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## **Creative and knowledge-intensive groups in Sofia**

**The views of high-skilled employees, managers  
and transnational migrants**

**ACRE report 8.10**



European Commission



CITIZENS AND GOVERNANCE IN A  
KNOWLEDGE-BASED SOCIETY

Evgenii Dainov  
Ivan Nachev

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Dr. Olga Gritsai, ACRE project manager

University of Amsterdam

Amsterdam institute for Metropolitan and International Development Studies (AMIDSt)

Department of Geography, Planning and International Development Studies

Nieuwe Prinsengracht 130

NL-1018 VZ Amsterdam

The Netherlands

Tel. +31 20 525 4044

+31 23 528 2955

Fax +31 20 525 4051

E-mail [O.Gritsai@uva.nl](mailto:O.Gritsai@uva.nl)

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Accommodating Creative Knowledge – Competitiveness of European Metropolitan  
Regions within the Enlarged Union

Amsterdam 2009  
AMIDSt, University of Amsterdam



## ACRE

ACRE is an acronym of the international research project ‘Accommodating Creative Knowledge – Competitiveness of European Metropolitan Regions within the Enlarged Union’.

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Coordination:

### **Prof. Sako Musterd**

University of Amsterdam

Amsterdam institute for Metropolitan and International Development Studies (AMIDSt)

Department of Geography, Planning and International Development Studies

Nieuwe Prinsengracht 130

NL-1018 VZ Amsterdam

The Netherlands

Participants:

- **Amsterdam** (Amsterdam institute for Metropolitan and International Development Studies, University of Amsterdam, the Netherlands)  
Marco Bontje ~ Olga Gritsai ~ Heike Pethe ~ Wim Ostendorf ~ Puikang Chan
- **Barcelona** (Centre de Recerca en Economia del Benestar – Centre for Research in Welfare Economics, University of Barcelona, Spain)  
Montserrat Pareja Eastaway ~ Joaquin Turmo Garuz ~ Montserrat Simó Solsona ~ Lidia Garcia Ferrando ~ Marc Pradel i Miquel
- **Birmingham** (Centre for Urban and Regional Studies, University of Birmingham, UK)  
Alan Murie ~ Caroline Chapain ~ John Gibney ~ Austin Barber ~ Jane Lutz ~ Julie Brown
- **Budapest** (Institute of Geography, Hungarian Academy of Sciences, Hungary)  
Zoltán Kovács ~ Zoltán Dövényi ~ Tamas Egedy ~ Attila Csaba Kondor ~ Balázs Szabó
- **Helsinki** (Department of Geography, University of Helsinki, Finland)  
Mari Vaattovaara ~ Kaisa Kepsu ~ Venla Bernelius
- **Leipzig** (Leibniz Institute of Regional Geography, Germany)  
Joachim Burdack ~ Günter Herfert ~ Bastian Lange ~ Katja Manz ~ Robert Nadler ~ Kornelia Ehrlich ~ Juliane Schröder
- **Munich** (Department of Geography, Ludwig-Maximilian University, Germany)  
Günter Heinritz ~ Sabine Hafner ~ Manfred Miosga ~ Anne von Streit ~ Monika Popp
- **Poznan** (Institute of Socio-Economic Geography and Spatial Management, Adam Mickiewicz University, Poland)  
Tadeusz Stryjakiewicz ~ Jerzy J. Parysek ~ Tomasz Kaczmarek ~ Michal Meczynski

- **Riga** (Stockholm School of Economics in Riga, Latvia)  
Anders Paalzow ~ Diana Pauna ~ Vjacheslav Dombrovsky ~ Roberts Kilis ~ Arnis Sauka
- **Sofia** (Centre for Social Practices, New Bulgarian University, Bulgaria)  
Evgenii Dainov ~ Vassil Garnizov ~ Maria Pancheva ~ Ivan Nachev ~ Lilia Kolova
- **Toulouse** (Interdisciplinary Centre for Urban and Sociological Studies, University of Toulouse-II Le Mirail, Toulouse, France)  
Denis Eckert ~ Christiane Thouzellier ~ Elisabeth Peyroux ~ Michel Grossetti ~ Mariette Sibertin-Blanc ~ Frédéric Leriche ~ Florence Laumière ~ Jean-Marc Zuliani ~ Corinne Siino ~ Martine Azam ~ Hélène Martin-Brelot
- **Milan** (Department of Sociology and Social research, University degli Studi di Milan Bicocca, Italy)  
Enzo Mingione ~ Francesca Zajczyk ~ Elena dell’Agnese ~ Silvia Mugnano ~ Marianna d’Ovidio ~ Carla Sediti
- **Dublin** (School of Geography, Planning and Environmental Policy, University College Dublin, Ireland)  
Declan Redmond ~ Brendan Williams ~ Niamh Moore ~ Veronica Crossa ~ Enda Murphy ~ Philip Lawton

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## EXECUTIVE SUMMARY

“Individual trajectory” location factors far outweigh all else in the case of individual location decisions of Bulgarian nationals. Next, particularly in the case of managers, come “hard” location factors. “Soft” factor considerations play a noticeable role in “retention” decisions (on the part of all respondent groups – workers, managers, transnationals) and can be seen as concentrated in the most creative of the creative industries, as well as in the older (e.g. broadcasting) industries. As regards international migrants, 'hard' factors, such as proximity to transport infrastructure along with rental and general housing costs set the boundaries around which respondents made decisions regarding choice of location, but within these boundaries, the 'softer' factors, such as access to general amenities influenced locational decisions.

Soft location factors and personal trajectories have the most relevant function as attraction and retaining factors for the different target groups in the Sofia city region. The significance of hard factors is not as high as the importance of soft factors and personal trajectories. Hard location factors too play a role, but more as retaining factors, than attraction factors.

Generally speaking, people come (*location decision*) mostly under the influence of “hard” factors; but then decide to stay on (*retention decision*) because of the influence of “soft” factors – in Sofia’s case, the varied lifestyles available, the existing community life and the tolerance of the city.

Policy has not played a role in Sofia’s economic development in the 1990s, nor has any policy propelled the city towards the status of an emergent “creative city”. The astonishing economic achievements of the city can be traced to one source: the energy and gusto of its inhabitants, placed in a situation of “the invisible hand of the market”. When attempting to interview municipal officers (for context), ultimately our fieldworkers were refused, by the municipality, with the argument that “the municipality has no policies in your field of interest”.

Respondents did identify policies at the national level that they found helpful, and expressed hopes that such policies would continue and even expand in the future.

In conclusion, the Soft factors are for the most companies far more prominent than the hard factors.



# 1 INTRODUCTION

This report will present generalised results from the last three empirical phases in the Sofia city region within the ACRE project.

## 1.1 Objectives - Aim of the report

The ACRE project aims to analyse and clarify the decisive conditions for a successful creative knowledge economy in European metropolitan regions. The Sofia Metropolitan Area is one of the 13 European city-regions in the ACRE project. The project is more or less half-way now. We started with exploring the state of the art in the theoretical debate about creative knowledge cities and the creative knowledge economy (Musterd et al., 2007). Each of the ACRE teams then prepared a report assessing the historic development path and the current state of economic, socio-demographic and political development of their city-region, focusing mostly on the creative knowledge economy and the people working in it (ACRE reports 2.1 to 2.13). This was followed by a comparison of the 13 individual reports, testing hypotheses about decisive factors for successful creative knowledge regions (Kovacs et al., 2007). Until that moment, the project was based on literature, policy documents and secondary statistical data.

This comparative step was followed by a series of empirical analyses per city-region, aimed at what we consider the main target groups of local, regional and national policies to stimulate or facilitate the emergence of ‘creative knowledge regions’. Three analyses, each aiming at a different target group (though partly overlapping each other) have been completed: a questionnaire among employees, freelancers and self-employed in a selection of creative and knowledge-intensive industries; interviews with managers of a selection of creative and knowledge-intensive industries; and interviews with transnational highly skilled migrants. In earlier reports we have addressed the creative knowledge workers (Bontje et al., 2008a) and the managers (Bontje et al., 2008b).

Our own data gathering started with a survey among workers in selected creative knowledge industries (ACRE report 5.1 to 5.13). This survey addressed the extent to which employees, self-employed and freelancers in the creative knowledge industries felt comfortable in their city-region. We asked questions about their residential satisfaction, their job satisfaction, and their satisfaction with the city-region in general.

In the next stage (ACRE report 6.1 to 6.13), we made a shift from the workers’ perspective to the managers’ perspective. We presented the results of interviews held with managers in a selection of creative and knowledge-intensive sectors in the investigated city-regions. The interviews focused on the location decisions of companies in these sectors and the extent to which existing theories and presuppositions about these location decisions are valid for the

city-regions. Is it true, for example, that ‘companies follow talent’ as Florida (2002) states? Or should we rather follow Scott (2006) when he stresses the importance of the regional production system? Do we recognise tendencies towards clustering of branches or groups of branches in interrelation with knowledge centres and branch-related institutions as Porter (1998) and many others have identified?

The overall aim of WP8 is to combine the various perspectives on the Sofia city region, which have been extracted from different target groups (graduates, employees, managers, transnational migrants) through differing research methods (qualitative, quantitative). Furthermore the generalisation of findings could help in the comparison of the findings of the different project teams.

Different methods exist for triangulation of relevant data in order to arrive at a meaningful hierarchy of motivations. For WP8 two methods seem most useful. One was the triangulation of different research methods (between-method-triangulation) (WP5 quantitative vs. qualitative WP6, 7). The other form of triangulation is theoretical triangulation and means that different theories are applied to the same phenomena in order to gain different explications (phenomena ACRE - Florida’s thesis on growing relevance of *soft* location factors for creative and knowledge-worker).

Triangulation in WP8 is a result of the combination of different methods of data ascertainment and analysis (WP5: standardised questionnaire, numbering results; WP6: qualitative semi-structured interviews, summarising content analysis; WP7: qualitative semi-structured interviews, grounded theory).

The implementation of triangulation in WP8 starts on the level of the sets of data. There will be a combination of different levels of analysis, such as aggregated quantitative data, quantitative individual data and qualitative micro data. A qualification of the positioning of different results to one another has to follow with the help of theories (like *human/social capital*, theories on *migration*).

The interpretation of the different data sets means that all three data sets have to be analysed separately, which has already happened for each work package. The results need to be put in relation to each other. At this stage it is important to keep the different research methods and question focus in mind (WP5: background information to living situation/training, general living-/working situation today, satisfaction with living-/working situation in Sofia; WP6: reasons for founding business in Sofia, satisfaction with business location; WP7: reasons for choosing Sofia as living-/working place, satisfaction with integration, acceptance, living-/working situation).

When there is divergence between the three result types, one should try to gain complementarity. This can be reached through the search for a frame which integrates the diverging results. Different strategies are possible: the search for integrated hypothesis, the modification of the research question, or the modification of theories which means that old theories have to be adapted or new ones have to be developed.

## 1.2 Short description of previous work and basis of the report (WP5, WP6, WP7)

### 1.2.1 WP5 - Creative Knowledge workers and graduates

The overall aim of WP5 was to understand the drivers behind the decisions of higher-educated graduates and workers in the creative and knowledge intensive industries to settle and find a job in the Sofia region.

Whereas other regional studies focus almost solely on firms and on the question why firms choose a certain location, this study stressed the importance of highly qualified employees for the competitiveness of a city region.

Sofia's creative knowledge workers are drawn to Sofia due to the attractive and differentiated labour market and the overall positive socio-economic situation.

Concerning this socio-economic situation, it becomes apparent that Sofia is virtually the only national centre of research and development of the high tech industry as well as the media, R&D, computer games, or consultancy in Bulgaria.

The results of the survey of creative and knowledge workers can be generalised thus. Creative and knowledge workers are satisfied with those conditions that:

a/ arise out of private enterprise at the urban scale (i.e. the efforts of people such as themselves, which applies to the "Florida type" soft factors, such as a vibrant "scene", varied night life and cultural amenities, as well as the "soft" infrastructure of specific sub-cultural arenas for interaction); and

b/ conditions that can be tackled at the micro-level (neighbourhood) by private enterprise and civic energies.

As regards neighbourhood, it is worth reflecting on its closeness, in terms of figures, to the satisfaction levels with "soft" (produced by private initiative rather than policy) factors, which raises a fundamental theoretical point put forward by the Sofia team: there may be a third layer, a kind of linking tissue between "hard" (traditional urban) and "soft" (lifestyle-related) factors, the layer of *everyday life* and its practices (community formation). Within the ACRE project this avenue is, however, not to be explored further.

The objective of this particular section of the project and, more specifically, of the questionnaire, was to understand the drivers behind the decisions of higher educated graduates and workers in creative and knowledge-intensive industries to find a job at a specific location in the region.

A second and interrelated objective was to explore the role that both hard and soft factors play in workers' and graduates' decision to live in a particular location in the region, as indicated on guidelines and descriptions provided in the ACRE proposal.

It was discovered that knowledge workers were quite sedentary, the vast majority of them being either born in Sofia, or remaining after graduation. The creatives were much more mercurial, with up to half being relatively recent migrants into the city. Both groups were satisfied with the “soft” factors (outcome of private initiative) of their working and living environment, and extremely critical of the “hard” factors (the outcome of policy), such as transport, infrastructure and dilapidation of outdoor leisure facilities.

During the work on that package (Work Package 5), several unexpected theoretical outcomes appeared.

First was that this kind of research comes historically too early, in the case of a post-socialist city such as Sofia, to be easily linked to the dominant theoretical debates in literature. Quite simply, some crucial processes have still not run their course, in order to be clearly analyzable. For example, residential differentiation in Sofia has still not appeared clearly enough, and location decisions still contain more factors to do with necessity, rather than individual choice. Where people live is still mostly accidental, rather than the outcome of some kind of urge to live with one’s peers.

Second was the fact that capital cities, particularly in smaller countries, are very different from other cities. They suck in talent almost by default – being the centres of politics, administration, skills, culture and amenities, as well as being gateway cities. This raises the problem of whether one and the same theoretical model can be used to cover capital and non-capital cities. One hypothesis was that it would make more theoretical sense to concentrate on non-capital cities (i.e. which do not attract talent by just being there, but have to work for it).

Third was the problematic of the post-socialist city itself. Such cities have suffered two major interruptions in their development path – the first when communised in the 1940s, and the second when de-communised in the 1990s. Their comparability with non-socialist cities is, therefore, by definition problematic.

Fourth was the increasing suspicion that location (as well as “staying-on”) decisions are not to be analysed only by way of the “hard / soft” divide. In Europe, cultures are much less individualistic (and more group / community / family-centered) and individuals are less geographically mobile than in the USA, where Florida-type theories originate. Location decisions, therefore, include factors less visible in America, such as family, personal trajectories, tradition and so forth. New categories, to do with location decisions, would have to be added to the “hard-soft” pair. Sometime later, this theoretical breakthrough, building also on the work in most of the other of the ACRE project cities, was included into the overall theory of the project under the name of “*personal trajectory factors*”.

Fifth was the increasing realisation of the Sofia team that their city demonstrates another theoretical problem: the assumption that municipality-driven policy exists all the time, shaping choices, events and developments. No such thing has been evident in Sofia for a very long time (arguably – since 1945) and therefore an analysis focused on policy and its outcomes becomes difficult to maintain in a meaningful fashion. Insofar as any policy shapes Sofia’s trajectory, it is national-level, rather than local-level policy – something that has since then strongly come out in the Sofia team’s work, as well as in some of the other ex-socialist cities.

### 1.2.2 WP6 - *The managers' view*

Work Package 6 focused on managers/directors/owners in the creative knowledge industry in an attempt to determine the factors behind company location in Sofia (as opposed to other cities) and in specific districts within Sofia. The relative weight of “hard” and “soft” factors was investigated, as well as the play of other factors. Also investigated was the role of government / municipal policy, networking and the image of the city / district.

The research was based on qualitative research methods (semi-structured interviews). A total of 18 (out of 24 attempted) interviews were undertaken with managers/directors/owners and key stakeholders in creative knowledge enterprises.

Given the direction of the inquiry, two overall research questions were ultimately addressed:

1. What kind of policy should Sofia pursue, if it wants to develop as a “creative city”? What relative weight should planners give, in the process of policy formation and implementation, to “hard” and “soft” factors, in order to attract and keep creatives? (Policy-related question)
2. What does the emerging picture of location decisions in Sofia tell us about the scientific value of existing academic literature on the “soft / hard” factor debate? (Scientific question)

The questionnaire was developed and led by members of the Munich team. The creation of the questionnaire entailed a number of different steps which involved collaboration both within the team as well as with members from the entire ACRE project. Below is an outline of the different steps followed in the formulation of the questionnaire, from its conception to the final version.

The objective of this particular section of the project and, more specifically, of the questionnaire, was to understand and to answer the following questions: which factors – “soft” or “hard” were decisive for managers in knowledge-intensive and creative companies in the decision to establish their enterprise at the Sofia location, or to keep their company in the Sofia city region? How do the companies rate Sofia as a location? For two of the chosen sectors of industry (the consultancy sector and the web design sector), to date there have been hardly any studies of the location requirements and location-change decisions of companies. For this reason, a qualitative and exploratory approach is most suitable here, since with this methodological approach, new and context-specific perspectives and explanatory approaches can be gained.

The results from WP6 strongly indicated that the main drivers for settlement of entrepreneurs and managers from creative and knowledge-intensive industries are linked not to “hard” or “soft” factors but to “*individual trajectory*”. To be more specific, respondents from the knowledge-intensive industries reported location decisions related to “individual trajectory” factors virtually without exception. Overall, these findings are in line with Krugman (1991) and Markussen (1996), who emphasised the place-dependency of entrepreneurial activities, arguing that entrepreneurs tend to stick to the places they know and where they have networking opportunities – very often these are the places they originally come from. Beyond the dominant “individual trajectory” issues, factors such as access to a qualified workforce, the concentration of the relevant industry in the city, proximity of customers, access to

government institutions and networking possibilities were highlighted as having a positive role in the location decision.

The main conclusion with regard to the influence of “soft” factors on the location decisions of managers and entrepreneurs of creative and knowledge-intensive industries was that our sample falls almost entirely outside of Florida’s theoretical model. More specifically, “soft” factors were mentioned very rarely and were emphasised as the drivers behind location decisions by isolated individuals only.

Almost uniformly companies did not see emblematic “soft” factors, such as amenities, leisure and nightlife, or diversity as having any significance in their location decision. Of particular interest in this regard is the lack of sensitivity to the factor of cultural tolerance, which Florida (2002) finds to be of particular significance – i.e. the importance of low barriers for entry, such as barriers for self expression (often related to tolerance towards gays and bohemians), in order to facilitate the flow of creatives to the city. In this light, according to the available statistics, Sofia seems to be one of Europe’s most cosmopolitan and tolerant cities, with more than 17% of its population being some sort of ethnic, religious or national minority. Yet, according to our data, in no case did a single respondent see tolerance and diversity as a factor in location decisions.

Still, drawing on our results, an analytical sub-division between “*location*” and “*retention*” decisions had to be introduced, as even though the location decisions of managers in the sample are nearly free of “soft” considerations, the decision to stay in the city is often significantly influenced by satisfaction with the “soft” factors in place.

Such as it is, the importance of “soft” considerations varies across the industries. In this light, respondents having at least some sensitivity to “soft” factors can be found at broadcasting companies. It could be argued in this regard that while representatives of other industries, such as consultants and computer-related businesses, are almost entirely oblivious to this problem, broadcasters are capable of discussing and evaluating the role of “soft” factors. One of the explanations for this phenomenon could be related to the maturity of the companies, since consultancies and computer-related businesses are at an age of infancy compared to broadcasters. Thus, the reasoning that “individual trajectory” issues and “hard” factors dominate when you start a business, whereas sensitivity for “soft” factors is developed when a business matures and stabilises, could make at least some sense.

Managerial location decisions are dominated by “hard” factors virtually to the exclusion of all other considerations, with only one company reported being at the periphery not because it is cheaper, but because it is a nicer place than the centre.

“Soft” factor considerations play a strikingly insignificant role with regard to in-city location decisions as compared with the case of the U.S., being mostly related to classic “hard” factors, such as rent, access, and closeness to client base. Moreover, it looks like such profiling, for whatever reason, should be expected of settled “Western” cities, rather than of the more turbulent and as yet unsettled ex-socialist newcomers to capitalism.

### 1.2.3 WP7 - *Transnational migrants in creative knowledge industries*

In WP7 we chose to have semi-structured interviews. In this type of interviews, a topic guide rather than a fixed set of questions is used. This allowed the interviewers to address all topics we considered necessary to answer our research questions, but still left sufficient room for follow-up questions and addressing unforeseen topics during the interviews.

The questionnaire was developed and led by members in the Munich team. The creation of the questionnaire entailed a number of different steps which involved collaboration both within the team as well as with members from the entire ACRE project. Below is an outline of the different steps followed in the formulation of the questionnaire, from its conception to the final version.

The work package used qualitative research methods to gain information from highly skilled transnational migrants that would be difficult to collect if using quantitative techniques, as in the previous work packages of the project. Furthermore, new hypotheses can be developed and at the same time checked and existing hypotheses can be tested.

This research was based on 25 semi-structured interviews, conducted on-site of the company-respondent by a Sofia Team member.

The objective of WP 7 was to understand the drivers behind the decisions of the trans-national migrants (ex-pats) to settle at a certain location, differentiated according to the type of economic activity they are connected with; estimating the relative importance of the location factors that played a role in their decision making process (again with a particular focus on the importance of ‘soft’ factors, such as the quality of space; atmosphere of the city and region, available high-quality residential space, etc.).

One of the most frequently mentioned keys to a successful development as a ‘creative knowledge region’ is openness for trans-national migrants. The type of migrants most wanted for stimulating an attractive breeding ground for creativity and knowledge-based activities is the skilled international migrant. Most of them migrate between large international economic centres and only stay for relatively short times between a few months and a few years. These ‘short-term’ stayers are better known as ‘expatriates’ or ‘ex-pats’. To what extent do the case study regions manage to attract these skilled migrants across the national borders? Are the skilled migrants needed for the ‘creative knowledge city’ actually coming to the city/region? If they are attracted, how accessible and attractive is the local and regional housing market for them?

The objective of this particular section of the project and, more specifically, of the questionnaire, was to understand and to answer the following questions: which factors – “soft” or “hard” were decisive for migrants in knowledge-intensive and creative companies in the decision to establish their enterprise at the Sofia location, or to keep their company in the Sofia city region? How do the companies rate Sofia as a location? For two of the chosen sectors of industry (the consultancy sector and the web design sector), to date there have been hardly any studies of the location requirements and location-change decisions of companies. For this reason, a qualitative and exploratory approach is most suitable here, since with this

methodological approach, new and context-specific perspectives and explanatory approaches can be gained.

The empirical survey for this project began with a comprehensive search of the literature for the individual branches of industry.

Sofia team then pursued two routes. First came interviews with experts in the field at the start of the research process were above all important for obtaining initial general information about the individual branches of industry, and secondly for gaining a deeper insight into the structure of the respective branch of industry in the Sofia urban region, with its special features as well as problems that are specific to the research location. The industry experts include chairs, managers or members of industry associations, as well as representatives from the area of public administration and non government organisations close to research companies. The information from the expert discussions and the expert opinion was used above all for the description and analysis of the sectors. Furthermore, the information obtained from the industry experts was of great importance for evaluating the guided interviews.

Only then, second, came the interviews themselves. The core of this investigation is formed by 25 topic-centred guided (structured) interviews with highly skilled transnational migrants managers of representative companies from knowledge-intensive and creative sectors from Sofia city.

Hard factors, such as the nature of the job offer, were the decisive location drivers. This is often related to as “good job offer” and “career development”. Also important as motivation appeared to be the geographical position of Bulgaria. In this sense the good international accessibility, allowing migrants to keep in touch with their family and friends elsewhere, is a strong reason and additionally influences the decision-making.

Generally speaking, migrants linked to “softer” professions, such as education and movie-making, allowed for a greater role of “soft” factors both in their decision to migrate to Sofia in particularly, and later – in their decision to stay on. Migrants in the field of business and communications were almost exclusively driven by “hard” factors in their migration decision, but also later on developed an appreciation for the “soft” factors that keep them in Sofia or make their stay a pleasant experience, rather than just a job to do in the time allotted. There was a resounding lack of any reference to the role of policy in attracting the migrants interviewed in this research.

The results confirmed previous theoretical hypotheses – i.e. the difference between “location” factors and “retention” factors. We found that the internationals tended to move into Sofia for “hard” business reasons, but stay on under the influence of “soft” factors to do with community, geniality and varied leisure activities. A retention factor turned out to be the tolerance and the openness of the people and the fact they accept foreigners “as they are”.

## 2 RESEARCH DESIGN AND METHODOLOGY

### 2.1 Methodological background of previous works

Empirical studies in the framework of ACRE project could be subdivided into three stages. The first stage a query of quantitative character was put (sending out 200 questionnaires altogether) aimed at getting acquainted with the opinion of the highly qualified specialists of employee position working in creative knowledge sector in the metropolitan region about their residence, conditions in workplace and attitudes towards the Sofia.

In the second stage in-depth interviews of qualitative character were conducted with experts in leading position of enterprises engaged in creative and knowledge intensive industries (managers, managing directors etc.) about the situation of the sector in general and the position of their firm in Sofia region in particular.

The third stage also comprises in-depth interviewing of international migrants working in the creative knowledge economy in Sofia. More particularly, it enquired into the role of 'hard' and 'soft' factors in terms of attracting and retaining migrant workers.

As this work package presents the generalised results of the last three work packages (WP 5-7) it is useful to recall the methodological background of the previous works, in order to give the reader a better understanding of the methodology applied to the current work package.

#### 2.1.1 WP 5 – Creative knowledge workers and graduates

Work package 5 (WP5) was the first package of its kind in the project where the main aim was to conduct empirical survey. The objective of this particular section of the project was to understand the factors behind the decisions of higher educated graduates and workers in creative and knowledge-intensive industries to find a job at a specific location in the region. A second and interrelated objective was to explore the role that both 'hard' and 'soft' location factors play in workers' and graduates' decisions to live in a particular location in the region.

'Workers' and 'Graduates' as target groups engaged in the creative and knowledge intensive sector in order to investigate their opinion about local living and working conditions mentioned above.

With these general objectives in mind the questionnaire was divided into 4 main sections: a) Satisfaction with the city; b) Satisfaction with job and work environment; c) Satisfaction with neighbourhood/area and dwelling; d) Personal data.

The ACRE research team determined the number of quantitative questionnaires to be completed in the selected creative and knowledge-intensive sectors.

In WP5 all Sofia interviews were done on a face-to-face basis in an attempt to avoid the usual problems, which attend postal or telephone surveys, such as: lack of veracity; respondent substitution; misunderstanding of the questions; lack of trust; late compliance.

While avoiding these pitfalls, Sofia team discovered other dangers. The basic danger was that leading companies in the chosen field tended to demonstrate the kind of self-confidence that verges on arrogance. Some refused to take part, citing their market stature as an argument (“Too important to be bothered”). Others continually promised, but in actual fact did not readily deliver co-operation. Others still were constantly “out of the office”. These factors delayed the research considerably, proved a drain on the good will and even temperament of the Sofia team and its fieldworkers; and, in some limited cases, necessitated last-minute substitutions of respondents.

### *2.1.2 WP6 - The managers*

Work Package 6 involved an examination of the relative importance of both 'hard' and 'soft' factors in the location decision making of creative knowledge companies. As a means of carrying out this enquiry, a qualitative approach was undertaken. This involved semi-structured interviews with management personnel from different creative knowledge companies. The interviews sought to examine a number of central thematic areas, including the development of the company, the reasons for locating in Dublin, labour processes and networks.

This work package focused on managers/directors/owners in creative knowledge industry in an attempt to determine the factors behind company location in Sofia (as opposed to other cities) and in districts of Sofia. The relative weight of “hard” and “soft” factors was investigated, as well as the play of other factors. Also investigated was the role of government/ municipal policy, networking and the image of the city / district.

The research was based on qualitative research methods (semi-structured interviews). A total of 18 (out of 24 attempted) interviews were undertaken with managers/directors/owners and key stakeholders in creative knowledge enterprises.

Given the direction of the inquiry, two overall research questions are ultimately addressed:

1. What kind of policy should Sofia pursue, if it wants to become a “creative city”? What relative weight should planners give, in the process of policy formation and implementation, to “hard” and “soft” factors, in order to attract and keep creatives? (Policy-related question)
2. What does the emerging picture of location decisions in Sofia tell us about the scientific value of existing academic literature on the “soft / hard” factor debate? (Scientific question)

Following from Work Package 5, companies were selected on the basis of the following criteria: (1) geographical location; (2) size of company by number of employees; (3) NACE codes. For the purposes of Work Package 6, companies were selected from three distinct sub-sectors.

These are broken down as follows:

**74.14 Knowledge intensive** (business and management consultancy activities)  
**921 and 922 Creative sector** (motion picture, video, radio and television activities)  
**722 Creative sector** (computer games and web design)

During the WP6 Sofia team's efforts continued to be very severely hampered by a problem haunting the whole effort from the beginning – to wit, the catastrophic state of official statistics. There are virtually no statistics to be found on any of the issues of interest; and, although the Director of the National Statistical Institute was sacked and a new Director recently appointed, there has been no improvement as far as Sofia-related data is concerned.

A second problem, which runs through all interviews in the Work Packages, is the continuation of a culture of distrust and secretiveness. We found respondents almost entirely unwilling to discuss questions relating to turnover and wages.

A curious, but highly enlightening limitation emerged from the attempt of Sofia team to interview University departments relevant to the industries chosen, as well as industry associations and – for contextual purposes (as regards policy) – municipal departments dealing with development issue. In all three cases (except for one successful interview with a private radio operators' association), attempts at interview came to nothing. In all cases, preliminary agreement for interviews was reached, but then followed problems of logistics: dates for interviews kept being postponed, and institutions were unable to produce a person to be interviewed.

Ultimately, and there could be some considerable policy-relevant significance in this, the three types of respondent institutions were not interviewed for three different reasons. Industry associations dropped out of contact. Universities (state-owned) declared that they had no links with the relevant business sectors and could thus contribute no knowledge. Officials of Sofia municipality refused to be interviewed on the grounds that the Municipality had no policies whatsoever, aimed at the knowledge intensive and creative industries.

These failures further illustrate conclusions, reached during the previous Work Packages of the ACRE project as regards Sofia (see also Conclusion).

First, there is no policy, produced by the Municipality, directed towards the development of the knowledge and creative sectors of the city. This is further illustrated (below) by responses to the survey, with all respondents reporting an absence of municipal-level policies for their sectors. The official Municipal declaration, to Sofia team, that the Municipality has no policies in the areas of interest of the ACRE project further demonstrates the applicability, to the development of Sofia as a creative city, of the concept “creation out of chaos”. The only policies impacting on the creative and knowledge industries in general, and our respondents in particular, are national-level policies and legislation. There is no awareness of relevant policies at the level of Region (i.e. the mid-tier government between Municipality and central government).

Second, the experience of the Sofia team revealed in practice something that had been long discussed in the public arena: the isolation of Universities and industries from each other. This helps explain the universal complaint of respondents in this survey that University graduates come to them without any practical skills.

At some future date, more specifically, a targeted survey of government officials at the three relevant levels (municipality, region, government) must be conducted in order to assess the current state of play regarding policy, as well as policy capacity and likely future outcomes of this.

Although statistics are difficult to come by, a collation of independent data sources suggests that Sofia is by far and away Bulgaria's creative knowledge capital, containing the bulk of the nation's creative knowledge industries. Sofia is home to:

- 52% of all Bulgarian engineering companies
- 49% of all Bulgarian design companies
- almost 50% of all Bulgarian advertising companies
- 40% of all Bulgarian printing companies
- 42% of all Bulgarian fashion design companies
- 50% of all Bulgarian architectural bureaux
- 55% of all Bulgarian antique dealers
- 86% of all Bulgarian music companies (including shops)
- 80% of all Bulgarian publishing companies
- 57% of all Bulgarian software companies
- 65% of all Bulgarian hardware companies
- 49% of all Bulgarian radio companies
- 57% of all Bulgarian TV companies
- 54% of all Bulgarian computer service companies
- 70% of all Bulgarian insurance (and 78% of life insurance) companies
- 100% of all Bulgarian market research companies
- 69% of all Bulgarian human resources / training companies
- 100% of all Bulgarian information agency companies
- 98% of all Bulgarian magazines.

From both a practical and a research point of view it is crucial to understand the *differentia specifica* here. Ten-fifteen years ago, most of these industries and companies simply did not exist in any recognizable form, or at all, as in the case of advertising companies, market research companies, landscape etc. The ones that did exist under the communist regime, had little to do with today's economic landscape. For example, all publishing and broadcasting was a state monopoly. As a consequence, all decisions, taken in such industries, were in no way connected with current decision-making factors, such as market, audience, price structure, location, business planning and so forth.

We are dealing with a phenomenon in its infancy and, as is usual in these things, much in this phenomenon is still fragile, or unclear, or unsustainable, or difficult to quantify and project forward. In any case, any “historical development path” considerations are mostly meaningless at this time. Historical perspective needs the passage of time and a settled reality. As such, it is still a thing for the future.

Having said this, some trends are clear. Forming at least one-fifth of the total employment in Sofia, the creative knowledge sectors have mushroomed in terms of numbers and increasingly influence the culture, politics and tenor of the city. This can be expected to continue, as domestic and foreign investors increasingly choose to locate manufacturing industry in cities other than Sofia. Industrial jobs continue to move elsewhere, leaving Sofia for jobs in administration, services and creative / knowledge industry. This is likely to be a self-perpetuating cycle, given that half of the creatives already in Sofia are recent migrants – and their example is more than likely, therefore, to influence new groups, coming onto the labour market, to locate in Sofia.

### *2.1.3 WP7 - Transnational migrants*

The object of the third and last empirical phase of ACRE research project in our research period was to recognise and to investigate the drivers behind the decisions of the transnational migrants (ex-pats) to settle at a certain location and at the same time to estimate the relative importance of the location factors that played a role in their decision making process.

For better understanding of the behaviour and decision making process of ex-pats in-depth interviews were carried out amongst transnational migrants living and working in Sofia. Only highly skilled persons actively working in the creative knowledge sector could be selected for interviewing.

The ACRE consortium applied the so-called semi-structured topic of interview which means that the topics (groups of questions) chosen could be varied by the interviewer freely or the prepared list of questions could be completed with new ones if he/she felt it indispensable for obtaining the necessary information.

The questionnaire was developed and led by members in the Munich team. The creation of the questionnaire entailed a number of different steps which involved collaboration both within the team as well as with members from the entire ACRE project.

This research is based on 25 semi-structured interviews, conducted on-site of the company-respondent by a Sofia Team member.

The objective of WP 7 is to understand the drivers behind the decisions of the trans-national migrants (ex-pats) to settle at a certain location, differentiated according to the type of economic activity they are connected with; estimating the relative importance of the location factors that played a role in their decision making process (again with a particular focus on the importance of ‘soft’ factors, such as the quality of space; atmosphere of the city and region, available high-quality residential space, etc.).

One of the most frequently mentioned keys to a successful development as a 'creative knowledge region' is openness for trans-national migrants. The type of migrants most wanted for stimulating an attractive breeding ground for creativity and knowledge-based activities is the skilled international migrant. Most of them migrate between large international economic centres and only stay for relatively short times between a few months and a few years. These 'short-term' stayers are better known as 'expatriates' or 'ex-pats'. To what extent do the case study regions manage to attract these skilled migrants across the national borders? Are the skilled migrants needed for the 'creative knowledge city' actually coming to the city/region? If they are attracted, how accessible and attractive is the local and regional housing market for them?

Respondents were selected on three bases: a/ geographical location of the company (i.e. centre-periphery); b/ size of the company (in terms of the number of permanent employees); c/ on the basis of the previously selected sectors

The following sectors were chosen for the study by the Sofia ACRE team:

- Knowledge-intensive sector: code number 74.14 (business and management consultancy activities)
- Code number 65: finance
- And 73, 803: R & D, and higher education
- Creative sector: code numbers 921 and 922 (motion pictures, video, radio and television activities),
- Code number 722 (only computer games and electronic publishing; software is not included, but web design was included).

In the area of the knowledge-intensive sectors, the Sofia case study relates not only to the management consultancy sector, but in addition with management consultancy firms for European projects, investment firms that offer management consultancy as part of their service were also included.

In the area of audiovisual media, the Sofia case study relates exclusively to radio and television production, with the choice of firms being concentrated on national broadcasting TV and Radio. Moreover, electronic publishing, in other words the multimedia sector, as well as the computer games sector and web design sector or IT sector, were studied and analysed separately, because all of the firms are concentrated in Sofia, making impossible a meaningful analysis of location decision factors.

The cases were selected in a targeted manner, according to a grid of variables. The following criteria were decisive for the structure of the sample:

- Belonging to the sector
- Size of the company
- Numbers of the company, located in Sofia
- Location of the company, at the city level

First of all we selected companies, based in the Sofia area. Second we investigated the highly skilled transnational migrants managers of these companies.

Those companies that fulfilled the selection criteria were identified based on trade directories, and contacted by means of an official letter from the Centre for Social Practices – New Bulgarian University. Altogether, approximately 30 companies from these sectors were contacted, of which 25 firms expressed their willingness to be interviewed.

Sofia team's efforts continued to be very severely hampered by a problem haunting the whole effort from the beginning – to wit, the catastrophic state of official statistics. There are virtually no statistics to be found on any of the issues of interest; and, although the Director of the National Statistical Institute was sacked and a new Director recently appointed, there has been no improvement as far as Sofia-related data is concerned.

A second problem, which runs through all Work Packages, is the continuation of a culture of distrust and secretiveness, some of which has seeped into the culture of the international migrants. We found respondents unwilling to discuss questions relating to turnover and wages.

A further limitation, more generally speaking, on the applicability of the results of the current Work Package is the following. The number of interviews conducted in each sector was much too small to be able to make any kind on general conclusions about the sector. A fuller, and scientifically clearer picture would emerge sometime in the future, should such interviews be implemented on a larger scale, allowing for at least a measure of scientifically solid generalisation.

## **2.2 Overview of selected sectors**

As is to be expected (given the sorry state of statistics in this country), it is impossible to reconstruct the “map” of creative industries in Sofia out of government-related data. A collation of available data suggests the following picture (i.e. relevant to the target-groups of the ACRE project).

The data above provides a glimpse of the dynamics of the creative knowledge sector of Sofia – the “boom” which is under way and which, we have no reason to doubt, is likely to continue for the foreseeable future. In just the period 2004-6, the number of companies in the target sectors of the research has more than doubled (from 1,137 to 2,516), and the number of employees has increased by three-quarters (from 10,076 to 17,604).

In recent years the consultancy sector has undergone a headlong development. A large number of organisations offer information and consultancy services to business. Some of them function as multinational networks established within European programmes frames, others are national and international associations, third are consulting agencies with minute specialisation. Each one practices particular strategy for attraction of clients and promotion of services.

Another direction of consultancy development is the gradual professionalisation of political environment in Bulgaria and the emergence of political consultancy organisations.

Gradually IT-consultancy has also made its way in Bulgaria. Solutions available on the Bulgarian market are in fact applicable to every type and size of business and companies that need professional management of business processes and information on a daily basis. It is very important to consulting companies to be always flexible and to be able to deliver tailor-made solutions to particular clients.

At the same time according to official data, at the moment in Bulgaria 203 TV stations broadcasting: seven wireless and 196 via cable or satellite. Wireless channels include national Channel 1 of the BNT and the commercial operators bTV and Nova Television.

Telecommunications operators broadcast in 42 Bulgarians cities on the basis of temporary licenses. Some of them produce their own programme, others are only technical distributors of signal. For example, in Sofia GTV, TV2 and 7 Dni television are wirelessly broadcast. These operators shall use their temporary licenses until an across-the-board licensing competition procedure is started.

Over 100 of television channels, distributed via cable or satellite have a poly-thematic profile and over 80 are thematical ones. Out of all these channels 169 television programmes are distributed by commercial operators, and 17 by public television broadcasters.

The absence of history in this Computer games, web design and electronic publishing sector is striking. The first Bulgarian company producer of video games is opened in 2001 in Sofia. In fact the producers of computer games are concentrated in the capital city. On the market the sales of PC games (30%) and PlayStation 1 and 2 (70%) prevail.

In Bulgaria, companies providing web-design appeared in the middle of 1990s. This period coincides with the new era of web space development in Bulgaria.

Gradually IT-consultancy has made its way in Bulgaria. Solutions available on the Bulgarian market are in fact applicable to every type and size of business and companies that need professional management of business processes and information on a daily basis. It is very important to consulting companies to be always flexible and to be able to deliver tailor-made solutions to particular clients.

Small- and middle-sized businesses in Bulgaria are aware that to be competitive in fast changing market conditions within the European community they need an information system, ensuring an on-line access to company information and data. Employees' time and especially the time of companies' specialists is becoming more and more valuable. That is why the integrated system is of utmost importance, regarding company's time- and cost-saving and an option of key business priorities focussing.

Until now, according to unofficial data (and in the absence of reliable official statistics) 66% of sector companies deal with web developments, 58% with web design, 31% work in the field of IT (technical maintenance), 28% are graphic designers, 19% with software and design, 19% in the field of multimedia developments and design, 12% in the field of communication services and 11% in the field of security and data protection.

### 2.3 Methodological background for WP 8

Chapter 2.1 presented the different methodological background of WP5-7. It becomes obvious that the generalisation of the results, gained in the last three work packages, is only possible, when a methodology is applied that integrates these three different research approaches as well as the different target groups. Taken together, the following methods have been applied: WP5 presents quantitative individual data, which had been gained through the application of standardised questionnaires and numbering of different aspects. WP6 presents qualitative micro data, which had been gained through qualitative semi-structured guided interviews and summarising content analysis. WP7 also presents qualitative micro data, which had been gained through qualitative semi-structured guided interviews and grounded theory.

That means for WP 8 that we will have to combine different methods of data implementation, -analysis, and data types. We can operationalise this through triangulation. Triangulation generally concerns the mutual validation of data, interpretations, and the generalisation of results (Flick, 2008, p. 108).

Some background information to triangulation will follow in this section: Denzin (1970) picked up the multitrait-multimethod-model which had been developed by Campbell and Fiske in 1959 and modified it. Denzin's aim was to develop a method which allowed it to apply different perspectives on one (research) subject (Erzberger, 1998, p. 126-127). Denzin distinguishes four forms of triangulation:

1. Triangulation of data: That means a combination of different data sources (spatial, temporal, personnel). The sample is set up by research of different cases and is similar to the theoretical sampling of the grounded theory.
2. Triangulation of different observers: Refers to a combination of data, which have been won by different persons while using the same method.
3. Theoretical triangulation: Here, different theories are applied to the same phenomena in order to develop different explications.
4. Methodological triangulation: Can be realised in two different ways - within-method-triangulation – triangulation within the same method which uses different proceedings of analysis, or between-method-triangulation. Here, different methods shall balance strength and weakness of different research methods (Erzberger, 1998, p. 127-130).

When developing the method of triangulation, Denzin's aim was to reach a higher validation of research results. Later, Denzin and other researchers defined the validation of results as a minor interest of triangulation (Erzberger, 1998, p. 132).

When combining qualitative and quantitative research methods, three different constellations of results are possible: congruency (identical results, which is rather unlikely), complementarity (complementary results), or divergence (contradictory results). It should be the aim of the researcher to convert contradictory results into complementarity with the help of a frame that integrates the diverging results (Erzberger, 1998, p. 89). An integrating frame can be found through the search for comprehensive hypothesis, through the modification of the research question, or through the modification of theories by developing new ones or adapting the old ones (Erzberger, 1998, p. 142-143; Lange, Burdack et al., 2007).

**Table 2.1 - Research methods employed**

Work Package	Target Group Analysed	Research Method Employed
WP 5	Employees	Quantitative
WP 6	Managers (representing firms)	Qualitative
WP 7	Transnational Migrants	Qualitative
WP 8 (Current)	Employees, Transnational Migrants, Managers & Stakeholders	Triangulation of qualitative and quantitative results.

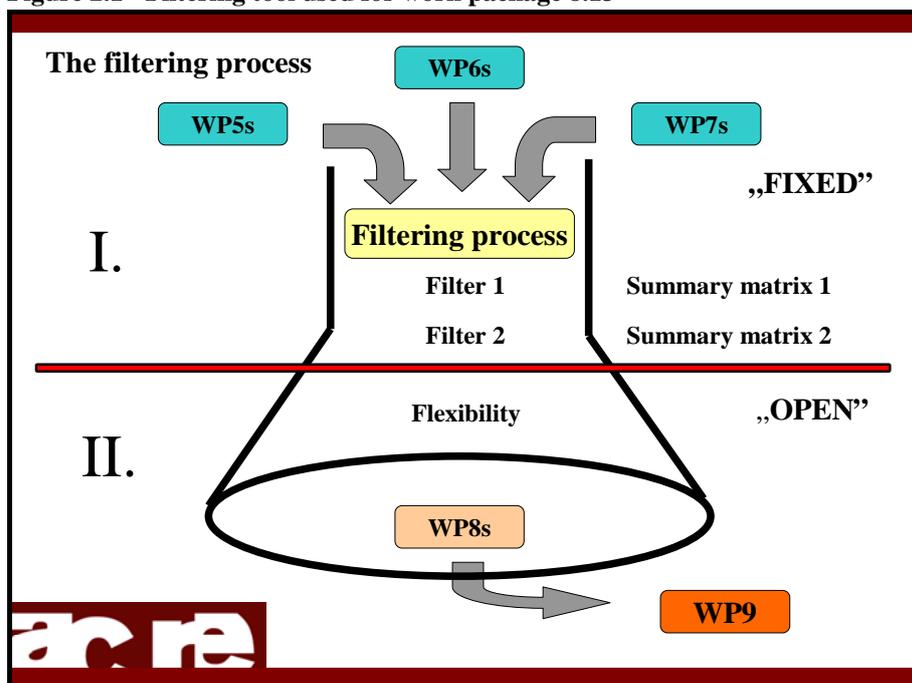
2.3.1 Application of Triangulation in WP 8

The aim of WP8 is to combine different perspectives on the Sofia city region which have been extracted from different target groups (graduates/employees, managers, transnational migrants), and through differing research methods (qualitative, quantitative). Furthermore the generalisation of central findings could help to compare different findings of the different project teams in WP 9 more easily.

Different methods exist for triangulation – for WP8 two methods seem most useful: The triangulation of different research methods, the so-called between-method-triangulation, because we have quantitative (WP 5) as well as qualitative material (WP6, 7). The other form of triangulation is theoretical triangulation and means that different theories are applied to the same phenomena in order to gain different explications.

Triangulation in WP8 is a result of the combination of different methods of data ascertainment and analysis (see first paragraph of this chapter).

**Figure 2.1 - Filtering tool used for work package 8.13**



Source: ACRE WP8 proposal

The implementation of triangulation in WP8 starts on the level of the sets of data. There will be a combination of different levels of analysis like aggregated quantitative data, quantitative individual data, and qualitative micro data. A qualification of the positioning of different results to one another has to follow with the help of theories, like theories on human and social capital, or theories on migration.

The interpretation of the different data sets means that all three data sets have to be analysed separately, which has already happened for each work package. The results need to be put in relation to each other. At this stage it is important to keep the different research methods and question focus in mind. In WP5 the research focus lay on background information to living situation/training of employees and graduates of the creative and knowledge intensive industries, general living-/working situation today, and satisfaction with the living- and working situation in the Sofia city region.

WP6 had a closer look at managers and freelancers of the creative and knowledge-intensive industries and asked for reasons for finding a business in the Sofia, and the satisfaction with the business location. WP7 finally focused on so-called transnational migrants and asked for reasons choosing the Sofia city region as a living- and working place, their satisfaction with their integration into the city, the feeling of acceptance by the locals, and the general living- and working situation.

Although WP 5-7 include different aspects and focus', WP 8 tries to evaluate the significance of location factors for different target groups in order to gain insight into the relevance of different location factors concerning the general accommodation of creative knowledge in the Sofia city region.

The method of triangulation is applied in WP 8 for the bridging of qualitative and quantitative material and interpretations. The general proceeding will be that general hypotheses on hard-, soft factors, and personal trajectories, which can be extracted from the results of WP 5-7, will be formulated. In a second step these general hypotheses will be divided into small-scaled hypotheses including the results from the different target groups, addressed in WP5-7. The aim of this procedure is to gain a better understanding of the results that have been won in WP 5 through quantitative research. The outcomes of the standardised interviews of WP 5 do not give explanations for the patterns of answers. At the same time quantitative research methods allow the inclusion of a larger number of interviewees than can be realised in qualitative research due to their length and depth. The qualitative material allows a deeper and exacter questioning of the interviewees.

That means that we hope to gain insights into the accommodation of creative knowledge in the city Sofia region through the application of triangulation, which allows combining quantitative and qualitative material on the same phenomena.

According to the main objectives of WP8 mentioned in the introduction the main tasks to be done in WP8 are to summarise and synthesise local results and to provide comparable results on metropolitan level for the next work package (WP9).

According to the procedure of triangulation the analysis can be subdivided into two parts distinctly separated from one another:

In the first part the results of the earlier conducted WP5, WP6 and WP7 phases were integrated deploying a jointly elaborated methodology of filtration. This integration was aimed to find the most important (3–6) attracting and retaining factors in the Sofia city region which exert an influence upon the movement and settlement of the creative experts on the one hand and to trace the strong points and weaknesses of the metropolis through the weighed significance of factors based on the opinions of the target groups on the other hand.

In the following part these location factors, strengths and weaknesses were compared on an international level. For the sake of comparability this phase required a relatively fixed procedure of analysis carried out by the members of the consortium.

The second „open” and flexible phase of the analysis provided an opportunity to reach beyond the fixed part and to take into account the local results worth of mentioning that could further refine the image of the metropolitan region.

In the first phase two auxiliary matrixes were applied to customise the analyses and to compare the results, an adequate use of which might promote the evaluation of the results:

Matrix 1 helps find the most important hard and soft attracting and retaining factors and typical personal trajectories by the target groups (Figure 2.2). This way Matrix 1 functions as a kind of filter, and by clearing up results achieved in phases WP5 through WP7 (i.e. by reducing the number of relevant factors) by the end of the filtering procedure we can arrive at some effective and relevant factors that are determinant in the mobility of the employees, employers (creative firms) and of the transnational migrants within the given metropolitan region. Research phase WP7 already led to a conclusion that a distinction should be made between the attracting and retaining factors, i.e. those playing an important part to attract target groups into the Sofia region and other ones influencing their stay there in the long run.

Examinations in the WP8 phase called our attention to a further important aspect: it is vital to distinguish between factors with a key role in attracting of the target groups and those affecting mobility of the members after arrival (resettlement) in the Sofia region.

Thus Matrix 1 can be applied for the analysis of processes on both levels mentioned as it is suitable for the tightening of the circle of motivation factors. As Matrix 1 serves seeking for the most important factors with the heaviest weights it is not suitable for weighing the individual factors by the diverse opinions of the representatives of target groups i.e. for indicating the differences between the judgements about the factors.

Figure 2.2 - The structure of Matrix 1

		Hard factors		Soft factors		Personal trajectories	
<b>1</b> Employees	Creative <b>1A</b>	Attracting factors	Retaining factors	Attracting factors	Retaining factors	Attracting factors	Retaining factors
	Knowledge intensive <b>1B</b>						
<b>2</b> Employers/ managers	Creative <b>2A</b>						
	Knowledge intensive <b>2B</b>						
<b>3</b> International migrants	Creative <b>3A</b>						
	Knowledge intensive <b>3B</b>						



**Summary 1** Main location (attracting and retaining) factors  
/3-6 per city region/

Matrix 2 is a method of filtration to identify strengths and weaknesses of metropolitan regions. It creates an opportunity to weigh the factors used in the previous phases of the survey (WP5 through WP7) on the basis of the opinions of the target group representatives (Figure 2.3). For this purpose a common list of factors was drawn up but further factors could be included in the list depending on the local results. Individual target groups and subgroups were coded and based on the previous results (i.e. if there was information available about the opinion of the target groups in relation with the given factor) these codes were fed in the respective record. In the evaluation phase there could be found those factors with the help of Matrix 2 which were evaluated either as strong points or weaknesses of the metropolitan region based on the unanimous or majority opinion of the respondents. Thus the task of Matrix 2 is not to find the principal motivation, attracting and retaining factors, but to evaluate the individual factors on the basis of the previous results in order to outline a comprehensive picture on the strong and weak points of the metropolitan regions.

Figure 2.3 - The structure of Matrix 2

	Strong points/ Strengths	Medium weight	Weak points Weaknesses
<b>Hard factors</b>			
Factor 1	<b>1, 2, 3</b>		
Factor 2	<b>1A, 3A,</b>	<b>1B</b>	<b>2B</b>
Factor 3			<b>1, 2, 3</b>
<b>Soft factors</b>			
Factor 1	<b>3</b>		<b>1, 2</b>
Factor 2	<b>1A, 3</b>	<b>2A</b>	<b>2B</b>
Factor 3	<b>1B, 3B</b>	<b>2A</b>	
<b>Personal trajectories</b>			
Factor 1	<b>1B</b>	<b>2A</b>	<b>3</b>
Factor 2	<b>1, 2A</b>	<b>2B</b>	<b>3</b>
Factor 3	<b>3</b>		<b>1C, 2A</b>
<b>Analysis</b>			

**Summary 2** Strengths and weaknesses of the city region

Using the two matrixes it has become possible to put the results of the quantitative and qualitative surveys into a uniform framework and evaluate them jointly. At the same time they allowed a joint international assessment of the findings on the level of metropolitan regions.

## **2.4 Limitations and problems**

After the general description of the methodological background of WP8, some comments on limitations and problems will follow in this section: the general limiting factors for the triangulation in WP8 concern different research focus, included branches, and spatial orientation in WP5-7.

WP5 had a closer look at graduates and employees of the creative and the knowledge-intensive industries. The sample included the following branches: advertising; video, film, music, photography, radio, television activities, and audiovisual media; computer games, software, and electronic publishing (creative industries); finances; law and other business services; R&D and higher education (knowledge-intensive industries). The graduate interviewees had been separated by their academic subject and included the following faculties: Social Sciences, Economy and Law, Arts and Humanities, Engineering, and Natural Sciences. The research focus lay on private life circumstances and their relation to housing and neighbourhood aspects, as well as the evaluation of the working/studying environment.

WP6 focused on managers and freelancers who had been finding a business in the Sofia city region. The sample included the following branches: business and management consultancy activities (knowledge-intensive industries); motion picture, video, radio, and television activities; computer and related activities. We are not included computer games, web design, and electronic publishing; and design activities (creative industries). The research focus on the role of the hard and soft location factors about key actors in Sofia region.

WP7 finally focused on transnational migrants. The interviewees had only been separated by the categories creative- or knowledge-intensive industries and not by branch and had only been selecting interviewees in the city of Sofia. The focus lay on the reasons for coming to Sofia, the impression of the city, and the general evaluation of the living and working situation.

These descriptions make clear, that the application of triangulation in WP8 is limited by the material gained in the last empirical phases. Nevertheless we will try to find a frame that will integrate the different stages of the research process realised in WP5, 6, and 7.

## **3 EVALUATION OF THE CITY REGION FROM THE PERSPECTIVE OF DIFFERENT TARGET GROUPS**

### **3.1 Comparing spatial orientations and behaviour of the different target groups**

#### *3.1.1 The workers perspective (comprising creative and knowledge-intensive branches)*

The results of the survey of creative and knowledge workers can be generalised thus: creative and knowledge workers are satisfied with those conditions that a/ arise out of private enterprise (i.e. the efforts of people such as themselves) and b/ conditions that can be tackled at the micro-level (neighbourhood) by private enterprise and civic energies.

Most of these satisfactory conditions are also part of the “soft” factor constellation. As regards neighbourhood, it is worth reflecting on its closeness, in terms of figures, to the satisfaction levels with “soft” (privately produced) factors, which raises a fundamental theoretical point put forward by the Sofia team: there may be a third layer, a kind of linking tissue between “hard” (traditional urban) and “soft” (lifestyle-related) factors, the layer of everyday life and its practices.

The basic problem is what we call the “Hard Factors” and the “Soft Factors.” Hard Factors are quantitative and involve the inanimate realities. The “Soft Factors” are human factors.

In WP5 the objective of this particular section of the project and, more specifically, of the questionnaire, was to understand the drivers behind the decisions of higher educated graduates and workers in creative and knowledge intensive industries to find a job at a specific location in the region. A second and interrelated objective was to explore the role that both hard and soft factors play in workers’ and graduates’ decision to live in a particular location in the region, as indicated on guidelines and descriptions provided in the ACRE proposal. With these general objectives in mind the questionnaire was divided into 4 categories:

#### Satisfaction with the city

One of the key arguments in the debate on knowledge and creative cities, is that what are termed ‘soft factors’ are increasingly important in both the location decisions of firms/organisations as well as individual workers. In particular, it is argued that workers in the creative sector place a high value on what are termed ‘soft factors’, by which is meant for example the atmosphere of a city, the variety of attractions and interests that are to be found there. The idea behind the creation of this section of the questionnaire was to find out how satisfaction of workers and graduates were with different aspects of the city. In developing this section, it was intended to achieve an overall evaluation of the city.

### Satisfaction with job and work environment

In the knowledge economy, and in particular in the creative economy, there is a suggestion that the work-life of the knowledge worker is more flexible, creative and interesting than other types of jobs. This sought to address issues of satisfaction with respect to the respondents' jobs and general work environment.

### Satisfaction with neighbourhood

Once having moved to a neighbourhood, the sample's priorities change. Personal safety, access to shops and to public transport become the most important factors, which condition the levels of satisfaction, followed by proximity of health care and of open / green spaces. Overall quality of life establishes a clear lead with a weight of 61.5%.

Again, most of these are traditional, "hard" factors. The biggest cause of dissatisfaction is, however, in the "soft" category – levels of pollution (44.1%) and "appearance of neighbourhood" (35.2). These indicators provide a clear signal that the environmental sensitivity of the sample is much higher than has been typical of Bulgarians over recent years. More than likely, in coming years this sensitivity will be becoming more focused, producing clearer "soft" indicators.

Ultimately, levels of satisfaction with neighbourhood is very high overall, with 81.6% saying that it has lived up to their expectations. Less satisfied (more critical) are the creatives, of whom one-quarter is not satisfied, compared to 14% for knowledge workers.

Slight variations reveal some characteristics of the two sub-groups of the sample. Creatives treasure more than knowledge workers proximity to public transport (which they use considerably more): 54.4% to 39.5%. The creatives are less fascinated with closeness to the city centre and with public spaces, but much more conscious of cost of dwelling.

### Satisfaction with Sofia

Three-quarters (74.3%) of the sample have lived in Sofia for more than 10 years, with the next largest group (16.8%) living for 5 to 10 years – these arrived during the times when the city was re-defining and restructuring itself.

The knowledge workers are considerably more staid and conservative: 81.4% of them have been in Sofia for more than 10 years, compared to 65.8% for the creatives. People coming in over the past year or tow are exclusively to be found among the creatives.

Once in Sofia, the two groups show comparable levels of mobility around the city's neighbourhoods.

Factors relating to personal connections and people play by far the biggest role in the sample's decision to remain in Sofia, with 31.3% having been born here, 19.6% finding it important that they have family here, another 15.6% having studied here, and a further 6.7% staying for reasons of having friends. Taken together, however – and not surprisingly, given Sofia's unique position in Bulgaria (no unemployment, high incomes) – the most powerful factors in the various categories are to do with employment opportunities. Classic "soft" factors, to do with atmosphere, tolerance, diversity and so forth, almost fail to score at all. This puts our creative and knowledge workers in a very conservative category indeed, when compared to e.g. Richard Florida's studies of the US and Europe.

Although none of the sub-groups (creative / knowledge) are very keen to leave Sofia, there are differences.

The largest knowledge group (45.3%) does not even contemplate leaving, while the largest creative group (40.4%) does not find leaving Sofia completely unthinkable. Some 24% of creatives in total find it likely that they would leave Sofia within the next three years, compared to some 16% of knowledge workers.

The graduate sub-cluster is the most conservative, with more than 83% in Sofia for more than a decade.

### Satisfaction with Sofia's leisure and cultural facilities

As with neighbourhoods, reasons for moving to / staying in a place seem to differ greatly from the qualities people appreciate once in that place. In the case of the city, while staying for "hard" reasons, people seem to value greatly the softer phenomena of leisure and culture. Various degrees of satisfaction are heavily (between 37 and 64%) concentrated on phenomena such as: quality of public / green spaces; cultural activities; galleries and museums; restaurants; cinema and shopping.

Indeed, it can be boldly said that satisfaction with Sofia is almost exclusively concentrated in the leisure and cultural potential, because the situation with public services and environment is much more dire, with levels of dissatisfaction dominating.

The appreciation of these aspects of the city is rooted in extensive personal experience. Every day or at least once a week, our sample is engaged in the following activities in the context of leisure and cultural facilities: almost 60% go to a pub or bar; eat out more than 84% (with an astonishing 36.3% eating out every single day); walking around the centre (a very "Richard Florida-type" activity, in which a huge 80% indulge) or its parks (over 54%); visiting surrounding mountains and green areas (44%). Festivals, cinema, art galleries and sports events are also regularly indulged in, with considerably more than half of the sample taking part in such events less than once a week.

Patterns of leisure-related behaviour differ sharply between the creatives and the knowledge workers, with the creatives again demonstrating a more dynamic, modern and outgoing profile. Creatives are almost three times more likely to be eating out regularly than knowledge workers. And twice more likely to be found, walking around the city centre. Visiting friends is twice more important for the creatives than for the knowledge workers.

Our creatives and knowledge workers are still to develop the fascination with water that comes out of Richard Florida's work. Few if any aspire to water, which is plentiful around Sofia, but no city manager has thought of developing as a leisure resource. From what we know generally, the water aspect of life is satisfied, virtually in all cases, with trips to the Black Sea beaches during the summer.

The civic commitments of our sample are extremely weak, possibly reflecting the bitter national disenchantment with politics and anything that can be seen as politics, including associative life. Never take part in resident associations 59.2%, in community work – 67%, in political activities – 70.4%. Religious faith is also verging on the non-existent, with 61.5% never taking part in any religious activities. Such inter-personal links are replaced by an over-reliance on communing with friends, with more than 70% doing this at least once a week.

### Satisfaction with Sofia's public services and environment

Levels of dissatisfaction with services and environment are massive, with the highest numbers concentrating in the “very dissatisfied” category. Whereas Sofia is obviously capable of providing a satisfactory structure of “soft” factors, the hard factors and the environment are seen as a near-disaster.

Greatest levels of dissatisfaction cluster around transport and congestion (56.4%), public transport (47.5%), safety (45.3%), health services (37.4%). A clear “soft” sensitivity is seen in the 55.9% of respondents who find the situation with bicycle lanes very unsatisfactory.

In terms of environment, the situation is even worse (dissatisfaction intensity is higher). In this field, the biggest scores are in the very dissatisfied group, and concentrate on issues such as: traffic congestion, an absolute record-holder with 84.4%; lack of parking spaces (77.1%); conditions of streets and sidewalks (57.5%) and their cleanliness (54.2%); air pollution (46.9%). Being younger and more demanding, creatives are considerably less satisfied than knowledge workers (18.4% to 26.7%) with the connectivity of the city to outlying areas. Given that most of the creatives were born in Sofia, the out-of-Sofia mobility implied in this is not due to their returning to the “home village” for the week-end – but rather is due to the fact that creatives tend to try and live in two places at the same time.

This situation is a very stark condemnation of city planners and managers: it is precisely in the fields where the municipality and the government have to deliver that our sample is convinced that nothing is being done. No matter how inventive, energetic or creative Sofianites can be, their efforts can not compensate for city-wide managerial inefficiency.

### Quality of life

In sharp contrast with the rest of the country, our Sofia sample is optimistic. More than 54% are convinced that quality of life has improved over the past five years, and only 19% believing that it has become worse. The bulk of this satisfaction derives from increased living standards generally (37.8%), increased wages (12.2%), better shopping and eating out (more than 20%). Interestingly, more than 1/10 places a high value on the appearance of outlets of international hypermarket chains.

Knowledge workers are much more satisfied with life in Sofia than are the more restless creatives. More than 62% of knowledge workers believe quality of life has improved, compared to 46.5% of creatives, of whom 21.9% believe that quality of life has deteriorated (compared to 15.1% of knowledge workers). Knowledge workers tend to treasure standard indicators of quality (income, shopping) than creatives. For example, double the percentage of creatives, compared to knowledge workers, treasure cultural life (9.4% to 5.6%) and amusements (9.4% to 5.6%).

These divergences may reflect the more demanding, modern and dynamic nature of the creative subsample.

Congestion, pollution, indiscriminate construction, overcrowding and price increases (in that order) are the indicators that have become worse.

Those, however, who have spent a year out of town and come back, tend to find it less appealing, with almost 30% finding that Sofia is to varying degrees worse than the place they are returning from.

### 3.1.2 *The manager's perspective*

Generally speaking, according to the results in WP6, the outcomes of this survey re-affirm that the main actors in Sofia's creative and knowledge economy are the people involved in these sectors, placed in a competitive market situation and relying on their own initiative and the dynamics of their markets.

It is the leadership of companies that leads companies to success or failure, without help or hindrance from policy-making at the municipal or regional level. The only policies which companies find impacting on them (in the positive sense mainly) are the national-level policies of tax cuts for businesses and some targeted government initiatives, such as the attainment of popular computer literacy and the implementation of the various forms of e-government.

Major institutions, who do not appear in this research as actors in Sofia's creative and knowledge industries, are the capital's *Universities* and the capital's municipal *authorities*. These do not act in the arena of creative and knowledge industries; they are *non-actors*, conspicuous by their absence.

Universities are mentioned by our respondents only in connection of providing a too-abstract, non-practical education. There are, however, obvious deficiencies emerging from the companies' own admission that they do not have structured, institutional relations with Universities – and therefore have no sustainable influence over the curriculum taught. In this way, companies fail to utilise an instrument, the use of which would ultimately ensure that the graduates they recruit would be better trained and have more relevant skills.

Municipal authorities are mentioned only inasmuch as they are criticised for not doing enough to maintain and improve the “hard” factors of infrastructure. No respondent mentioned any existing municipal policies, although three respondents from various industries mentioned that the policy they would expect from Sofia municipality would not be policy specifically targeted at the creative and knowledge industries, but rather – more mundane across-the-board policies, such as decreasing taxes and various fees.

Of *regional* authorities and their policies, there was not a single mention. This surely indicates that the various regional-level development strategies and policies have remained on the paper they were written on, without producing any practical results impacting on the creative and knowledge industries of Sofia.

This situation presents planners with a significant problem, given that Sofia is both a Regional centre and the centre of one of Bulgaria's 6 Planning Regions – and therefore there are a plethora of policies and strategies spawned, all of them in some way connected to the city's role of economic engine. But the results of this survey, taken in a package with the previous research work under the ACRE project, strongly suggest that all of these policy documents have remained on the paper they were written on, failing to have a noticeable impact on their target-groups.

On the level of science, this picture underpins the previous conclusions that Sofia's development, generally and in the field of the creative and knowledge industries, is not

influenced by any policy. It is a boomtown-like, explosive development, due to entrepreneurial energies and market conditions, rather than a relevant policy environment of any sort.

This raises the serious scientific point whether, and to what extent, cities could evolve purely due to the “invisible hand of the market”, rather than enjoy policy-driven development.

On the level of policy-making, it is clear that Sofia’s development illustrates a dramatic absence of policy. Insofar as policy is, in principle, “everywhere and all the time”, it is to be asked: given the policy vacuum in Sofia, what is filling that vacuum? Is it just entrepreneurial energy? Or are agents of corruption and undue influence also filling the vacuum, left by the absence of policy?

The complete lack of impact of Sofia-targeted national-level policies signifies that the across-the-board, generic and horizontal policies of the classic type (taxation levels, ease of licensing of activities) are more likely to have an impact.

The actors in, the young creative sector, in particular, are yet to demonstrate the concern for “soft” factors that is expected of them in the literature. Thus far, their location decisions are overwhelmingly dominated by “hard” factors (infrastructure, access, rent levels, market location), or by factors relating exclusively to the status of the city as the national capital. In the case of the more established actors, such as national radio and television, location decisions are purely historical: the national operators have been in Sofia from the start. It is highly unlikely that they will be evolving a sensibility for “soft” factors in the coming years.

Respondents from state-owned institutions in the survey (BNT, BNR) differ markedly from the private companies, insofar that as a rule individuals in position of responsibility are over 45 years old, whereas managers in the private sector tend to be significantly under 40. This reinforces the findings of the previous Work Package, in which we found that knowledge workers are considerably older than creatives; the sample of knowledge workers including almost exclusively respondents from state-owned institutions.

In the current survey, a gender differentiation seems to be emerging, although much more representative polling would need to be done to confirm this. In the consultancy sector, individuals with managerial responsibilities seem to be entirely male. The media-related and computer-related sectors are much more balanced in terms of gender, but with males still in a dominant position at managerial levels.

Macroeconomic trends, as well as the mushrooming growth of Sofia’s service and creative economy suggest that, as the city continues to suck in dynamic newcomers, and as more and more individuals and companies begin operating in the fields of the creative and knowledge industries, Sofia will continue to increase its share of creativity in its economic structure, as well as preserve its dominant position vis-à-vis the other cities in Bulgaria. In the mid-term, this will continue to ensure that the actors in the knowledge and creative sector will be consistently increasing their relative economic weight and political importance in the city.

The interviews in WP6 with the managers and freelancers engaging in creative and knowledge-intensive economic activity in the Sofia city region showed a rather differentiated estimation of soft location factors.

*More similarities between workers and managers than differences*

According to the previous results first similarity shows up when comparing the workers' and the managers' attitudes towards the Sofia city region in terms of soft and hard factors. Generally speaking, the hard factors have not been outweighed by soft factors. The economic tensions on the labour market in Bulgaria and in the Sofia region as well as the economic performance show the workers and the managers quite plainly that an economic base still stays important. Therefore, workers are mostly worried about their job situation. They no fear from unemployment, because in practice in Sofia are no unemployment. The job availability is sufficient, and wages are high compared to other Bulgarian regions.

Soft factors, therefore, play a subordinated though not unimportant role. Mostly they are evaluated positive by both study groups.

In more cases these personal networks, which are not necessarily related to business and professional concerns, are used to compensate for economic disadvantages. Workers indicate that these personal networks and out of home activities are necessary conditions for accessing new jobs in a tense regional labour market. Managers do not effectively relate the notion of network to these kinds of activity. Still they profit from a certain interference of private and business-relevant information circulating in their circles of relatives, acquaintances and friends whom they meet in their leisure time. Often based on private interests the social networking aspect in the Sofia city could be considered an informal way of knowledge and information exchange which helps people in the city region to survive and improve economically.

A central difference between managers and workers could be related to the reasons for being in the city and the personal trajectory of arriving. As reported in the previous chapters, a majority of the managers and freelancers has family roots in this city or at least university time related circles of friends that tie the entrepreneurs to the region. Only the smaller part of the interviewed managers and freelancers was attracted to the city by career options.

By contrast, workers evaluate the attraction factor 'job' a strong importance. Many of the interviewed workers came to the city because they or their partner found employment in Sofia or they are born and studied here. And those of the workers who indicate to think about moving do this because of job-related reasons. So it could be assumed that creative knowledge workers are more mobile than managers and freelancers who settled their business in the city region. A possible explanation for this difference in attitude could be suggested by the stronger importance of access to business-relevant information which is connected to long-term social relationships including trust mechanisms. In addition, managers and freelancers are too a higher degree self-responsible.

### 3.1.3 *The perspective of transnational migrants*

The objective of WP7 was to focus on the main reasons that make the trans-national migrants settle at a certain location – ranging for example from the type of economic activity they are connected with to living infrastructure, climate and regional preferences. This research also aims to estimate the relative importance of the so called ‘soft’ location factors that played a role in their decision making process, by grouping the activities of occupation.

In this relation, in most cases the interviewed knew they were going to a developing country and they did not expect the infrastructure to be different to what it is, for example. Of course, mostly everything was set up already for them. They had come already here several times and in this sense the quality of life itself seems to be the most significant factor in terms of the particularity of the country and the region.

Quality of life, however, does play a role in the location decision – indeed, seems to be the most significant factor for choosing this particular country and city.

Hard factors play an important role for the target groups for either their decision making process for coming to the region of Sofia (creative knowledge workers, highly skilled migrants) or for retaining them in the region (creative knowledge enterprises).

Hard factors, such as the nature of the job offer, are the decisive location drivers, dominate. This is often related to as “good job offer” and “career development”. Also important as motivation appears to be the geographical position of Bulgaria. In this sense the good international accessibility, allowing migrants to keep in touch with their family and friends elsewhere, is a strong reason and additionally influences the decision-making.

Soft factors seem to have lesser significance in terms of original location choice. Many respondents refer to initial cultural surprises and challenges to overcome. Expected quality of life, however, seems to be the most significant factor for the choice of this particular country and city to locate, within the framework of the more general initial decision to migrate somewhere.

In this sense, the almost universal statement “I knew everything would be different” must be interpreted in two ways – as an initial attraction and a following challenge to adapt; and then, after sometime has passed – as an enduring attraction to stay.

The general conclusion regarding hard factors is that the economical activity and the nature of the job offer are determinant about the decision-making whether to move or not to Bulgaria. In this sense the country is rather seen as a place for working than as a country for living. On the other hand, the soft factors play a role on a different level. In this case the country is rather seen as place for living more than a country for working. Those are the main differences between these two types of factors.

Generally speaking, migrants linked to “softer” professions, such as education and movie-making, allow for a greater role of “soft” factors both in their decision to migrate to Sofia in particularly, and later – in their decision to stay on. Migrants in the field of business and communications are almost exclusively driven by “hard” factors in their migration decision,

but also later on develop an appreciation for the “soft” factors that keep them in Sofia or make their stay a pleasant experience, rather than just a job to do in the time allotted.

There is a resounding lack of any reference to the role of policy in attracting the migrants interviewed in this research.

### *Personal trajectories*

According to the results when looking for working places, employees are also influenced by personal trajectories into a region. If they have friend- and/or relationship into a certain place it is likely that they start looking for living and working places rather there, than in regions where they do not possess such personal ties. Friends or family members can be asked for informal help and therefore offer the possibility to become integrated more easily into a region. Personal trajectories therefore can be labelled as attracting factors in the creative and knowledge-intensive industries. More of them are born or studied here. Most of the universities are in Sofia.

The results of WP5 also show that personal trajectories additionally can function as retaining factors. When employees or graduates are already living in a place, personal ties motivate to search for a working place in this region, because they are linked with trust and informal knowledge.

The factor “personal trajectories” is both relevant for creative knowledge managers as attracting and retaining factor.

The interviews with the managers in creative knowledge industries showed that personal relationships function as retaining factor. Theoretical suggestions about an ever more mobile creative skilled labour force do not pay sufficient attention to systems of maintenance, that hinder labour mobility. Outside of their working life with all its career opportunities managers and freelancers of the creative knowledge industries are ‘glued’ and re-attracted to places by friends, family, or other persons in different forms of relationship.

For transnational migrants, personal trajectories mainly play a significant role as retaining factor, partly as attracting factor.

Especially the transnational migrants of the creative industries come to Sofia due to job offer that emerge out of their personal networks, which is not separated into private and business-related connections. If they possess relation- and/or friendship in a region it is likelier, that they will chose to settle there, because they assume that their friends or families will help them to integrate into the place. This may concern finding a living and working place, establishing contacts to others that may be interested in similar creative activities, or exchanging knowledge and information. That means in this case personal trajectories into the region function as attracting factors.

### 3.2 Basic factors

Chapter 3.1 had a closer look at different location factors, such as hard and soft factors, and their significance for different target groups in the Sofia city region.

Now we will present a more general overview of factors that determine the decision making process to move to a specific place and to stay there for a certain period of time. More precisely the chapter will try to give a detailed insight into typical attraction and retaining factors for each target group in the Sofia city region. The focus in this section does not lie on the target groups themselves but on the location factors and their significance as attracting and/or retaining elements.

This section will also be important for further international comparison to be done in WP9.

Table 3.1 gives a first overview of different location factors and their function as attraction and/or retaining factor. Although the table differentiates between the creative and the knowledge-intensive industries, the results do not differ very much for the two branches. The differences between the three target groups employees/graduates, managers, and transnational migrants are revealed in the table and mainly result from their different orientations and perceptions due to their different involvements into the city.

**Table 3.1 Summary matrix**

(Main hard and soft factors influencing decision-making of target groups)

		<b>Hard factors</b> (in each group max. 3)	<b>Soft factors</b> (in each group max. 3)	<b>Personal trajectories</b>
Employees	creative	- job offer - price of housing, living - housing conditions	- quality of life - quality of environment - working environment	- born here - family reasons
	knowledge intensive	- job offer - price of housing, living - housing conditions	- quality of life - quality of environment - working environment	- born here - family reasons
	graduates	- job offer - working conditions - universities	- quality of life - quality of environment - tolerance	- born here - studied here - established friendships
Employers/ managers	creative	- housing conditions - working conditions - career development	- quality of life - leisure and cultural potential	- born here - family reasons - studied here
	knowledge intensive	- working conditions - career development - universities	- quality of life - leisure and cultural potential - tolerance	- born here - family reasons - studied here
International migrants	creative	- working conditions - career development - social housing	- everyday life - culture - tolerance	- social network
	knowledge intensive	- career development - housing conditions	- quality of life - culture - tolerance	- social network

Source: own survey

The results from Sofia research in our sample suggest that the main drivers for settlement of entrepreneurs and managers from creative and knowledge-intensive industries are linked not to “hard” or “soft” factors but to “*individual trajectory*”.

Respondents from the knowledge-intensive industries in Sofia reported location decisions related to “individual trajectory” factors virtually without exception.

The availability of the labour force, especially in financial and business activities, stands out as a crucial issue in this regard. That is, according to respondents, Sofia, as the centre of business life and also of higher education, is an “ideal place” to recruit. As in the other cities in our sample, however, several “hard” factors, such as the poor state of public transportation, were mentioned as causing major dissatisfaction.

In Sofia dominate “individual trajectory” issues, factors such as access to a qualified workforce, the concentration of the relevant industry in the city, proximity of customers, access to government institutions and networking possibilities were highlighted as having a positive role in the location decision.

According to our data, the importance of “soft” considerations, varies across the industries. In this light, respondents having at least some sensitivity to “soft” factors in these cities can be found at broadcasting companies.

Finally, our data suggests that managers in Sofia are taking deliberate in-city location decisions, in contrast with the chaotic pattern of domestic settlement of the various types of “creatives”. As in the cases of other cities in the sample, managerial location decisions are dominated by “hard” factors virtually to the exclusion of all other considerations, with only one company reported being at the periphery not because it is cheaper, but because it is a nicer place than the centre. Furthermore, some differences with regard to inner location decisions exist across various industries in Sofia. Managers of consultancy firms, for example, generally prefer the city because of the proximity to client government institutions, whereas financial and IT consultancy companies choose the sub-centre area, near to central traffic roads for rapid movement around the city and better access for clients from outside Sofia. Moreover, for computer-related companies prices and rent are a crucial location factor, just as they are for the ITC and software sector, where companies are young and small in size.

The more hands-on research we conduct under the ACRE project, the greater problems emerge with the simple transposition of prevailing “soft / hard factor” theory on to Sofia (and most other ACRE cities of Europe). The relative weight of these, in location decisions of creatives, does not seem to follow the expected trajectory. Nor are all, or even most location decisions to be explained by the interplay of these factors. There is, furthermore, a distinct difference between home location decisions of individuals and company location decisions taken by the managers of creative and knowledge companies.

We also find location-related phenomena that urgently require the elaboration of new scientific categories to supplement the “soft-hard” dichotomy.

To complicate matters further, we have discovered a problematic that is entirely new to the mainstream debate about creative cities, which problematic is to do with the history and positioning of the city, rather than with a particular interplay of “hard” and “soft” factors.

### *3.2.1 The hard-soft dichotomy*

#### *Less of the soft, more of the hard*

A very simplified (but not untrue, for all that) version of the Florida thesis would sound something like this. Creative types pack their bags and move to a city when they discover that that particular city has good amenities and outdoor leisure opportunities, a diverse ethnic and cultural background (and the cuisine that comes with it), is tolerant of diversity, has leisure-related expanses of water, is well maintained environmentally and has a cultural “buzz” all of its own.

The basic point of this thesis is that finding work is no longer, with the “creative class”, a matter of wages, career prospects and retirement plans – but rather is associated with factors that bear on the quality of life outside the working environment as such.

Any travelled European has come across such a type of creative person, light-hearted and easy-minded, geographically mobile, following the “buzz”: Paris this year, Barcelona the next. On anecdotal evidence, however, these kinds of people tend to be the hardcore of Florida’s “super-creative” class – artists, actors, musicians, film directors, artisans, designers and the like. This group is obviously so small in number, that it is not captured by the surveys under the ACRE project.

On the contrary, what we find of the creative class and (especially) of the knowledge workers is that they are highly unlikely to pack up and re-locate to a different city just because they’ve heard that there is good Thai cuisine, jazz clubs and a lake over there. “Hard” factors, such as wages, rents, market considerations and outlook clearly outweigh “soft” factors when it comes to location decisions.

This is not to say that in Europe “soft” factors have no impact. The creatives in particular demonstrate levels of awareness of “soft” factors way above the average, and much greater than the sensitivity of knowledge workers. But “hard” factors still dominate.

#### *Softer at home, harder at work*

Another theoretical complication arises out of the clear divergence of the nature of location decisions when it comes to locating companies and locating one’s home. In the previous ACRE research we found that the creatives in particular base the location decisions of their homes on a mix of factors, among which mix “soft” factors are clearly evident.

In Work Package 6, however, we dealt with the location decisions of companies. And here “soft” factors are virtually non-existent. We have found only one respondent who reported that quality of life in a district of Sofia explains the company location decision, rather than

considerations of rent levels. Most of the respondents either failed to understand questions relating to “soft” factors in location decisions, or reported that such factors had no bearing on the location decision.

Company location decisions are almost exclusively (with some possible exceptions in broadcasting) under the sway of “hard” factor considerations. Where the creative company is situated, and where the creative employee of this company is located, seem to be two markedly different phenomena.

There is a curious difference, however, between consultancy and computer-related companies on one hand, and broadcasting companies on the other. The latter do understand the role of “soft” factors in general, and are capable of applying them to their own company in particular. Consultancies and computer-related companies demonstrate no such understanding.

### *3.2.2 New categories to supplement the “soft-hard” dichotomy*

In the previous ACRE survey, we found that there are a number of cases, in which the dichotomy “soft-hard” is simply inapplicable. The knowledge workers in the sample were, by and large, either born in Sofia, or had stayed after graduation. Unlike the creatives, half of whom had made the conscious decision to move to Sofia from some other place. In the case of the knowledge workers, therefore, a new category needs to be added, along the lines of “personal trajectory” or “factor of biography” to explain their case.

There also seems to be a difference between decisions to locate and decisions to stay on. Whereas decisions to locate may be dominated by “hard” considerations, in the case of many creatives the decision to stay on is increasingly dependent on the influence of “soft” factors.

The theoretical model that may result from future work on this may look something like the following; and it is much more complicated than the soft-hard duality.

A person may say not two things (“I came because of the money / the night-life”), but up to *eight* different things, reflecting different combinations of “hard”, “soft” and “personal”:

1. “I came because of the money” (hard-factor location decision)
2. “I came because of the night life” (soft-factor location decision)
3. “I am here because I’ve always been here” (personal trajectory)
4. “I came because of the money, but stayed because of the night life” (hard-factor location decision, soft-factor staying-on decision)
5. “I came because of the money, and stayed because of the money” (hard-factor location decision, hard-factor staying-on decision)
6. “I’ve always been here, but I choose to stay because of the money” (personal trajectory location decision, hard-factor staying-on decision)
7. “I’ve always been here, but I choose to stay because of the night life” (personal trajectory location decision, soft-factor staying-on decision)
8. “I’ve always been here, and I am not re-locating because I am too lazy to move” (personal trajectory location decision, personal trajectory staying-on decision).

This could be the picture that emerges, when looking at personal (home) location decisions. Things become vastly more complicated when taking into account company location decisions.

In any case, “individual trajectory” considerations far outweigh all else in the case of individual location decisions. Next, particularly in the case of managers, come “hard” location factors. “Soft” factor considerations play a noticeable role in “retention” decisions (on the part of all respondent groups – workers, managers, transnationals) and can be seen as concentrated in the most creative of the creative industries, as well as in the older (e.g. broadcasting) industries.

As regards **transnational** migrants, a similar, but more nuanced picture emerged:

#### *Decisions to move to Sofia*

While decisions regarding moving to Sofia varied between respondents, and according to age profile etc, the main motivating factors seemed to be related to Sofia as a smaller-scaled English-speaking city, as part of work programme, or in search of work.

#### *Role of 'Hard' and 'Soft' factors*

'Hard' factors, such as proximity to transport infrastructure along with rental and general housing costs set the boundaries around which respondents made decisions regarding choice of location, but within these boundaries, the 'softer' factors, such as access to general amenities influenced locational decisions.

#### *The Role of Sofia*

In general there was a highly negative perception of Sofia's transport infrastructure. This was related to both traffic congestion, and the public transport. Significantly, it seemed that most respondents either lived in an area close to public transport, or within easy access of work through walking. The “hard” constraints of inadequate infrastructure evidently militate against the tendency, evident in better-run cities, for “creatives” to drift out into the suburbs. Mostly the interviewed did not like the dirtiness and disorder and they confirmed something should be done in this relation.

#### *Labour & Labour Processes*

The work-related responses varied relatively between each sector. However, the overarching message has been that every studied sector treasures flexibility in terms of everyday activities, and the sense of ownership of the various work tasks being undertaken.

#### *The Role of Networks and Networking*

In general, discussion about networks would note that much revolve around family connections and broader social ties. It seems it's quite easy to meet Bulgarians and create social networks outside of the family ones.

### *Future Projections*

In general those who had a family or were considering starting a family felt more settled in Sofia, and didn't have much consideration of moving outside the city in the coming years. For those who were single, or without commitments to paying a mortgage there was a high chance that they would leave in the coming years. In general this was due to going back home, or to look for other experiences elsewhere. Although the general frustrations with public transport and other 'hard' factors didn't necessarily cause respondents to think of leaving, other factors, including price of housing and general cost of living, were seen as potentially forcing a move.

### In-city location decisions

Different types of creatives tend to congregate in different locations within the urban area. While “cultural creatives”, such as artists, media and entertainment workers, scientists, teachers, designers and advertisers, usually prefer an inner-city location, managers and entrepreneurs seem to be spread much more evenly across the city (e.g. Musterd, 2004). Such differences in location decisions within the “creative class”, often influenced by “soft” considerations, have also been pointed out by Florida (2002), especially with regard to, as labelled by the author, “bohemians” and “nerds” in the U.S. Whether the location preferences of creatives within the city centre or suburbs are influenced by “soft” factors, however, is a very problematic issue in the European context.

A major – overwhelming, in effect – location decision determinant, which has little to do with the “soft”/ “hard” debate, is whether the city in question is the national capital of a small nation (thereby attracting the bulk of its resources, qualified workforce and development potential), or a non-capital city of a big nation. According to our findings at least, the main trend emerging from the sample seems to be that creative and knowledge industry managers simply find it difficult to envisage not being in the capital city.



## **4 EVALUATION OF THE CITY REGION FROM THE PERSPECTIVE OF LOCAL CONDITIONS AND POLICIES**

The aim of this part of the report is an evaluation of the Sofia city region from the perspective of the three target groups: creative knowledge workers, managers of creative knowledge firms as well as highly skilled migrants working in the creative knowledge industries.

The chapter closes with a synthesis of the main location factors of each target group. Which factors have drawn them to Sofia? Which are the most important factors that make them stay? Do hard or soft location factors play the most important role? Or are personal trajectories even more important?

### **4.1 Strong and weak points of the city-region regarding their capacity to accommodate creative knowledge**

In chapter 4.1 the strong and weak points of the Sofia city region, regarding different location factors, will be evaluated. Based on the results of the empirical research, we have been evaluating the importance of different hard, soft location factors, as well as personal trajectories, regarding the three target groups.

Unique among Bulgaria's cities, Sofia rode successfully the winds of history. Within the past 19 years, the city has survived two economic collapses and has gone, with considerable enthusiasm, through two epochal revolutions. That history is still with us – even our youngest students remember the 1997 revolution. At the end of it all, Sofia has emerged as Bulgaria's only 21st century city – not through design, planning or funding, but through the sheer energies, daring and creativity of its inhabitants.

While, through the 1990s, the rest of the country tried to resist the winds of change, Sofia whipped them up. Then the provinces grimly dug in for survival. Towns reverted to a subsistence economy, digging up the green areas between the blocks of flats to plant tomatoes, and stocking up with wood for heating during the winter. While they lay low, expecting a salvage party to arrive from who knows where, Sofianites were starting up businesses and political parties, newspapers and radio stations, software companies and night clubs.

Rather than waiting around for salvation in terms of funding or planning, Sofianites with great glee used the structural instability (“uncertainty about the future”) described by Tornqvist and Andersson, to launch the synergetic development that these two authors advocated back in 1985.

This background makes Sofia unique among all ACRE cities. No other town has managed, in the teeth of economic disintegration, to re-invent itself from 74% heavy industry-based to 76% services-based in just over a decade. No other city has seen its car population grow fivefold, or developed a University, out of an abandoned field filled with rusting concrete structures, to rival the nation's finest – or, indeed, spawned a creative class, out of nothing, in a decade.

This all makes Sofia very difficult to study, or even – to conceptualise. Much of the methodologies (and conclusions) developed for non-revolutionary cities simply do not (yet) apply. There are, for instance, no reliable statistics. The structure of Sofia's society is still in its infancy, and it will take another 15-20 years for different sub-groups to profile themselves clearly into different residential areas. After generations of scarcity under socialism, and years of hardship during the reform, "hard" factors still dominate the minds of even the most bohemian of the creative hard-core.

Difficult as Sofia is to study, it is even more difficult to govern. Since the late 1940s, the city's development has laboured under completely unrealistic Urban Plans – indeed, until 2006 the city was still supposedly governed by the 1961 Plan, according to which Sofia was to peak at a population of 800,000. By 2006, there were more than 2 million people in town, and even their cars were breaching the 1 million mark.

During the regimentation of socialism, lack of realistic planning led to panic-driven, last-minute decisions, such as to build new districts of concrete blocks of flats without heed to supporting infrastructure, which decisions produce the infrastructure crises of today. After socialism, lack of planning turned out to be a blessing, because this meant the absence of impediments before the creative energies of Sofianites.

We see a strong link between intensity of political engagement and development along 21st century lines. Starting with 1989 and to the end of the 1990s, Sofianites were very actively engaged with re-constructing the political infrastructure of their city and, it being a capital – the country. They behaved as all-round citizens of the polis, and poured their awoken energies equally into setting up the institutions of democracy, the free media and re-constructing the economy on the basis of private initiative and novel industries. It is a worthwhile hypothesis that, left without policy or funding, Sofia did much better than expected because of the intensity and the type of energy levels demonstrated by Sofianites old and new. Conversely, had Sofianites chosen to conserve their innovative energies (i.e. avoided revolutionary activities), their city would have vegetated.

This could also be part of the explanation behind the striking fact that, unlike booming capitals in authoritarian states (Moscow), which develop by sucking in resources from the rest of the country, Sofia gives, rather than taking. Up to one-third of the national GDP is being produced in the city, to be later re-distributed to the rest; 64% of all foreign investment is also here.

Sofia obviously runs on the creative energy of its inhabitants, and this – and this alone – has led to its re-invention from a dreary communist town into a diverse and colourful city of the 21st century. At the same time, levels of dissatisfaction in our sample clearly show that in terms of living environment, individual and group initiative has reached its limits. Now is the

time for the municipal authorities to step in and back up the energy of the people with the things that only the authorities can do: deal with congestion, build a decent metro system, clean up the streets and pavements, enforce law and order, restore the great parks and the small neighbourhood gardens, bring an end to unregulated construction, unblock the city's connectivity with the rest of the country and the world.

The capital of a notably tolerant nation, Sofia is a notably tolerant city. At least 17% of its inhabitants are either from historic minorities, or new migrants from far-away places. Sofianites take them in their stride, showing intolerance neither by word, glance or deed. It is no accident that, as you emerge from Sofia's (only) metro station in the centre, you can take in, at a glance, its oldest Orthodox church, its highest mosque, the biggest synagogue on the Balkan peninsula and the largest Protestant church east of Trieste. At the back of the Orthodox church is the office of the President; the back windows of the Prime Minister's office look onto the mosque; across from the synagogue you can buy the latest in Fender guitars, while behind the Protestant church a new China town is fast taking shape.

Our creative / knowledge sample demonstrates the openness and tolerance that is to be expected of Sofianites. Respondents are still more bewildered by homosexuality than by the influx of Arab and Asian migrants, but there is a solid basis of tolerance, building on which gay and lesbian presence will be becoming another source of satisfaction with the diversity of the town.

The time has not yet come for city planners and managers to take an interest in planning for a creative city. "Soft factors" they neither understand, nor should they be expected to, at this stage of the game. Even the newly-constructed "business parks" in the green city outskirts have appeared not because, but in spite of any sort of municipal development plans; not because of official encouragement, but in spite of official indifference.

The best that the authorities can do is to concentrate on providing the "hard" development factors, and on improving the general environment – tasks that individuals and groups, no matter how creative, can not undertake by themselves. For the foreseeable future, should the "hard" factors be thus taken care of, the continued development of Sofia in a creative direction is best left to the Sofianites themselves.

The people of Sofia rode the winds of change when governments dithered and city managers hid in shame; they can be trusted to bring Sofia to a soft landing now that the hurricanes of history have run their course.

At this stage of the filtering process we have been refining our findings on location factors and have been identifying those factors that play an important or insignificant role in attracting and/or retaining creative knowledge workers.

The Budapest team has been developing a coding system that will be applied to a matrix (see table 4.1 below) in order to evaluate different location factors and their importance or non-importance as attraction and/or retaining factor for different target groups. The table in this section refers to the table in chapter 3.2 and specifies the central findings. The numbers 'one' to 'three' refer to the three target groups of WP 5, 6, and 7. 'One' are the employees and graduates, 'two' the managers and freelancers, and 'three' the transnational migrants. The

letters a, b, and c refer to the branches. Only c refers to the graduates of creative and knowledge-intensive sectors. Letter 'a' refers to the creative branches and 'b' to the knowledge-intensive industries. If only the number is listed in the table, the corresponding location factor is relevant for the whole target group. If the number and a letter is displayed, the corresponding factor is only relevant for the target group in a certain branch. For example, factor one (education, study, universities) has only strong importance for graduates of creative and knowledge-intensive sectors.

The following table provides a general evaluation of the core strengths and weaknesses of the Sofia city region to accommodate the creative knowledge sectors. The conditions have been derived from the research undertaken by the various target groups and the table presents the core factors influencing the decision making process of those target groups.

**Table 4.1 - Summary matrix**

(Evaluation and positioning of metropolitan regions according to different location factors)

	<b>Strong</b>	<b>Medium</b>	<b>Weak</b>
<b>Hard factors</b>			
Factor 1 (Education, schools, universities)	1C, 2☺☺		
Factor 2 (Employment, working conditions)	1A, 1B, 1C, 2☺☺		
Factor 3 (International accessibility)		2, 3	1
Factor 4 (Technical infrastructure)		2, 3	
Factor 5 (Housing condition...)	1A, 1B, 2☺☺		
<b>Soft factors</b>			
Factor 1 (Personal ties, family status)	1, 2, ☺☺	3☺	
Factor 2 (Social networks)	3		
Factor 3 (Quality of life)	1A, 1B, 1C ☺☺		
Factor 4 (Quality of the environment)	1A, 1B, 1C		
Factor 5 (Working environment)	1A, 1B☺		
Factor 6 (Tolerance)	1C, 2B, 3B		
<b>Personal trajectories</b>			
Factor 1 (born here)	1, 2		
Factor 2 (family reasons)	1A, 1B, 2		
Factor 3 (studied here)	1C, 2		
Factor 4 (social networks)	3	1, 2☺	
Factor 5 (friendship)	1C☺		

Source: own survey

Table 4.1 like table 3.1 shows that soft location factors and personal trajectories have the most relevant function as attraction and retaining factors for the different target groups in the Sofia city region, even though in different aspects.

The whole sector of education, employment, working conditions, and career options have a relevant function over all for employees, graduates, and the transnational migrants.

Astonishingly, the taxation system is not important for this target group as an attraction and/or retaining factor. The international accessibility is not of great relevance for none of the target groups – which is surprising because transnational migrants travel home or to their jobs and customers of the managers are often situated outside of Sofia.

The housing conditions and prices are relevant for almost every target group. For the graduates it is not important because they are still in living circumstances that allow them to live in shared apartments or in Student town in Sofia and are not about to settle down in the city because they are still more flexible and mobile due to their age and training level. For the transnational migrants of the knowledge-intensive industries it is not a relevant factor because they are often integrated into well organised networks which give them support when finding a place to live. Additionally they get paid well due to their age and training level. Therefore they can choose out of a great range of dwellings and pay them easily.

Personal trajectories are the second important group of factors that determine the decision of people to come to Sofia and to stay here. Especially family ties and friendships are important factors – over all for the graduates. The empirical results show, that graduates are willing to stay in the region if they have been born here and/or studied here and established friendships here.

For the transnational migrants of the creative branches, personal ties into the region are also very important. This has to do with their working conditions: often their jobs are resulting out of their networks. Networks in creative branches are seldom separated by private and business contacts. That means that a social network is important for the branch in order to always generate new working opportunities and individual fulfilment.

The significance of hard factors is not as high as the importance of soft factors and personal trajectories.

Table 3.1 and 4.1 together gave insights into different location factors which are considered being relevant for different target groups coming to new regions. The central finding is the relevance of some Soft location factors and personal trajectories as attraction factors for the Sofia city region. Hard location factors too play a role, but more as retaining factors, than attraction factors.

*Sofia* enjoys the benefits of being the capital city by concentrating the major resources of the country, including the “power of decision-making” and labour. It is obvious that many industries, almost without exception, depend on the presence and quality of these institutions; thus, it is of no surprise that managers and entrepreneurs choose to be located there. Furthermore, especially for companies that work entirely in the local market, the market size is of major importance. In this light, it should be emphasised that Sofia is several times larger than the next largest city in Bulgaria, which is of major influence on the location decisions of many entrepreneurs and managers.

## 4.2 Sofia site-specific location factors

The attractiveness of Sofia for migrants depends both on the opportunities for finding a job, the city living conditions, and on the real estates situation in Bulgaria. Sofia belongs to the group of cities which would be attractive for the investors because of a fast growing economy and the attendant attractions of availability of a skilled labour force and tourism.

In Sofia, as well as in other cities in South-Eastern Europe, there is a potential for investments, as well as for the concentration of high skilled workers. It is a fact that 70% from the general investments that are being poured in Bulgaria are coming to Sofia. Naturally, this pouring of resources into the Bulgarian economy is positive, but in order to attract more resources more improvements should be made in the infrastructure and the conditions of living and working in the capital generally – the “hard” factor crisis that has come through during the work in every Work Package, conducted to date under this project.

As regards international migrants, whereas no simple theory can deal with the complex reality of their motivations, it is clear is that they are part of the new, globalisation-related population of highly-skilled migrants, who do not intend to become part of the place of destination – in this case, of the city of Sofia. It is also clear that, unlike the indigenous Bulgarian creatives, international migrants are not predominantly – or even significantly – driven by “individual trajectory” considerations (i.e. by factors to do with previous links to the place, with family and community).

At the same time, much like indigenous migrants, the choice to re-locate has been seen to be largely driven by “hard” factors – a job offer, or being simply “sent” by the management of the home company to Bulgaria. Much like Bulgarian domestic migrants, international migrants connected to education and movie-making demonstrate greater sensitivities to “soft” factors in their migration decision. Usually, this is a “second-level” decision: once a respondent has decided to migrate abroad and begins choosing the place, then “soft” factors come into play, such as knowing people from Bulgaria, or who have been to Bulgaria and have had a good impression of the quality of life, or simply knowing something of the history and culture of Bulgaria. And then the specific migration choice – Bulgaria – is made because of the expectation that quality of life would be good.

It is to be noted that respondents, although asked about their Sofia location choice, almost universally speak about Bulgaria – the country, not the city. Both “hard”-influenced and “soft”-influenced location choices are to do with Bulgaria, rather than Sofia. So how is it that, while taking off for Bulgaria, they end up in Sofia? The answer is to do with Sofia’s unique place in the creative and knowledge-intensive field – almost the entire bulk of those industries, as well as the market for them, is situated in Sofia by virtue of it being the capital, the gateway and the country’s most dynamic and relentlessly progressing city. In this sense, foreign migrants end up in Sofia by default – while coming to locate in Bulgaria, they get sucked into Sofia.

In the international respondent sample, much as in the Bulgarian samples studied previously, a significant difference between “location” factors and “retention” factors is evident. Generally speaking, people come (*location decision*) mostly under the influence of “hard”

factors; but then decide to stay on (*retention decision*) because of the influence of “soft” factors – in Sofia’s case, the varied lifestyles available, the existing community life and the tolerance of the city.

As their Bulgarian counterparts, international creatives are pleased with the “soft” aspects of life in Sofia – aspects that arise out of the way of life of the communities, and also out of private initiative. Respondents, international as well as Bulgarian, are severely displeased by the “hard” aspects of Sofia – infrastructure, services, transport, and general upkeep of the place.

In this sense, the traditional “pipes, policing and pavements” policy of the 19<sup>th</sup>-20<sup>th</sup> centuries, which Sofia Municipality is finally trying to follow as of 2008, does target the most acute critiques of the city. While still blissfully unaware of the entire problematic of “creatives” and “soft factors”, Sofia’s planners would evidently be serving the needs of the “creatives”, both domestic and foreign, if they just did successfully the tasks that are routinely expected of municipalities.

Nevertheless, given the high intensity of dissatisfaction with the hard factors, it has been a welcome development that the Municipality has finally decided to tackle “pipes, policing and pavements” head on. During the first weeks of 2009, following decades of policy inactivity, Sofia Municipality has launched a long-term investment program worth 366 mln Euro. The program foresees investments in construction, restoration of kinder gardens, schools, health and social institutions and mostly renewing and restoration of the roads infrastructure. The strategy for Sofia includes concrete projects with possible sources of financing implying the completion of the underground train system, as well as the building of trash compost factory.

In terms of policy, Sofia’s policy-makers are addressing the criticisms, related to “hard” aspects, such as traffic, natural environment, infrastructure and services that both indigenous and foreign creatives have been levelling at the city. This is only the beginning of policy-making in Sofia and its future impact is still impossible to judge. What is obvious is that policy-making has concentrated on the traditional “hard” issues, rather than specifically on attracting Florida-type creatives. On the contrary, the recent – and most likely doomed to fail – attempts of Sofia Municipality to severely and effectively curtail migration into Sofia have the potential of keeping out precisely the kind of creative, mobile “circular migrants” that any city needs to prosper in the 21<sup>st</sup> century. In this particular case, it would be better for Sofia to stay on its historical development path, where stated policy always fails in implementation, so as not to turn the creatives from its gate.

At the same time, given the predominance of “soft factor” considerations in “staying-on” location decisions, the city will have to grapple with soft-factor issues, for fear of eventually losing creatives to other, tidier cities or EU member countries. This would mean enhancing the current “hard-factor” policies with significant “soft-factor” elements. What these elements should be – this we now know from both our research and from Richard Florida’s. For once, our work fits in with his insights: that “creatives” treasure nature-related amenities, such as well-run parks, easy access to unpolluted bodies of water, bicycle paths, pedestrian open public spaces and so forth.

Domestic “creatives” uniformly lay the blame for the city’s unkempt appearance at the door of the municipality; and therefore expect municipal officers to resolve all problems identified. Unlike Bulgarians, however, international respondents tend to place more of blame on ordinary Sofianites for the dilapidation of the mass housing and its immediate environment – i.e. issues that ordinary Sofianites could resolve by their own efforts, but have chosen not to.

While Bulgarian respondents make an attempt to answer policy-related questions (and come up with the answer that Sofia-based policies are non-existent, while national-level policies are the ones that make a difference), international respondents do not mention any policy at all when speaking of their location / retention decisions. Policy, it seems, playing little role in Bulgarian creatives’ location choices, but has zero weight in international migrants’ location choices.

What is, however, crucial in the particular case of Sofia is that any such policies must be developed in a way so as to include civil society into the planning and implementation stages of the planning. For we know that it is the civic energies and the imagination of people living in Sofia, rather than top-down, technocratic policies that have driven the city forward and would, most likely, continue to be the main force behind its further development.

### **4.3 Path dependency. A second attempt, based on the various empirical results**

Objective factors ensured that Sofia became the nation’s creative city by default – for lack of other cities similarly placed. But such factors could have remained an unrealised potential only. What unlocked it was not conscious policy, but local initiative. Initiative produced successes and investor trust, attracting the bulk of domestic and foreign investment, as well as outside human talent, all of which fuelled further development in a virtuous spiral.

The communist takeover of 1944 found in place a self-confident European city with a no less self-confident elite, which the new regime promptly annihilated. Sofia was to become a socialist city, populated by functionaries and a new working class, engaged in Soviet-built heavy industry. In 1989, Sofia housed three-quarters of Bulgaria’s metal production, fourteen per cent of machine construction, a fifth of construction materials production, a fifth of rubber and plastics production – a socialist industrial-Fordist city.

From the end of 1989 and to January 1991 Sofia was the arena of the anti-communist revolution, in which thousands took part over more than a year. The end of communism was seen and felt as a Sofia-driven process, which raised the confidence level of Sofianites in the teeth of economic collapse. A reforming government, appearing in 1991, met the demands of the revolutionary crowds and lifted limitations on private initiative. The government also returned nationalised real estate to its owners, providing citizens with a start-up capital. By 1992, Sofia was transforming from a city of shortages into a place of shops and services. These sucked in the workforce freed from the collapsing state industry.

With hindsight, the “creation out of chaos” developmental trajectory was evident even then. No government or municipal development plan or policy defined Sofia’s re-invention as a post-Fordist city. The path had less to do with planning and almost everything to do with an

Aristotelian-Habermasian model, under which civic energies and habits, once awoken, spread beyond issues of governance (the ending of communism, in this case) and infuse the daily lives of citizens. Political initiative turned into economic entrepreneurship and established Sofia as the locomotive of the new national economy.

Confirming this “self-regulating pattern”, all respondents reported an absence of municipal-level policies for their sectors. Strikingly enough, the lack of policy initiatives was confirmed by the city planners themselves. To illustrate the extent of the problem: officials of Sofia Municipality refused to be involved in the survey on the grounds that the Municipality had no policies whatsoever aimed at knowledge-intensive and creative industries.

National level policies, however, such as the government’s package of policies lowering taxation, are found to be of much greater help by entrepreneurs and managers in Sofia. Regarding the wished for municipal policies, as with other cities in the sample, “hard” factors, such as infrastructure, transportation, access to social and educational centres, security and also initiation events and happenings in the cultural life of the capital, were highlighted by respondents. Sadly, most of the entrepreneurs and managers seemed to be sceptical about the Municipality’s capacity to deliver those factors. At best, respondents expressed hopes that the various administrations would simply stop getting in their way.

By 1996, Sofia established a reputation of being capable of providing jobs for all comers, with an unemployment rate under six per cent (reaching two per cent by 2007, signifying full employment), compared to a national decline in employment of almost twenty-five per cent between 1990 and 1996. When other cities went into steep decline, following the disintegration of the Soviet-style economy, their most dynamic inhabitants flocked to Sofia, supplying it with the nation’s most enterprising, dynamic and creative labour force. Inevitably, this influx dynamised the city, as the (predominantly young) newcomers formed lifestyle sub-cultures, which contrasted with the drab officiousness of the capital in decades past.

By 2002, Sofia was producing thirty per cent of Bulgaria’s GDP, employing a quarter of the entire Bulgarian workforce. During its economic leap, from 1998 to 2002, Sofia’s GDP increased by over eighty per cent. By 2007, some three-quarters of that GDP came from services, with the share of (the once dominant) industrial production shrinking to under one-fifth. Profit generated increased more than three-fold between 1998 and 2003. Over the same period, investment increased more than two-fold. GDP per head in Sofia reached double the national average.

The percentage of the employed in the private sector increased from under four per cent in 1990 to over seventy in 2003. Since the advent of foreign investment into Bulgaria, Sofia has never attracted less than half of it, and continues to pull some sixty-five per cent of it today.

Creative and knowledge companies form just over a fifth of all firms active in Sofia, not taking into account more traditional indicators, such as state-funded educational institutions.

The creative industries in Sofia comprise a large variety of fields, such as advertising, marketing, broadcasting, film, Internet and mobile content, music, print and electronic publishing, video and computer games, design, architecture, visual arts, performing arts, museums and library services. The pointers for 2007 are clear enough (data provided by MarketTest Ltd.):

- Sofia has one-third more owners of businesses and is home to half the entire managerial force of Bulgaria. Half of all self-employed and free-lancing Bulgarians are in Sofia.
- Sofia has one-fifth greater proportion of people involved with culture and science than is the national average, one-third more people working in tourism, double the proportion engaged in banking and finance, double the proportion of employment connected with the arts, and almost double the proportion engaged in trade and services; it also has fifty per cent more people involved in software than the national average.
- More than sixty per cent of Sofianites get more than the minimum wage, compared to under forty as the national average; conversely, the minimal wage and under is admitted to by less than eleven per cent of Sofianites, compared to twenty-four for the country as a whole.

The bulk of Bulgaria's creative and knowledge-intensive industries is today concentrated in Sofia, and these industries form up to one-fifth of the number of companies active in the city. Using the inherited framework of a highly educated workforce, as well as existing education and research institutions, the creative and knowledge intensive industries have concentrated in the capital, in some cases forming a full 100 % of the national pool of a particular industry. International migrants also flowed into the city, forming a multi-cultural mix, the proportions of which are similar to more established multi-cultural capitals, such as London and Paris.

The bulk of amenities required by creative individuals – such as ethnic mix, public interaction areas, highly profiled and segmented cultural life, and wide choice of lifestyles – is also concentrated in Sofia.

The unregulated nature of this development, while creating a number of problems (over-saturation of housing in prestige areas, a six-fold increase in automobiles over a decade and a half, an overloaded and antiquated drainage system which ensures that heavy rain always causes flooding), has resulted in the unmistakable “buzz” of a city on the move. As the fabled Baron Munchausen, Sofia pulled itself out of socialism by its hair and has re-fashioned itself into a creative hub without plan, design or outside help.

Sofia's development plans, as finally available since 2006, remain vaguely concentrated on “hard” factors of development. They should be reconsidered in “creative” (“soft”) terms. There are several very fundamental problems remaining with all Sofia development plans:

- The “historic development path” shows that since the 1940s the city has not developed according to any of the existing plans. The Urban Development Plans occasionally implemented have always been based on unrealistic assumptions, which have almost immediately made all such planning irrelevant.

- Development plans (to 2006-7) at all levels (city, municipality, region, planning region) are based on faulty and unrealistic statistical data and projections, and their implementation may simply continue the imperfect planning heritage.
- Sofia has dramatically re-structured itself (away from heavy industry and to services) and doubled in size, over the 1990s, without any plan. Insofar as we observe the beginnings of “creative city”, these are also entirely due to private initiative. Given that no plans seriously address the problematic of “creative city”, in the mid-term future we expect Sofia’s evolution into “creative city” to continue un-planned – “creation out of chaos”.

Sofia is very much “work in progress” and would most likely remain so in the future, while a more structured policy environment gradually (and inevitably, given EU membership) begins to take shape.

#### **4.4 Position of the city-region with regards hard and soft factors, existing policies/projects enhancing different hard and soft location factors**

From a broader perspective, the Sofia city faces several challenges in order to position itself again as an innovative, prospering, and future-oriented place to live and work on the global scale. First of all, the transformation process after 1989 has led to large quantities of long-term unemployed people. Social welfare, lack of qualification, inflexible (or inaccessible) regional labour markets, and growing second or even third labour markets have to be considered as the major obstacles to solve urban transformation.



## 5 CONCLUSIONS

*Sofia*, the capital of Bulgaria and home to more than two million people, is the most concentrated urban area of the cities in the sample, still to spill over the ring road and into the surrounding countryside. In the mid-1940s this modest-sized city was recast as a Soviet-type industrial metropolis, but by the early 21<sup>st</sup> century Sofia had transformed itself into a city of services, which currently form more than three quarters of its GDP. Most of the knowledge-intensive industries are concentrated in Sofia and the city is home to the bulk of the new creative industries, linked to both the IT revolution and to the new development opportunities provided by the market economy. Sofia's creative sector, comprising one fifth of all companies located in Sofia, has grown apace, with the industries under scrutiny in this study doubling in size, and increasing their employment by three-quarters in 2004-2006 alone.

Policy has not played a role in Sofia's economic development in the 1990s, nor has any policy propelled the city towards the status of an emergent "creative city". The astonishing economic achievements of the city can be traced to one source: the energy and gusto of its inhabitants, placed in a situation of "the invisible hand of the market". Hence our claim that Sofia is a "creation out of chaos" event.

All respondents, including the very articulate broadcasters we interviewed, uniformly report that they neither see, nor feel, nor have been told of any municipal-level policy existing to help the creative sphere. One broadcasting CEO went into more detail, reporting that he is in constant touch with municipal departments supposed to be in charge of such targeted development policies, but that these people produce no policy whatsoever.

The absence of municipal-level policy is so blatant that respondents are at a loss when asked what kind of policies they would like to see developed. Three groups of answers emerge, neither of them doing credit to Sofia's planners:

- the municipality should simply to its job and maintain and develop infrastructure
- the municipality should imitate national policies and cut taxes and rates
- no policy can be expected of the municipality, and policy that impacts the sector can only be the generic, horizontal national policy favouring the business climate in general.

We also stumbled on the researcher's dream: a direct admission of guilt. When attempting to interview municipal officers (for context), ultimately our fieldworkers were refused, by the municipality, with the argument that "the municipality has no policies in your field of interest".

We can now take it as proven that Sofia develop with neither help, nor hindrance from policy. Respondents did identify policies at the national level that they found helpful, and expressed hopes that such policies would continue and even expand in the future.

It has been pointed out to Sofia's ACRE team, by various officials, that Sofia needs no development policies at the municipal level, because it gets all the policies it needs at the

other levels of its existence: once as a Regional centre, and again – as the centre of one of the six National Planning Regions.

The results of the survey do not bear this out. None of our respondents had ever heard of targeted policies at these levels, let alone – being impacted by them. At the same time, it is a fact that at both Region level and National Planning level a wealth of policy documents (strategies, action plans and the like) has been produced. All of this, judging by the results of the survey, has remained on the paper it was written on.

The outcome is simple. Nobody expects the municipality to get involved in policy, but everybody wants it to do its core job better. Everybody expects national-level policies to impact their business and prospects. Therefore, it seems that the general expectation is that Sofia would best continue to develop without municipal policy, but helped along by favourable national policies.

It should not be under-estimated that our most articulate respondents, from the broadcasting sector, were also the clearest when expressing their hopes of the municipality: that it should reorganise its work in such a way so as not to interfere with individuals and businesses.

In as much as respondents think of the policy problematic in the future, they demand to be consulted. This is clearly in line with EU directives and approaches regarding the “stakeholder” approach to policy making: i.e. that the beneficiaries / target groups of policies and legislation should be part of the design, implementation and evaluation process.

But, in order to get to this stage of decision-making, Bulgaria’s authorities at all levels would need to first undergo a cultural revolution. And they have proven very resilient, since 1989, in avoiding this. An interim conclusion here is that, should anyone want to develop policies to support the “creative city”, they should first tackle the long-dormant reform of administration, so as to instill into that administration the capacity for shared decision-making and shared policy. The removal of obstacles, rather than the implementation of policy-level support, is the best that the creative industry expects of Sofia’s planners and managers.

If Sofia wants to continue on its creative path, there should be a clear division of labour:

- the municipality should do efficiently its core business to help the environment generally, such as providing public transport, a cleaner city, parking spaces, green spaces; and should stay away from grander efforts, such as policy
- Sofia’s entrepreneurs and citizens should be placed, by the authorities, in an environment that has been cleared of all administrative and other obstacles.

Sofianites and migrants into the city have demonstrated, over the past decade-and-a-half, that what they need is freedom from impediment, rather than a leg-up. And freedom is all the policy they need.

One major result of the work packages 5-7 is that despite Florida’s claims, hard factors remain of central importance in the decision making process of firms and workers to come in the Sofia region, but the soft factors are more importance to stay.

In conclusion, the Soft factors are for the most companies far more prominent than the hard factors.

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