 2013-2015 also have clear allusions to the technological-innovative creative city. Therefore, by forming favorable conditions for the creation of technologies, innovations, and the attraction of the creative class, Kaunas city may become a technological-innovative creative city and increase its creative city index. The main strength of this city is the possession of direction and vision that coincide with the present real situation.

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