The attractiveness of Birmingham and the West Midlands region for the 'creative class'

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

ACRE report 8.3

European Commission

CITIZENS AND GOVERNANCE IN A KNOWLEDGE-BASED SOCIETY

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

Amsterdam 2009
AMIDSt, University of Amsterdam

ACRE

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EXECUTIVE SUMMARY

This report forms part of a wider European study exploring the impact of creative and knowledge-intensive industries on the competitiveness of 13 European metropolitan regions. The full report below brings together and synthesises the results from the three phases of empirical work carried out as part of the ACRE project, each of which provides an insight into the key drivers behind the location choices of particular target groups: 1) Recent graduates and individuals working in the creative and knowledge-intensive sectors; 2) Owner-managers of creative and knowledge-intensive firms and freelancers; 3) Highly skilled transnational migrants employed in the creative and knowledge-intensive sectors.

One of the objectives of the ACRE research project has been to 'contextualise' and test Richard Florida's hypothesis that 'soft factors' are critical in attracting the so-called 'creative class' (Florida, 2002).

Consequently the report first compares various 'hard' and 'soft' factors that influence the location decision(s) as well as the perspectives of the individual target groups in the Birmingham city-region. It then evaluates the strengths and weaknesses of the Birmingham city-region in terms of attracting and retaining creative knowledge workers and firms.

General Findings

The research confirms that 'hard' economic factors (career and employment opportunities; education and universities; cost of living and affordability of housing) play a key role in the decision of individuals to come to the Birmingham city-region and these factors are more influential in comparison with soft 'quality of life' factors in attracting talent.

In addition to 'hard factors', the research has also demonstrated that the personal 'trajectories' (familial, friendship and social links; and the 'life stage' of individuals) of UK-born creative knowledge workers and owner-managers and freelancers have strongly influenced their location decision(s) - although this was found to be less the case for trans-national migrants.

These findings challenge Florida's idea that the soft factors are crucial in attracting the creative class to particular cities. Regarding the 'retention' of creative talent, the Birmingham research suggests that 'hard' factors still dominate, but 'soft' and personal 'trajectory' factors increase in importance for all target groups. At a more 'fine-grained' level of analysis, there are subtle but significant differences evident across the dynamics of 'attraction' and 'retention' and this is also one of the key findings of ACRE.

For firms, although a given location still must meet certain 'hard' business requirements (for example, sector characteristics such as overall suitability, quality and cost of commercial premises; transportation infrastructure; and a skilled labour pool), owner-managers also tended to choose business locations based on familiarity with the local area, as well as family and friendship ties. Having lived, studied or previously worked in the city-region means that people are aware of the area as a (good/ or not so good) place to work and do business.

Personal factors, both for owner and employees, were also found to strongly inhibit relocation once a firm is established. Although the 'hard' and 'personal trajectory' factors which attracted owner-managers are also the key to retaining them and their businesses in the city-region, 'soft' factors ('quality of life', 'quality of environment', 'quality of residence'), which were not an overriding consideration in the initial decisions to move to the city-region, or in starting a business there, come more into play in the decision to stay.

Strengths and weaknesses of the Birmingham City-Region

Reflecting on the relative strengths and weaknesses of the local case - and on the contribution particularly of 'hard' and 'soft' factors to the attractiveness of the Birmingham city-region as a place to develop creative and knowledge-intensive industries, for **highly skilled creative-knowledge workers**, the research suggests that a number of critical factors/features contribute positively to the attractiveness of the area. These factors include:

- Good employment opportunities/career development opportunities
- Lower cost of housing (compared to London)
- Low cost of living (compared to London)
- Geographic location (central UK location)
- Good international accessibility (for example, Birmingham International airport is less than 20mins travel from city centre)
- Good schools/children's nurseries
- Good universities
- High quality, regenerated city centre
- Good range of cultural and leisure amenities
- Good shopping facilities
- Access to public open spaces/natural amenities close by (canals, parks, green areas, local countryside)
- Quality of residential neighbourhood environment ('urban villages')
- Tolerance and acceptance of diversity/foreigners/welcoming nature of people

The following factors/features are reported to detract from the attractiveness of the Birmingham city-region:

- Lack of affordable good quality family housing near the city centre
- Over focus on mainstream cultural/leisure activities at the expense of bespoke/site specific offerings
- Over focus on mainstream shopping at the expense of niche/independent retailers
- Over focus on city centre regeneration at the expense of peripheral areas
- Poor environmental quality ('recycling facilities', 'traffic congestion'; 'availability of cycle lanes'; 'availability of parking spaces'; 'air pollution')

- ‘Social’ issues (‘crime levels’, ’anti-social behaviour’; ‘drug problems’; ‘personal safety’; ‘Levels of homelessness’ and ‘lack of affordable housing’)
- General poor environmental quality (‘traffic congestion’; ‘availability of parking spaces’; ‘recycling services’; ‘number and condition of bicycle lanes’; ‘air pollution’; ‘noise pollution; ‘cleanliness of streets’)
- Lack of international schools
- Negative perception/image of Birmingham as a place to live and work
- Overly car-oriented and difficult/unsafe for pedestrians and cyclists
- New Street Station - unattractive and unsafe at night and gives a very poor first impression of the city
- The ‘look and feel’ of the city, particularly the lack of an identifiable and defined central area; a lack of landmark buildings and good architecture; lack of third spaces to meet up with friends.

The following factors contribute positively to the attractiveness of the Birmingham city-region for **creative-knowledge firms**:

- Good transport/communications infrastructure
- Availability/affordability of commercial property
- Good international accessibility
- Central geographical position in the UK
- Accessibility of workplaces (local)
- Good overall labour market conditions and skilled graduate labour pool (for some sectors)
- Proximity to clients/customers (or easy to reach them)
- Established sectors but evolving and general ‘business operating environment’ less saturated than London
- Strong local professional networks (some sectors)
- Good quality of life/quality of environment for attracting and retaining skilled employees

The following factors are reported as detracting from the attractiveness of the Birmingham city-region for **creative-knowledge firms**:

- Lack of skilled workers with work experience (‘brain drain’ to London and the South East)
- Proximity to London (competition for skills and talent)
- Lack of a well-developed national /international client base
- Smaller creative-knowledge economy - opportunities for entry but difficult to grow
- Lack of appropriate commercial property for businesses beyond start up phase
- Negative perception/image of Birmingham as place for a creative business

While many of the ‘hard’ factors are ubiquitous and, although not present in every city, are fundamental elements in attracting people to any location, Birmingham does have some unique ‘soft’ factors which are considered as ‘selling points’: The Custard factory and Jewellery quarter as creative ‘hubs’ and the historic areas of Eastside and Digbeth as potential ‘creative quarters’ within the city-centre area; Birmingham’s rich industrial heritage and history of entrepreneurism; the cultural and ethnic diversity of the city-region which influences creativity and encourages innovation as well as attracting highly skilled trans-national migrants; strong local peer networks (particularly in the creative sector) which act both to attract and retain talent are all unique factors. Certain ‘quality of life’ attributes such as the proximity and ease of access to the countryside/natural environment; the extensive canal network for walking and cycling; distinctive city-centre areas such as Brindleyplace, the Mailbox and the Bullring; and key cultural facilities and institutions are all important. Furthermore, there are some site-specific ‘hard’ factors, particularly related to Birmingham’s size which makes it a very ‘liveable’ city; its central geographic location within UK and accessibility (nationally as well as internationally).

Overall the research suggests that the Birmingham city-region satisfies a number of important ‘hard’ and ‘soft’ location requirements for both individuals and firms. These advantages allow the city to compete nationally and internationally to a certain extent. Nevertheless, the city faces some challenges as a result of its industrial history and which as yet have not been completely overcome - despite a policy focus on physical regeneration and the economic restructuring/diversification that has occurred over the last 15 years.

Birmingham cannot escape the challenging effects of globalisation, the pace of science and technology or the ‘irrationality of human decision-making’ on its industries, technologies and labour market(s); and closer to home it must understand that there are strategy implications and policy and investment choices that derive also from an understanding of the current dominance of London as a creative and knowledge ‘hub’ in the UK.

While there are some obvious limits to the effectiveness of local and regional development policies and the particular ‘power of place’ that Birmingham can exercise across the sectors addressed in this research, the findings suggest that there are timely opportunities for policy action around skills development, the attraction of firms and investment, and the development of stronger networking for collaborative commercial advantage - as well as for the improvement of the built environment and the branding of the city.

A final observation is that the early policy observations emerging from this work for the Birmingham city-region may require a re-think of (re)generative leadership and governance for creative city agendas going forward. Some focus on this latter dimension of the creative city seems even more important in the current uncertain economic context – and will be addressed in ACRE Work Package 11.

1 INTRODUCTION

1.1 Aims and objectives of ACRE and current Work Package

One of the key objectives of the ACRE research project is to determine the role of so-called 'hard' and 'soft' factors in creating and stimulating creative knowledge regions (see Musterd *et al*, 2007), particularly in terms of how they affect the movement and location decisions of the so called 'creative class' (Florida, 2002; 2005).

In his influential book *The Rise of the Creative Class*, Richard Florida suggests that the 'creative class' is highly mobile, with preferences for weak social ties but strong preferences for certain amenities and other resources - characteristics termed 'quality of place' - which are predominantly found in cities (Florida, 2002). Florida argues that aspects such as tolerance of different lifestyles and ethnic and religious diversity; the creative 'buzz' of a city; the quality of the built environment; the prevalence of good leisure, recreational and cultural amenities; pleasant neighbourhoods and high environmental quality are essential attributes for cities to possess in order to attract highly skilled workers (Florida, 2002, 2005a, 2005b). Florida also argues that in the 'new' knowledge-driven economy, jobs follow these talented people. Regional economic growth is driven by the location choices of creative people – the holders of creative capital. The underlying hypothesis is that the presence and concentration of 'bohemians' in an area creates an environment or milieu that attracts other types of talented or high human capital individuals. The presence of such human capital in turn attracts and generates innovative, technology-based industries. Accordingly, places that are both 'cosmopolitan' and are rated highly in terms of 'quality of place' will attract the most talented individuals and will perform best economically.

Florida (2002) makes three main claims about the importance of the 'creative class' to city-region economic performance:

1) The 'creative class' shapes the economy of cities – jobs move to where skilled people are located;
2) City-regions that attract and retain the 'creative class' do better – creativity is the driving force for economic development.
3) The 'creative class' tends to locate in diverse, tolerant 'cool' cities which have particular 'quality of place' amenities.

In the more recent publication, *The Flight of the Creative Class* (Florida 2005), the creative class is argued to be responsible for differences in economic growth across industrialised countries around the world. The implication is that 'creative countries' are attracting more foreign researchers, computer scientists, and freelancers than countries that have not developed open and tolerant cities.

However, even if the broad tenets of Florida's hypothesis are accepted, the question of whether the results of his US analyses apply to other countries has still to be addressed. There have been few attempts to replicate Florida's work with European data, which is particularly relevant given the lower mobility of Europeans when compared to those in the USA and Canada.[1] Florida co-authored a paper with Irene Tinagli for the UK think-tank Demos - 'Europe in the Creative Age' (Florida and Tinagli, 2004) but this ranked European countries, not cities, by the '3Ts': technology, tolerance and talent.[2] Nathan (2005, 2008) and Gibbon (2005) have reviewed Florida's theory in a UK context, and found weak support both for the 'creative class' concept, as well as the notion that 'bohemian' or diverse milieus attract skilled workers.

Despite their popularity among local and regional policymakers in the U.S. and Europe, Florida's ideas have been contested (see, for example, Clark, 2002; Hoyman and Faricy, 2008; Glaeser, 2005; Malanga, 2004; Markusen, 2006; Montgomery, 2005; Peck, 2005; Scott, 2006). Critics consider that the role of the 'creative class' is overemphasised, and that the presence of creative people alone cannot provide a strong enough base for the long-term economic success of a city (e.g., Scott, 2006). Markusen (2006) has argued that the 'creative class' is better explained by educational attainment rather than creativity and that this is more important in explaining their co-location. Several have commented that some of the statistical evidence presented by Florida is rather weak (e.g., Glaeser, 2005; Malanga, 2004). There is a suggestion that Florida may also have overstated the significance of specific subgroups in the creative class, such as bohemians or gays (e.g., Glaeser, 2005; Scott, 2006, Clark, 2004) - Clark (2004) for example used Florida's own data-sets and found no correlation between the presence of significant numbers of gays in a city and the presence of high-technology knowledge industries. A further difficulty is that many of the 'quality of place' attributes ascribed by Florida (2002) as important in attracting the creative class are hard to define or measure and many are subjective. However, perhaps of most concern that despite the proliferation of policy measures to attract the 'creative class', the concentration of creative workers has not been directly tested in relation to urban innovation or growth of jobs or wages, and that 'policy precedes proof' (Hoyman and Faricy, 2008, p315).

This report brings together the results from the three phases of empirical work carried out as part of the ACRE project, in an attempt to understand the attractiveness of Birmingham and the West Midlands metropolitan region for the so called 'creative class'. In particular, the report provides an insight into the key drivers behind the location choices of three target groups: 1) recent graduates and individuals working in the creative-knowledge sector; 2) owner-managers of creative and knowledge-intensive firms as well as freelancers; 3) highly skilled transnational migrants employed in the creative-knowledge sector.

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[1] In comparison to the usual benchmark of mobility – the USA – European citizens are, on average, less likely to move residence. Data collected by the US Census Bureau in 2000 (http://www.census.gov/main/www/cen2000.html) show that almost a third (32 per cent) of US citizens live outside the state in which they were born: this is almost twice the level of regional mobility in the EU (18 per cent). The Eurobarometer survey data show that about 22 per cent of the EU population has ever lived in another region or country. On the basis of this figure, the EU–USA difference in mobility is lower, but still substantial (see Eurofound, 2006).

[2] Florida also produced an index of the 'creativity' of British cities, adapted (rather freely) from a Demos conference on his work in 2003.

The objective is to explore the relative importance of 'hard' and 'soft' factors as well as what we have called 'personal trajectory' factors; that is to say, the influence of existing familial, friendship and social ties in the city-region – how these influence the decisions of individuals in terms of where they choose to live and work; or for firms, what makes them decide to locate a business in the Birmingham city-region. A second and interrelated objective is to explore the role that these factors play in the decisions to locate in a particular part of the city or wider region.

The report aims provide a more comprehensive understanding by comparing the various location factors affecting the decisions and assessments of individual target groups, and analysing the weight of the various location factors in the decisions taken by these actors. By doing so, the report both summarises and synthesises the results of previous ACRE work packages, presenting an integrated approach to the three previous reports.

1.2 Outline of report

The remainder Chapter 1 briefly introduces the Birmingham and West Midlands economy generally and more specifically, that of the creative and knowledge-intensive industries. Chapter 2 explains the choice of quantitative and qualitative research methodology adopted for the ACRE study and provides a short description of previous empirical work packages (WP 5, 6 and 7) as well as the methodological approach applied to the current work package.

Chapter 3 presents the empirical results from WP 5-7, concerning the evaluation of the Birmingham city region from the perspective of the three different target groups (graduates and creative-knowledge sector workers; owner-managers/freelancers; and trans-national migrants). The different orientations and behaviour of the three different target groups are discussed as well as the factors which underlie the different orientations, perceptions, and preferences the target groups.

Chapter 4 evaluates the Birmingham city-region from the perspective of local conditions and policies. The strong and the weak points of the city-region regarding its capacity to accommodate creative knowledge are presented, and an indication is made of whether these factors are site specific or ubiquitous indicators. The issue of path dependency is also addressed in respect the strong and weak points of the city region. Finally, existing policies and projects which aim to enhance different 'hard' and 'soft' location factors in the city region are discussed.

Chapter 5 is an overall evaluation of the Birmingham city region. The chapter also reflects on local development strategies and policies and makes some recommendations concerning the accommodation of creative knowledge in the city region.

1.3 Introduction to Birmingham and the West Midlands economy

The West Midlands has traditionally been known as the industrial heartland of the UK, with an economy heavily associated with manufacturing, particularly automotive; aeronautics; metal processing and manufacture; plastics and rubber; food and drink (especially cocoa and chocolate confectionery); electronics and telecommunications engineering; and ceramics. The full employment economy that this created in the city in the 1950s, 1960s and 1970s attracted migrants from around the world. However, the Region has been severely affected by continuing restructuring and de-industrialisation over the last thirty years, brought about by low productivity and strong overseas competition in the manufacturing industries, which led to high levels of widespread, long-term unemployment in the region, particularly during the mid to late 1970s and 1980s. Between 1978 and 2002, two-thirds of jobs in manufacturing were lost with numbers employed in the sector falling from 250,000 to 81,000. Since the mid-1980s, however, there has been a regional recovery in terms of employment and a major factor in this has been the steady growth of employment in the service sector. However, there have also been significant challenges associated with this intense restructuring period including:

- a weak record of employment generation;
- a decline in sectors employing the majority of male manual workers;
- a large body of residents without marketable skills or service sector experience creating a solid core of long-term unemployment and non-employment;
- a workforce without the tradition of self-employment;
- a residual stock of out-dated industrial property and congested sites;
- the relative lack of a modern resident skilled workforce making it difficult to attract knowledge based sectors.

(Parkinson, 2006, p6)

Much of this service sector growth has been focused around Birmingham, commencing with an ambitious strategy of economic and physical regeneration the 1980s and 1990s which formed the catalyst in the transformation of the industrial/financial/service base of the city. Since the mid-1980s, Birmingham has tried to establish itself as an important exhibition and conference centre, notably with the construction of the International Convention Centre (ICC) and the National Exhibition Centre (NEC) and has focused on 'business tourism' to boost service sector employment. Nonetheless, it is only in within the last decade or so that the expanding service sector has made a significant impact on the city and region in terms of Gross Value Added (GVA) and this has corresponded with substantial employment growth in the financial and professional business services sector.

Although there have also been attempts to diversify Birmingham's industrial base by developing new, high value, high growth activities such as telecommunications, biomedical, and computer software/hardware services, the economy of the city and the wider region remains at risk because of the continuing over-dependence on low-value manufacturing sectors as well as problems associated with declining employment in the fragile automotive industry (Parkinson, 2006; see also Birmingham Science City prospectus). Despite the growth in service sector, manufacturing is still more important within the economic structure of

Birmingham and the West Midlands than in any other region in the UK, accounting for 14.7 per cent of regional employment compared with 10.9 per cent nationally, despite a dramatic drop in employment figures for 2005 due to the collapse of MG Rover (Table 1.1).

Table 1.1: Employment by sector - Birmingham, West Midlands and Great Britain 2006

	Birmingham 2006	W.Midlands 2006	Great Britain 2006
Total Employment in the Economy (000s)	**491,841**	**2,377,433**	**26,320,590**
1: Agriculture and fishing (SIC A,B)	0.0	0.9	0.9
2: Energy and water (SIC C,E)	0.3	0.5	0.6
3: Manufacturing (SIC D)	11.4	14.7	10.9
4: Construction (SIC F)	3.5	5.0	4.8
5: Distribution, hotels and restaurants (SIC G,H)	24.0	23.7	23.5
6: Transport and communications (SIC I)	4.7	5.6	5.9
7: Banking, finance and insurance, etc (SIC J,K)	21.2	17.8	21.2
8: Public administration, education & health (SIC L,M,N)	30.1	26.6	26.9
9: Other services (SIC O,P,Q)	4.8	5.1	5.3

Source: ONS, Annual Business Inquiry, 2006.

However, as Table 1.1 indicates, employment in service sector industries now far exceeds that in manufacturing, accounting for over three quarters of total employment in the Region. The West Midlands now has the largest business and professional service (BPS) sector outside London, although a significant share of this is concentrated in and around central Birmingham. However, there are also potential risks associated with a concentration of employment in this sector, notably potential job losses resulting from increased productivity and 'off shoring' of activity (Parkinson, 2006). Birmingham also has a particularly large proportion of public sector employment, notably in health and education (30.1 per cent compared with 26.9 per cent nationally). However, there is also a high proportion of low-skilled service sector employment, particularly in the hotel and restaurant sector.

Table 1.2: Employment by occupation - Birmingham, West Midlands and Great Britain, 2008

Occupation	Birmingham	W. Midlands	Great Britain
Soc 2000 major group 1-3	**41.3**	**39.4**	**43.2**
1 Managers and senior officials	13.5	14.7	15.7
2 Professional occupations	14.2	12.0	13.0
3 Associate professional & technical	13.6	12.7	14.5
Soc 2000 major group 4-5	**20.5**	**23.8**	**22.2**
4 Administrative & secretarial	12.5	11.9	11.4
5. Skilled trades	8.0	11.9	10.8
Soc 2000 major group 6-7	**16.9**	**15.6**	**15.8**
6 Personal service occupations	8.6	8.0	8.2
7 Sales and customer service	8.3	7.6	7.6
Soc 2000 major group 8-9	**20.6**	**20.9**	**18.5**
8 Process plant & machine operatives	7.9	8.5	7.1
9 Elementary occupations	12.7	12.4	11.4
Total	**99.3**	**99.7**	**99.7**

Source: ONS Annual Population Survey, 2008

Note: Data has been re-weighted in line with the latest ONS estimates therefore does not sum to 100%

Birmingham and the West Midlands region also lag behind the national figures in terms of managerial and professional occupations – Table 1.2. However, this gap is narrowing. For example, only 36.3 per cent of occupations in Birmingham were in this category compared to 42.2 per cent nationally in 2006 (ONS, Annual Population Survey, 2006). However, latest figures estimate that 41.3 per cent of occupations in Birmingham are now in this category compared to 43.2 per cent nationally (ONS, Annual Population Survey, 2008). Birmingham has a slightly higher proportion of occupations in personal service and sales (16.9 per cent compared to 15.8 per cent nationally) and elementary or process occupations (20.6 per cent compared to 18.5 per cent nationally).

The shifting economic profile of the Region demands different skills sets (LSC, 2005). However, the working age population in the West Midlands is recognised as having major skills deficiencies, which are most pronounced in Birmingham. Although there are parts of the region with highly skilled and qualified populations, the general skills deficiency, low levels of productivity and competition are seen as key factors in explaining why the West Midlands lags behind other regions of the UK and Europe in terms of economic growth (Bryson and Taylor, 2006).

1.4 Creative and knowledge intensive industries in the Birmingham economy

This section provides an overview of creative and knowledge intensive sectors in the Birmingham economy and then provides an overview of each of the sub-sectors chosen for the ACRE research: Motion Pictures & Video Activities, TV& Radio; Computer Games and Digital Media/Web design; Business and Management Consultancy Activities - profiling them in the national context and then outlining the main characteristics of each sub-sector in Birmingham and West Midlands region.

1.4.1 Creative industries in the Birmingham economy

In 2006, there were 27,519 CIs jobs in Birmingham, representing 5.6 per cent of the Birmingham economy (ONS, Annual Business Inquiry, 2006). Simply looking at employment, Arts/Antiques (25.6 per cent) and Architecture (26.1 per cent) dominate, followed by Computer Software (19.5 per cent)[3]. Of the other CIs sub-sectors in Birmingham, Music and Visual and Performing Arts (9.9 per cent); Screen Media and Radio (8.7 per cent); and Advertising (5.1 per cent) are less important in pure job numbers – Table 1.3.

In 2004, Birmingham CIs contributed 8.7 per cent of the city's GVA (Lutz *et al*, 2007). However, there are significant differences within sub-sectors – with some performing better

[3] However statistics for Arts/Antiques and Architecture sub-sectors need to be interpreted with caution, as these two categories contain branches which can neither be regarded as creative nor as knowledge intensive. For example, the SIC codes covering architecture include many activities related to machinery and industrial plan design. It is difficult to extract from the SIC codes covering Arts/Antiques the creative parts of this sector, but it is likely that much of it refers to sales activities.

than others. The largest sub-sectors within CIs in Birmingham as measured by GVA are Software (35 per cent) and Architecture (31.9 per cent). Radio & Television (9.8 per cent) and Advertising (6.6 per cent) are next, while Music and the Visual and Performing Arts contributes least (1.1 per cent) (ONS, Annual Business Inquiry, 2005).

Table 1.3: Employment in Creative Industries - Birmingham (2006).

	number	%CIs employ	% Total employ
Advertising	1,408	5.1	0.3
Architecture	7,189	26.1	1.5
Arts and Antiques	7,042	25.6	1.4
Designer Fashion	563	2.0	0.1
Video, Film & Photography	848	3.1	0.2
Music and the Visual & Performing Arts	2,712	9.9	0.6
Publishing	863	3.1	0.2
Computer Software	5,357	19.5	1.1
Radio and Television	1,537	5.6	0.3
Total CI employ	**27,519**	100.0	
Total employ	**491,841**		
CI employ as proportion of total employ			**5.6**

Source: ONS, Annual Business Inquiry, 2006

In 2006, there were 3,638 Creative firms in Birmingham according to the Annual Business Inquiry (ONS, Annual Business Inquiry, 2006). This number represented around one tenth of all firms in Birmingham. Arts and Antiques (1,188 firms), Architecture (782 firms) and Computer Software (711 firms) are the sectors with most firms in Birmingham. In comparison, there are only 108 Publishing firms and 166 Advertising firms in the city.

Available national data sets do not capture small companies below the VAT threshold or freelancers. It is estimated that around a third of CIs (31 per cent) are not registered for VAT in Birmingham and there are thought to be approximately 21 per cent freelancers in the CIs sub-sectors (Burfitt *et al.*, 2006). Not only does this indicate the importance of freelancers and self-employed people in the CIs sectors in Birmingham, it indicates that official figures underestimate, by nearly a third, the number of CI firms in the City.

Around 89 per cent of CIs firms in Birmingham have less than 10 employees. This is a higher proportion than found in the local economy as a whole (80.3 per cent) but lower than nationally for creative firms (92.1 per cent). Firms in Screen Media and Radio; Publishing; and Music, Visual & Performing Arts were more likely to have medium and large firms. Overall, 0.4 per cent of CIs firms had more than 200 employees in 2005 - above the national average of 0.2 per cent (ONS, Annual Business Inquiry, 2006).

The CIs sector in Birmingham is also dynamic: The majority of firms are less than 15 years old and 48 per cent of firms were created in the last 10 years (Burfitt *et al.*, 2006). Furthermore, more than 5 per cent of firms were created in the last three years in Publishing, Software, Screen Media and Radio and up to 8.2 per cent in Music and Performing Arts.

1.4.2 Knowledge intensive industries in the Birmingham economy

Finance, Law and Other Business Services together with R&D and Higher Education are important sectors in Birmingham's economy. These sectors have been part of the regeneration strategy pursued by the City and are sectors with a higher concentration of jobs in the City than the national average. Law and Other business services dominates, with nearly half (49.4 per cent) of Knowledge Industries (KIs) employment in the city, followed by Finance (27 per cent). Higher Education and R&D makes up 17.4 per cent of employment in the sector (nearly all accounted for by Higher Education), while ICT (excluding software) accounts for the remaining 6.2 per cent of KIs employment – Table 1.4

The Finance sector accounted for 4.3 per cent of the city's employment (20,926 employees) in 2006. This was down from 4.9 per cent in 2005. However, it is still well above the national average for employment (3.9 per cent) in this sector (ONS, Annual Business Inquiry, 2006). Law and Other Business Services accounted 7.8 per cent of employment (38,346 employees). Again, this proportion is higher than the national average (7.0 per cent of employment) for 2006. There were 13,461 jobs in Higher Education and R & D in Birmingham in 2006 corresponding to 2.7 per cent of the city's employment, which was slightly above the national average of 2.5 per cent. Finally, there were 4,839 ICT jobs (excluding software). This represented 1.0 per cent of employment, below the national average of 1.6 per cent. In total, KI employment represents 15.8 per cent of Birmingham employment, which is above the national average of 14.9 per cent.

Table 1.4: Employment in Knowledge Sectors in 2006; Birmingham and Great Britain

	number	% KI employ	% Total employ
Financial intermediation	20,926	27.0	4.3
Law and other business services	38,346	49.4	7.8
R&D and higher education	13,471	17.4	2.5
ICT (excluding software) [1]	4,839	6.2	1.0
Total KI employ	**77,582**	100.0	
Total employ	**491,841**		
KI employ as proportion of total employ			**15.8**

Source: ONS, Annual Business Inquiry, 2006

Notes: [1] This calculation is based on: 3002: Manufacture of computers and other information processing equipment; 7210: Hardware consultancy; 7230: Data processing; 7240: Data base activities; 7250: Maintenance and repair of office, accounting and computing machinery; 7260: Other computer related activities; 6420: Telecommunications

There were 4,843 firms in KIs sectors in Birmingham 2006, with the majority (63 per cent) in Law and Other Business Services. Firm size varied across sub-sectors: while more than two thirds (68 per cent) of Finance firms had fewer than 10 employees, only half (52 per cent) of Law and Other Business Services firms have this number of employees. However, 7 per cent to 9 per cent of firms in both these sectors also have more than 50 employees which is higher than the average for firms in the Birmingham economy (5.2 per cent with more than 50 employees). This indicates the presence of a very mixed sector where many small firms operate alongside large, national and international branches (e.g. Ernst and Young, KPMG, Deloitte, Barclays, Lloyds, Baker Tilly, Andersons).

1.5 The impact of the recession on the Birmingham and the West Midlands economy and the role of creative and knowledge intensive industries post 'credit crisis'

The effect of the current global recession means that the West Midlands face a number of new challenges, particularly in the short term (WMRO, 2009a). Initial economic indications point to the region faring badly in the current recession (IER, 2009)[4]. Unemployment, already higher than the UK average for most of the decade, has accelerated at a faster rate than nationally. In June 2009, the West Midlands had the highest unemployment rate, measured by the claimant account, of all the regions in the UK (IER, 2009). The official ILO measure of unemployment in the region is now 10.4 per cent compared with a 7.9 per cent average for England (Jun-Aug 2009). Significantly, young people have been the worst affected age group in this recession, seeing the biggest increases in their unemployment rates. There are now over 57,000 young people (aged 18–24) in the region claiming Jobseeker's Allowance, equating to more than one in ten young people (claimant rate 11.1 per cent) according to Office for National Statistics (claimant counts). This is the highest youth claimant rate among the English regions.

However, despite initial concerns that the current recession would impact on professional and other so called 'white collar' jobs to a greater extent - given the focus on the loss of jobs in the financial services sector - the characteristics of job losses appear similar to those of previous recessions: job losses are being concentrated in areas which have already suffered a long-run decline in employment, such as manufacturing, and this is likely to be accelerated further, with knock-on effects to other industries which provide a range of services to the sector, and it is the less skilled and qualified who are most at risk of being unemployed (IER, 2009). By 2020 there is expected to be considerable change in the industrial composition of employment: manufacturing employment will continue to decline and employment growth will be limited mainly to construction and services (including some parts of the public sector) (IER, 2009).

Related to the change in the industrial composition of employment will be changes in the types of job people undertake. There is predicted to be a continued decline in skilled manual work which will be offset in the growth of relatively highly skilled jobs (managers, professionals, and associate professionals) and many relatively less skilled jobs (caring /personal service occupations). In general, highly skilled jobs are projected to grow less in the West Midlands than nationally; and caring type jobs are expected to grow more. This has been characterised as an increasing polarisation of labour demand with a thinning out of jobs in the middle (IER, 2009), and has significant implications in terms of providing appropriate skills and training for local people.

Before the downturn, the creative industries sector had been highlighted as a key sector for future economic growth and regeneration in a local as well as a sub-regional context. They have since been identified by the UK Government as 'key to economic recovery' due to their

[4] The following information is taken from Warwick IER Recession Watch: West Midlands; http://www2.warwick.ac.uk/fac/soc/ier/recession/; accessed 23/10/2009

significant economic output, and their role in creating a digital infrastructure described as ‘fundamental’ to the future competitiveness of British business (DCMS, 2009). Nonetheless, it is currently unclear what effect the current recession has had on the creative sector in the West Midlands and how it will fare in the future. Very little research has been carried out to date at either a city or regional and so the picture is, at best, patchy. In order to improve intelligence, however, the West Midlands Chambers of Commerce have now altered their Quarterly Economic Survey to include a ‘cultural/creative’ firm category. It is envisaged that this will lead to a more detailed understanding of how the recession is impacting on the region’s cultural and creative sector in future.

What can be said is that current, anecdotal evidence suggests that the recession may create favourable conditions for some types of cultural organisations (e.g. historic houses, museums, leisure centres, cinemas) and less favourable conditions for others (e.g. some performing arts organisations and arts centres) (WMRO, 2009b). However, local cultural sector organisations are facing increased competition for smaller amounts of funding. Local authorities have made cuts to arts, culture and tourism budgets and/or small grants programmes. This coincides with a reduced Advantage West Midlands budget, and withdrawal of funding to the Advantage Creative Fund as well as reduced funding from private investment. Furthermore, the number of advertised cultural and creative sector vacancies has dropped to nearly half what it was during the same period last year. This ‘reining in’ of recruitment is thought likely to have an impact on jobseekers and particularly recent graduates (WMRO, 2009b).

Used as a ‘proxy’ to determine the effect of the recession on the West Midlands creative economy research commissioned by SEEDA (SEEDA, 2009) into the impact of the downturn on creative industries based in the South East of England indicates that the sector is likely to be hit harder than other sectors of the economy, due to the high number of micro-businesses and SMEs that constitute the sector and its supply-chain linkages with some of the most severely hit sectors of the economy (such as construction in the case of the architecture industry). The creative industries are also likely to be impacted directly by falling consumer spending and the shortage of credit. Nonetheless, in the medium to long term, the creative industries are viewed as ‘well placed to prosper’ if they collaborate with the ‘innovative industries’ such as software and computer gaming. This finding is particularly significant given the strength of the West Midlands software, digital media and computer gaming industries.

2 RESEARCH DESIGN AND METHODOLOGY

2.1 Methodological background of previous work packages

This report presents a synthesis of the empirical results of the last three ACRE work packages (WP 5, 6 and 7). In all work packages, the overall objective was to understand the drivers behind the decisions of chosen target groups (graduates and workers in the creative-knowledge sector; owner-managers and freelancers; and highly skilled trans-national migrants) to find a job or to choose to set up a business and to live their lives in a particular city, in this case, Birmingham. A second and interrelated objective was to explore the role and relative importance that both 'hard' and 'soft' factors play in these decisions-making processes. Both quantitative, survey-questionnaires (WP5) and qualitative, semi-structured interviews (WP6 and 7) were used, and so it is useful to briefly recap on these prior to discussion of the methodology used for the current work package.

WP 5 – Creative Knowledge workers and graduates

This report brought together the results of a questionnaire survey of 196 people working and living in Birmingham or the West Midlands region: 132 workers employed in creative and knowledge-intensive occupations (53 from creative industries and 79 from knowledge-intensive industries) and 64 graduate workers who had qualified from University of Birmingham or Birmingham City University between 1998 and 2006.

Specific sub-sectors of the creative knowledge economy were selected by the ACRE co-ordination team. The candidates chosen were either employed in these sectors or, in case of the graduates, had qualifications in subjects allied to these sectors. In either case, respondents had to be qualified to degree level or above, or hold an equivalent level vocational qualification (Further selection and sampling details can be found in Brown *et al*, 2008a).

The following creative-knowledge sub-sectors were chosen:

Creative Industries:

1) 72.2: Computer games, Software, Electronic publishing; Software consultancy
2) 92.1 and 92.2: Motion pictures & Video activities; Radio& TV activities
3) 74.4: Advertising
4) 74.8 Speciality Design

Knowledge Industries:

1) 74.1: Law; Legal, Accounting, Book keeping, Auditing, etc.
2) 65: Financial intermediation; 67: Activities auxiliary to Financial intermediation
3) 73.1 & 73.2: R & D, and 80.3: Higher Education

The questionnaire was developed by the ACRE Dublin team. The development of the questionnaire involved a number of different steps, including formulation of questions (drawing current research on, for example, life satisfaction and quality of life issues); local piloting of draft questionnaire; incorporation of adjustments from pilot analysis; incorporation of feedback from other ACRE partners and ACRE co-ordination team; and revision and rewording of final questions. The final questionnaire consisted of four sections: As well as an overall evaluation of the city, Section A of the questionnaire aimed to find out how satisfied creative workers and graduates were with specific 'quality of place' aspects of the city such as cultural, leisure and recreational facilities; environmental quality; cost of living; architecture and quality of built environment. Section B addressed overall job satisfaction as well as satisfaction with specific aspects of respondent's jobs (for example, sense of achievement, opportunity to use a range of skills, networking opportunities) and with the general work environment. Given that the neighbourhood area in which people live is an important element contributing to people's overall satisfaction with place, neighbourhood satisfaction and satisfaction with their dwelling were addressed in Section C: Finally, in common with best practice questionnaire design, Section D included standard social, economic and demographic questions.

WP 6 – The managers' view

For this work package, the methodology changed from quantitative to qualitative. The report brought together the results of in-depth interviews of 30 freelancers and owner-managers who had decided to work as freelancers or set up their businesses in Birmingham or the West Midlands Metropolitan region.

Respondents were selected on the basis of three characteristics: 1) according to specific sub-sectors of the creative knowledge economy based on pre-selected SIC/NACE codes (see below); 2) the size of the firm (in terms of the number of permanent employees); and 3) geographical location of the firm within the city-region.

Again, specific sub-sectors of the creative knowledge economy were selected by the ACRE co-ordination team. The candidates chosen for interview were either working in these sectors as freelancers or had been directly involved in setting up a company in these sectors. The following sub-sectors were selected:

Creative Industries:

1) 72.2: Computer games and Digital media/Web design
2) 92.1 and 92.2: Motion pictures & Video activities; Radio& TV activities

Knowledge Industries:

1) 74.14 Business and Management Consultancy Activities.

A total of 30 interviews were carried out: 9 in Motion pictures & Video activities and Radio& TV; 11 in Computer Games and Web Design; and 10 in Business and Management Consultancy Activities. Furthermore, 5 expert interviews were carried out with policy makers and expert stakeholders (Further details can be found in Brown *et al*, 2008b).

The size of the firms were chosen to ensure representation between freelancers, small start-up companies of less than 10 employees, and larger, more established firms with more than 10 employees. In total 6 freelancers; 12 firms with 2-10 employees and 12 firms with more than 10 employees were interviewed.

The interviews were guided by key thematic areas, which were the same for all the metropolitan regions in the ACRE project. They consisted of: 1) origins of the firm, general company and interviewee background information; 2) the role of 'soft' and 'hard' location factors and their influence on the location of the firm in the city region; 3) an assessment of the city and its image as a creative environment for individuals and firms; 4) business models and markets, types of customers/clients and their geographical location; 5) knowledge and skills requirements, recruitment of skilled employees; training provision; 6) relationships and formal and informal networking of firms with other firms or individuals in the same or different sector; 7) prospects and pressures at the current location; and 8) an assessment of the policy measures and the role of local government/public support for the creative knowledge sector in the city region.

WP7 – Highly skilled Trans-national Migrants (TNMs)

Again, this work package was based on the qualitative analysis of in-depth interviews with 29 TNMs who worked or had set up their own businesses in Birmingham or the West Midlands Metropolitan region: 10 in Visual and Performing Arts; 9 in Business and Management Consultancy Activities; and 10 in the Higher Education sector.

Respondents were selected on the basis of the following criteria: 1) according to specific sub-sectors of the creative knowledge economy based on pre-selected SIC/NACE codes (see below); 2) they were highly skilled (educated to at least degree level or an equivalent vocational-level qualification); 3) they had migrated to UK for primarily economic reasons (i.e. not an asylum seeker, refugee, or moved with parents)[1]; 4) they had been resident in Birmingham for a minimum of 6 months and a maximum of 10 years.

One creative and two knowledge-intensive sectors were selected:

Creative Industries:

1) 90.0: Visual and performing arts

Knowledge Intensive:

1) 70.2: Business consultancy activities

2) 85.42: Higher Education

[1] One interviewee in the Visual and Performing Arts sector initially moved to Birmingham as an asylum seeker but very quickly made a conscious decision to remain in the city to live and work.

These sectors were selected; 1) to retain continuity with previous ACRE work packages (WP5 and WP6) in the case of Business and Management consultancy and HE sectors; 2) pragmatism as we have contacts and access to these sectors (for example, we have access to a database of 900 foreign university of Birmingham staff) plus there is statistical evidence that the Business consultancy sector has a relatively high number of migrants; 3) Data on migrants working in individual creative industries sub-sectors is very problematic. However, previous research carried out by members of the ACRE Birmingham team and personal knowledge of the individual sectors indicates that the Music and Visual & Performing arts sector in Birmingham is particularly diverse in terms of nationality.

We were not been able to control for nationality in the sample or to select EU, A8, New Commonwealth or Rest of the World migrants in proportion with the Birmingham or the West Midlands migrant profile (See Brown *et al.*, 2008b for more details). Similarly, it was not possible to control for gender.

In terms of nationality, 2 interviewees came from A8 countries (Poland); 13 from EU countries; 9 from New Commonwealth (India, Pakistan, Australia, Canada etc); and 5 from the Rest of the World. 11 interviewees (37.9 per cent of the sample) were female compared to 45 per cent in the Region.

The key themes covered in the semi-structured interviews were the same for all interviews carried out, and included:

1. Attraction: determining the reasons underlying the decision to come to Birmingham.
Why does a professional decide to move (for a brief or long period) to the UK generally and to Birmingham more specifically? What makes the city attractive for a foreigner (role of 'soft' and 'hard' factors)? How does it attract them on a practical level? What institutions, networks, programmes does it offer?

2. Living and working in Birmingham
What do they like and dislike about living and working in Birmingham (role of 'soft' and 'hard' factors)? What activities are they involved in outside work (use of cultural and other recreational facilities in city and elsewhere)? How do foreigners interact with others (do they develop networks for social or work reasons)? Why do they choose a particular residential area and what are their opinions about their neighbourhood?

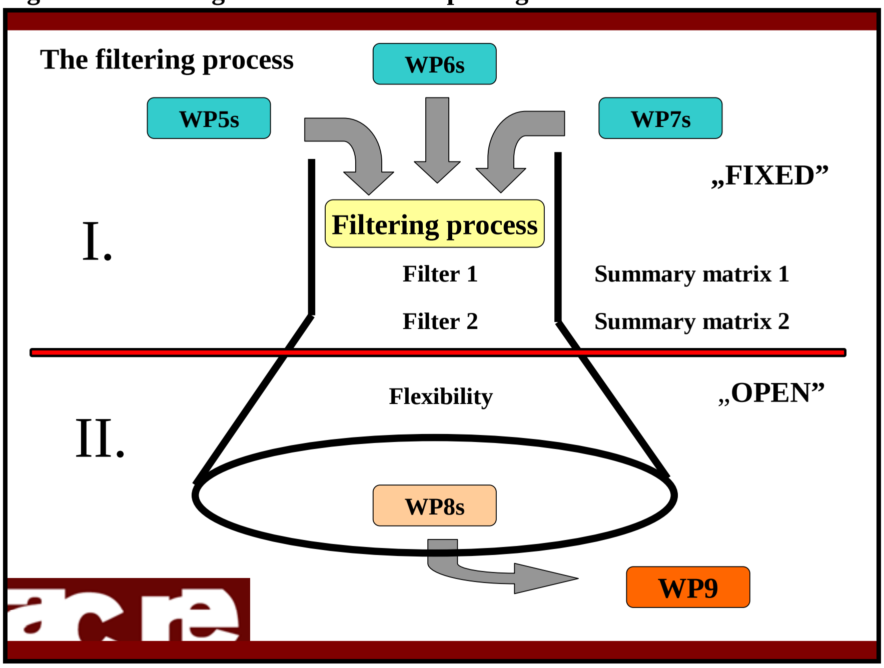
3. Remaining in or moving from Birmingham
What impression do foreigners have of Birmingham? Why do they decide to remain or leave (role of 'soft' and 'hard' factors)? What institutional facilities exist for foreigners in Birmingham (for example, do they get any help with practical and bureaucratic aspects, with creating networks, and so on, in order to facilitate the entry in the job market?)? What more should/could Birmingham offer? What are they looking for in the city?

2.2 Integrating different approaches: Triangulation

The current ACRE work package, and the focus of this report, uses the results of WP 5, 6 and 7 to analyse the capacity of the Birmingham city-region to attract talent. Although the previous empirical work packages include different methodological approaches as well as looking at different aspects of attraction and retention, the aim is to evaluate the significance of location factors for the different target groups in order to gain insight into the relevance of different location factors concerning the general accommodation of creative knowledge in the Birmingham city-region. General hypotheses on the importance of 'hard', 'soft' and 'personal trajectory' factors, which can be extracted from the results of WP 5-7, will be formulated. The full list of location factors considered can be found in Table 2.1 in the Appendix.

The approach developed in this report synthesises different kinds of information and assessments of different target groups collected with different techniques. Given that there is qualitative and quantitative information, the triangulation technique is specially useful. This technique allows us to combine different levels of analysis (quantitative and qualitative) with the aim of discovering complementarities, congruency or divergence (Erzberger 1998, p182). Essentially, it facilitates the generalisation of results and helps position such findings in relation to theories and theses. This method seeks to generalise central findings from the previous work packages by analysing the three data sets in relation to one another. In doing so, commonalities and divergences can be identified amongst the target groups which may support or challenge the main theories explored under this research project (i.e. that 'soft' factors are of increasing in importance in the development of the 'new economy'), or perhaps even warrant the development of modified or alternative theories.

Figure 2.1 Filtering tool used for work package 8.13



Source: ACRE WP8 proposal

From a methodological point of view, in order to deal with the different kinds of data and information, and to extract significant commonalities (or indeed divergences) from results obtained from the previous empirical work packages, we have undergone a two stage 'filtering' process to create two matrixes – Fig 2.1. The first matrix, which is used to assist in the formulation of Chapter 3, contains the key 'hard' and 'soft' factors influencing the decision-making of each of the different target groups to locate in the Birmingham city-region and as such highlights any commonalities or differences between these different groups. The second stage of the filtering process was used in the formulation of Chapter four and essentially involves the identification of the core 'strengths' and 'weakness' of the Birmingham city-region, in terms of 'hard' and 'soft' location factors, therefore provides an overall analysis of the city-region from the perspectives of the various target groups.

2.3 Limitations to study

The main problems encountered in the formulation of the synthesis report were associated with the inherent difficulties in comparing and contrasting the quantitative based results of work package 5.3 with the qualitative contextual analysis provided in work packages 6.3 and 7.3. There is also the further issue that the results being synthesised under the current work package are specific to the sectors being analysed under the preceding work packages (see section 2.1 for details), and although there is overlap, the same sectors were not analysed in each work package. Also, as only certain sub-sectors of the creative and knowledge-intensive sector were chosen for analysis in each work package, as such, it is impossible to determine whether or not the results are representative of the creative and knowledge-intensive sector as a whole, which undermines the strength of the observations and arguments made throughout the course of this report in relation to Birmingham's creative knowledge economy overall.

3 EVALUATION OF BIRMINGHAM FROM THE PERSPECTIVE OF DIFFERENT TARGET GROUPS

The ultimate goal of an 'effective' creative economy is to enhance competitiveness in city-regions by establishing creative, knowledge intensive activities. To achieve this, city-regions have to meet specific requirements to attract talent (the human capital of a region) and businesses to invest in that region. Hence so called 'hard' and 'soft' location factors can be identified as an important input in the creative economy. Understanding which factors attract highly-skilled labour and, consequently, shape the economic geography of talent, is fundamental given the importance of creativity and knowledge for regional innovation, growth and development.

3.1 Comparing the orientations and behaviour of different target groups

This section presents the reasons why creative and knowledge workers, owner-managers and freelancers as well as trans-national migrants decide to locate and sometimes remain in Birmingham. One important finding is that 'hard' factors (career and employment opportunities; working conditions; education and universities; affordability of private and commercial property; geographical accessibility and transportation infrastructure) play a key role in the decision of people to come to Birmingham and are more influential in comparison with soft 'quality of life' factors (leisure and recreational amenities; tolerance and diversity, cultural milieu and the quality of the architecture and built and natural environment). In addition to hard factors, our research has shown that the personal trajectories (personal ties to the city associated with familial, friendship and social links; and life stage) of UK-born creative knowledge workers and owner-managers/freelancers strongly influenced their location decision, although this was less important in the case of trans-national migrants. The relative importance of these various location factors was also found to vary according to the specific creative or knowledge sector considered. These findings challenge Florida's idea that the soft factors are crucial in attracting the creative class to particular cities.

3.1.1 Why people/ firms choose to locate in Birmingham and the West Midlands region

The decision of individuals or firms to locate in a particular place can be broken down into two distinct 'actions': the first relates to the initial decision to choose a particular city or region; the second is the decision to locate in a particular locale of the city or region. We address both dimensions of this decision-making process below:

Employees: Findings from the ACRE surveys indicated that the reasons creative and knowledge workers and recent university graduates chose to locate in Birmingham were strongly connected with ‘personal trajectory’ factors associated with pre-existing personal social ties within the region (‘family lives here’, ‘I was born here’; ‘I studied here’; ‘proximity to friends’). However, ‘hard’ economic factors related to employment opportunities (‘moved because of own/partner’s job’; ‘good employment opportunities’) and career development opportunities were also crucial. Other ‘hard’ factors, including ‘housing affordability’, ‘good transport links’; ‘size of the city’ were also mentioned, but were a ‘second order’ of factors in terms of importance. Of ‘soft’ location factors, the ‘diversity of leisure and entertainment facilities’ was mentioned, but again this was of far lesser importance than employment or personal ties. Other ‘soft’ factors, such as ‘tolerance’; ‘openness to different types of people’; ‘cultural diversity’, ‘quality of built environment’; proximity of natural environment’ were least important in terms of attractors to the city. Although most respondents agreed that Birmingham was a tolerant, diverse and welcoming city – one of pre-requisites of Florida’s 3 Ts for attracting talent - this did not appear to be an important factor for people choosing to move to the city.

There did not appear to be any strong evidence from our sample for the suggestion that creative workers preferred city centre or ‘core city’ residential locations. Residential location appeared to be more strongly related to household composition: a city-centre location was preferred by single people or those who were married/had partners but no children. Locations further out from the city centre were generally preferred by ‘married/cohabiting couples with children’ and this was true for creative and knowledge workers and graduates. However, the majority of respondents lived in the suburbs. The lack of family accommodation in the city-centre and predominance of 1-2 bed flats suited to young single professional s

The main factors considered when choosing a residential location were ‘hard factors’ relating to ‘housing affordability’; ‘size of dwelling’ and ‘distance to place of work’. These were followed by ‘hard’ factors related to the ‘connectivity’ of the neighbourhood with the rest of the city and beyond (‘proximity to public transport’, ‘nearness to highways and roads’, ‘proximity to family and friends’, ‘closeness to services/facilities (i.e. essential grocery shopping, petrol, chemists, doctors, schools etc)’) and ‘soft’ factors relating to the ‘quality of the residential environment’ (‘quality of surrounding neighbourhood’; ‘the availability of private open space (gardens etc)’; ‘the neighbourhood atmosphere’; ‘closeness to public open space (parks, playgrounds etc)’. However, ‘soft’ factors to do with tolerance and diversity seemed altogether less important when considering where to live. Interestingly, living ‘close to the city centre’ was not considered an important factor when choosing a residential area, indicating that the needs of respondents for their neighbourhood environment are somewhat different than what is currently offered by ‘city centre living’.

Owner-managers and freelancers: The ACRE interviews revealed that the establishment of firms in the Birmingham city-region was closely connected with the personal location choices of the owner-manager. This is an interesting finding as it highlights the importance of both personal and business factors in terms of firm location. Again, personal trajectory factors were highly significant – Birmingham or the wider West Midlands was the area where owners’ families lived or where they had been born and had grown up; others had initially come to study at university in the city or region and developed strong friendship networks and had therefore applied for work in the city-region after graduating. Others who had initially moved to the area for employment reasons had met their partners and chosen the city-region as a place to settle because of proximity to their partner's family. Life-stage was also an influencing factor: interviewees often decided to return to their 'home region' when planning on settling down and starting a family in order to be nearer parents/grandparents who could help with caring responsibilities. Therefore, in addition to having strong social and familial connections (acting as a support network within the city-region) there was also some prior knowledge of what the city-region was like as a place to live and work.

Some 'hard' factors were also important in terms of owner-manager choosing to locate in the city-region. In particular, the lower house prices in the local and regional market (particularly when looking to purchase family accommodation) and lower cost of living (particularly when compared with living in London) made the city-region a good place to settle. 'Quality of place' factors (cultural, recreational and leisure amenities, quality of environment/parks/green spaces) were also considered, but were again secondary to factors associated with personal trajectory.

Although the majority of owner-managers chose to establish themselves in or near Birmingham because of 'trajectory' factors, it is important also to recognise the importance of 'hard' factors in these location decisions. It is evident from responses during interviews that the location chosen also satisfied requirements in terms of market-driven considerations: the central location within the country; good transport and communication links (road, rail, airport); lower commercial property prices and rents (than London); and proximity to universities and a potential graduate workforce, were all important advantages for firms setting up in the city-region.

The presence of key, established players in some sectors, especially in TV & Radio and Games as well as the public sector programmes available in the city-region, constituted important attraction factors for some firms. The fact that individual sectors were fairly well established in the city-region, but were still developing and more varied also enabled firms to become established more quickly which made the city-region an attractive business location particularly for start-ups and freelancers, who were able to 'get a foot in the door' more easily than they would in London. For example, it was easier to identify market gaps and create creative niches. Therefore, the Birmingham city-region satisfies crucial 'hard' business oriented location requirements.

Strong local peer networks (such as the digital 'hubs' in Jewellery Quarter and Custard Factory, and formal networks including the Film Producers Forum and 'Creative Networks' for Screen based and sound media; 'Creative Republic'; Birmingham Music Network; and informal ones such as the 'Birmingham Social Media Café'; the newly formed 'Creative Playground' and the 'Birmingham Entrepreneur Meetup Group') were also important.

The specific location requirements within the city-region were dependent both on the type of firm (start-up vs established and firm with employees vs freelancer) as well as the sector. In sectors which were not client-facing, such as Games, firms could choose to be located where they wanted within the city-region and there was no necessity to be based in the city centre. Business founders in this sector chose locations where they wanted to live according to their preferred 'quality of life' factors and then based their businesses in proximity to these locations. The semi-rural location and high quality of life around the Warwick/Leamington

Spa area were also important for attracting experienced, skilled employees to work in firms. These individuals were not ‘raw’ graduates, but mainly in their late 20s/early 30s and many were looking to settle with partners or family in good quality accommodation with outside space and a safe, family friendly environment.

However there were other sectors where location was influenced more by the needs of the firm and the client-facing nature of the business, which necessitated being centrally located within the city of Birmingham. In the Digital media and Film, TV and Radio sectors, high quality office space in a prestigious, city centre development was essential in order to attract a good client-base. Locating close to other firms in the same sector also increased the collective presence of these firms as well as the potential for collaborative activity, and consequently a cluster of digital media firms has developed in the Jewellery Quarter and the Custard Factory in Digbeth. The proximity to clients was also crucial for firms in the Business Consultancy sector and specific location was guided largely by the types of clients. For example, property development, regeneration, public sector, professional services clients were all based in the city centre, whereas major consumer brands were more peripheral, therefore Business Consultancy firms were centrally (or otherwise) located depending on the location of their clients. For firms with employees, a location offering easy access for workers travelling by car or public transport was also essential. This could either be a city –centre location, or a peripheral location in one of the established business parks on the periphery of Birmingham. Many start-up firms and freelancers in the digital media sector preferred to be located in the Custard factory to gain from networking/collaboration potential and benefit from skills/experiences of others within the sector. More established firms tended to move out from the Custard Factory to locations nearby or preferred a location with other more established firms in the Jewellery Quarter.

Trans-national Migrants: The highly skilled Trans-national Migrants (TNMs) interviewed (see Brown *et al.*, 2009) originated from a number of source countries – Table 3.1

Table 3.1: Country of origin of highly skilled TNMs interviewed for ACRE

Country of origin	Number of interviewees
EU	16
Austria	1
France	3
Germany	5
Greece	1
Italy	1
Netherlands	1
Poland	2
Sweden	2
India and Pakistan	5
SE Asia	2
Africa	2
Middle East	1
USA	1
TOTAL	29

Source: ACRE Report 7.3 Brown et al., 2009.

The ACRE research suggests that many of the interviewees were first attracted to the UK (rather than Birmingham or the West Midlands) and they had no strong preference for any particular location within the UK. This evidence suggests that location in the West Midlands was largely attributable to serendipity, rather than a positive choice, and mirrors the findings of other research (Green *et al.*, 2007). The driving factors in choosing the UK were familiarity with the country and the language, and/or a job, career or educational opportunity having been made available. The most common alternative locations considered were the US or Canada, Europe, or Australia.

The majority of interviewees knew very little, if anything, about Birmingham or the West Midlands region before arriving. For some, the city and what to expect was a complete unknown. For others, the perception they gained from colleagues, friends, the media, etc., was quite negative - a grey, post industrial city with high crime levels and problems associated with the extreme ethnic diversity of the population. However, there were also some positive perceptions relating to the diversity of the city, including the acceptance of foreigners, and the overall friendliness of people living in the city, especially when compared to London.

The majority of interviewees were attracted by a good job offer or career opportunity or by the quality of a specific further or higher educational programme in the region, not by the city itself. The pull to Birmingham appeared to be mainly related to its size - it was known as one of the major cities in the UK, and therefore potentially offered good employment and career development opportunities for international migrants. Although a few migrants had chosen to come to Birmingham specifically, this was mainly for personal reasons – they were following a partner/spouse who had already been offered a good job in the city or who was studying in the city; deciding to settle in the city after meeting their partner there; having relatives or friends nearby; or because Birmingham was home to a large community from their country of origin.

The main attraction factors of Birmingham were: (1) job and career advancement opportunities (2) training/study opportunities; (3) economic reasons (cheaper cost of living and lower house/rent prices than elsewhere in UK, particularly London); (4) the opportunity for personal development associated with travel and the experience of another culture; (5) following spouse/partner who was studying or had already found employment in the city-region. In comparison with UK workers, owner-managers and freelancers, personal trajectory factors did not rank as highly in most migrant decisions to locate in Birmingham.

In broad terms, the *knowledge workers* were drawn by job and career advancement and training opportunities, while a high proportion of *creative workers* attached value to both career and training opportunities as well as personal development resulting from travel and experiencing another culture. Improved earnings and economic advancement were not dominant reasons for migrating, although they were important for some migrants from the A8 countries as well as some from developing countries.

The known diversity and multicultural nature of Birmingham in general and the acceptance of different minority groups were also influencing factors for some migrants choosing to locate in Birmingham. Interestingly, migrants from India and Pakistan mentioned using existing networks from their country of origin upon arrival. Migrants from the creative sector indicated a desire to immerse themselves in a culture that was different to their own and were attracted to Birmingham because of its diverse cultural heritage.

The majority of TNMs interviewed either chose to live near the city centre or in one of Birmingham's urban villages (Edgbaston, Harborne Moseley, Bournville) or else slightly less expensive suburban areas with good access to the city centre (Bearwood, Kingstanding, Selly Oak, Kings Heath, Kings Norton). However, some lived out with the city boundaries in middle-class areas of Sutton Coldfield (to the North), Hampton in Arden or Leamington Spa (both to the South East), and Hartlebury (to the South West).

Interviewees cited a number of criteria for choosing where to live. The city centre location was chosen by interviewees who liked living in big cities and who wanted the 'buzz' of being near other people in a vibrant area; and to be near amenities (pubs, cinemas, shops, museums, galleries) and all that 'city-living' offers. This was the preferred location choice for many of the younger professionals who were single or had partners but no children.

The 'urban village' suburbs were chosen because they were green, leafy areas and there was more outdoor space in the form of parks and private or large communal gardens while still being fairly centrally located. Edgbaston, for example, is close to Cannon Hill Park. Many were drawn to distinctive neighbourhoods which offered more alternative and less mainstream activities – local (independent) food and clothes shops, restaurants and coffee houses and good schools in the locality. However, all of these areas had a similar advantage of good, easy and quick access to city centre. Similar reasons were cited for choosing locations out with the city boundaries, particularly availability of family accommodation and outdoor space and the quality of the environment.

Proximity to work was an important aspect in choosing an area to live - the ability to walk or cycle to work was mentioned as a factor several times; a location on a main transport route (road or rail) into Birmingham was also important. For some, housing affordability limited their choice of location, particularly those living in less affluent areas such as Ladywood, Bearwood, Kingstanding, Selly Oak, Kings Heath, Kings Norton - some interviewees mentioned areas they would prefer to live (Solihull to the East or Bromsgrove to the South West of the city – both very middle-class/professional areas on the periphery of Birmingham), but housing was too expensive and access to the city centre was less convenient.

3.1.2 Why people/ firms choose to stay: Importance of 'soft' and 'hard' location factors for retaining talent in Birmingham and the West Midlands region

Once located in Birmingham, many creative and knowledge workers, owner-managers and freelancers and TNMs seem to enjoy their new work environment, the quality of life of the city and start developing personal and professional networks which become reasons to stay in Birmingham over the longer term. Nevertheless, some express the need to leave the city at some point in the future due to career or professional development.

Employees: Our survey of creative and knowledge workers reveals that 'hard' factors related to employment prospects and the type of work contracts (temporary or permanent) - as well as satisfaction with the job were important retention factors. Those who were satisfied with their jobs were more likely to remain with their present company and hence remain in the city-region for longer. Uncertainty about moving was, not surprisingly, highest for project workers. The main reasons for people choosing to move from Birmingham were explained by ‘hard’ factors relating to job/career opportunities, particularly in the case of graduates. However, ‘soft’ factors and a ‘better ‘quality of life’ - or conversely because the quality of life Birmingham was felt to have deteriorated – were also important reasons. Also, those happy with the quality of their residential environment were less likely to consider moving from the city. Nonetheless, future mobility also appeared to be closely related to age. Those intending to leave the city were mainly young (under 35), and the majority were at ‘pre family stage’, therefore their mobility was unhindered by family/partner obligations or children.

Owner-managers and freelancers: Although the ‘hard’ and ‘personal trajectory’ factors which attracted owner-managers were also the key factors that retained both them and their businesses in the city-region, ‘soft’ quality of life factors, which were not an overriding consideration in the initial decisions to move to the city-region, or in starting a business there, came more into play in decisions to remain there.

For businesses in the early stages of growth, lower commercial costs played an important role in retaining businesses in the city-region. However, once firms became established in the region, the professional and personal costs associated with relocation also become a strong influence on why they remained. Some owner-managers stated they would resist a business move to London and the potential for expansion and exposure to bigger markets in order to retain continuity of family life for themselves and their employees as well as what they saw as a better ‘quality of life’ in the Birmingham city-region. Factors such as ‘social infrastructure’ (particularly schools, nurseries) became more important as founders as well as employees started families and became more ‘socially embedded’ in the city-region. ‘Soft’ factors including quality of the environment (canals, green spaces and parks, access to open countryside), cultural leisure and recreational amenities, and residential quality (particularly of the peripheral ‘urban villages’) were also proportionally more important in terms of retention. Furthermore, employers were also required to pay attention to the wishes of workers who demanded certain qualities in their living and working environment.

Firms located in the wider region mentioned the proximity to the countryside for sports and leisure activities (golf, cycling, walking); the variety of independent shops and lack of chain stores, country pubs; art galleries; some of the best schools in the region; good quality family housing; and the ‘county town’ atmosphere. These ‘quality of place’ aspects were particularly important in terms of retaining skilled employees within the vicinity. In particular, the towns surrounding the games cluster (Leamington Spa Warwick, Stratford-upon-Avon, Rugby) are all very desirable locations. The image of this part of the region is very different to that of Birmingham and its post-industrial revitalisation. The Leamington-based firm Codemasters specifically use this ‘quality of place’ aspect on their careers website to attract people to the region and other firms interviewed also regarded this as an important regional advantage.

Trans-national Migrants: Interviewees cited a number of ‘hard’ as well as soft’ quality of life factors for remaining in the city-region. For most interviewees continuing job/career opportunities (for self and partner/spouse) were a dominating factor and influenced how long TNMs anticipated remaining in Birmingham. The degree of mobility of migrants and also varied by sub-sector. For those in the Higher Education sector, labour market mobility is an important feature and many interviewees saw their stay in Birmingham as offering short to medium term (18 months to 5 years) career development - they were prepared to move to another institution (in the UK or abroad) if an opportunity presented itself as a standard pathway of career progression. Others who were on shorter academic exchange programmes viewed their stay in Birmingham as very temporary, and their future intention was to return to their home countries on completion of the programme. Migrants in the Business Consultancy sector presented different profiles: some employed by large international firms had been sent to Birmingham on short-term ‘secondment’ for career development opportunities and would be returning back to their home country within the next year to eighteen months. Others expected to remain longer term, not so much within the same company, but rather within the city’s professional sector more generally. Again, it was the depth of career opportunities offered by the number of firms within the sector in Birmingham that was important. Interviewees in the Visual and Performing Arts sector were typically more mobile and ‘footloose’ than those in the other two sectors. Moving regularly between jobs and employers in order to develop experience and skills for career purposes is common in this sector generally. Nonetheless, these interviewees seemed to have a more transient mindset and they did not feel overly tied to a particular place - moving to experience life and culture in another city was frequently cited as a reason for leaving Birmingham. These interviewees were not moving because of particular ‘push’ factors, rather they would expect to move on to other locations whatever city they were in. The majority of interviewees indicated they would plan to leave Birmingham within 1-2 years.

However, ‘soft’ quality of life aspects were also important in deciding to remain in Birmingham rather than seek employment elsewhere in the UK. Birmingham was seen as a ‘vibrant’, international city, with a good (if incomplete) cultural offer. Overall, interviewees found that the Birmingham was good for social activities, pubs, restaurants, shopping and mainstream cultural activities. The heritage of the city and how that was reflected in the built environment was liked - areas such as the Jewellery Quarter and Digbeth were seen as ‘hidden gems’. Several interviewees also enjoyed the traditional city centre markets. Although the regenerated city centre received mixed responses, areas like Brindleyplace were generally liked, though more alternative areas of the city, such as Moseley, were preferred for their mix of niche, independent shops, cafes and more relaxed ambience. Interviewees also found the city much greener than expected and particularly liked using the regenerated canal network for walking and cycling, the city parks and open spaces and the leafy suburbs as well as the easy access to the countryside. In terms of ‘hard’ factors, the lower cost of living and more affordable housing (compared to London); good international transport links and central location within the UK; and proximity to London were frequently mentioned as advantages.

The multicultural aspect of the city in general and the acceptance of foreigners was an important ‘soft’ factor: migrants felt less ‘out of place’ than other UK cities and they found it easy to integrate both socially and professionally. Personal and social networks (family, friends) while not as important in attracting international migrants to Birmingham, played a key role in retaining them. Peer networks were particularly important for creative sector workers. For example, those who were attracted to the city-region initially to study ended up on work placements/internships which lead to subsequent job offers/employment as well as deeper involvement in creative networks/creative scene and collaborative projects. Together with other social networks formed via study, this provided a strong incentive to remain in the city region once graduating. A number of interviewees also met their partner/spouse while working in Birmingham, which provided a strong motivation for them to remain. Others had moved with their partner/spouse and small children who had settled into nurseries or schools in Birmingham and they were therefore reluctant to move. Integration of spouse/partner into the host society was also a key reason for remaining. These interviewees and their families therefore became more socially embedded in the city. Others commented that the rich social network of friends they had in the city was one of the reasons they had chosen to stay.

Other ‘hard’ factors included the central location within the UK and the good (international) transport infrastructure. Birmingham was also seen as more affordable (in terms of general ‘cost of living’ as well as buying or renting a house) compared to London; it also offered a very ‘liveable’ working environment - as a city that is still fairly compact, it was easier to commute to and from work, for example, and the majority of facilities in the city centre were within walking distance of offices. Social infrastructure (primarily schools, nurseries, universities) became important for those who had children, and this ‘social embeddedness’ was an important factor in deciding to settle in the city longer term.

The degree of mobility of migrants also varied by sub-sector: for those in Higher Education, labour market mobility is an important feature and many interviewees saw their stay in Birmingham as offering short to medium term (18 months to 5 years) career development - they were prepared to move to another institution (in the UK or abroad) if an opportunity presented itself as a standard pathway of career progression. Others who were on shorter academic exchange programmes viewed their stay in Birmingham as very temporary, and their future intention was to return to their home countries on completion of the programme. Migrants in the Business Consultancy sector presented different profiles: some employed by large international firms had been sent to Birmingham on short-term ‘secondment’ for career development opportunities and would be returning back to their home country within the next year to eighteen months. Others expected to remain longer term, not so much within the same company, but rather within the city’s professional sector more generally. Again, it was the depth of career opportunities offered by the number of firms within the sector in Birmingham that was important. Interviewees in the Visual and Performing Arts sector were typically more mobile and ‘footloose’ than those in the other two sectors. Moving regularly between jobs and employers in order to develop experience and skills for career purposes is common in this sector generally. Nonetheless, these interviewees seemed to have a more transient mindset and they did not feel overly tied to a particular place - moving to experience life and culture in another city was frequently cited as a reason for leaving Birmingham. These interviewees were not moving because of particular ‘push’ factors, rather they would expect to move on to other locations whatever city they were in. The majority of interviewees indicated they would plan to leave Birmingham within 1-2 years.

3.2 Summary of relevant factors influencing location decisions

In this chapter we compared the role of 'soft', 'hard' and 'trajectory' factors in the decisions of different target groups regarding living and working in the Birmingham city-region. Our findings indicate that the reasons why individuals or firm owner-managers locate in Birmingham seem to have a number of commonalities. Particularly striking is the dominance of 'hard' economic factors and the much lesser importance of 'soft' 'quality of life' factors in attracting talent to the Birmingham city-region, a finding which is somewhat contrary to those suggested by Florida (2002, 2005). Nevertheless, there are differences between target groups: personal 'trajectory' factors (familial and friendship ties and 'life-stage') were of similar importance to 'hard' factors in attracting UK born graduates, creative-knowledge workers, owner-managers and freelancers - but were far less important in terms of the attraction of TNMs. In addition, our research has also highlighted variations in the importance of some factors between sectors, both for individuals and the location of firms.

The results of our comparison are summarised in Matrix 1 (Table 3.2 in the Appendix), which shows the most important 'attraction' and 'retention' factors for each of our target groups (graduates, workers, owner-managers and TNMs). The target groups are also separated into those working in the creative sector and those working in the knowledge-intensive sectors. The main factors influencing the decisions of owner-managers to locate firms in the city-region are summarised separately, as these factors are often very different from the factors involved in their personal decisions to locate in the city-region (Table 3.3 in the Appendix).

From Matrix 1 and the analyses of 'attraction' and 'retention' factors in the previous sections (section 3.1.1 and 3.1.2), we can conclude the following:

Graduates and workers are driven primarily by hard economic considerations (career and employment as well as cost of living and cost of housing/rents), but also personal trajectory factors (family and friendship ties). Where individuals are not originally from the city-region/do not have family living there, then having attended one of the Region's universities is important in terms of anchoring them in the city-region. 'Hard' employment and career development opportunities are key to retention. Contract type (temporary or permanent) influences retention, with those on permanent contracts more likely to remain in the city-region for longer. However, 'soft' 'quality of life', 'quality of residence' and 'quality of environment' are also important in retaining these workers. Nonetheless, future mobility also appeared to be closely related to age. Those intending to leave the city were mainly young (under 35), without children and family commitments and as well as better job opportunities, were looking better 'quality of life' or just for a 'change of scene'.

Owner-managers tend to choose business locations based on familiarity with the locale, as well as family and friendship ties. Having lived, studied or previously worked in the city-region provides knowledge of the location as a place to work and do business. Personal factors also strongly inhibit relocation once a firm is established. Nonetheless, 'hard factors' such as cost of living and housing costs are also important in decisions to move to the city-region, and the location must also satisfy essential 'hard' business requirements (particularly suitability, quality and cost of commercial premises and transportation infrastructure, skilled labour pool etc). Owner-managers are generally more able to choose their location within the city-region to fit with their personal preferences for ‘soft’ quality of life factors, although this is sector dependent. Although the ‘hard’ and ‘personal trajectory’ factors which attracted owner-managers are also the key factors that retain them and their businesses in the city-region, ‘soft’ quality of life factors, which were not an overriding consideration in the initial decisions in moving to the city-region, or in starting a business there, come more into play in decisions to remain there.

Freelancers are attracted by employment and career opportunities. However, some are attracted by personal trajectory factors (family or partner family from city-region). Again, having studied in the city-region or having found work locally after graduating are important anchoring factors as is the presence of strong social and peer networks. Proximity to other firms/key players within their sector is important in order to benefit from work and collaborative opportunities, therefore individuals are more limited in their locational choices within the city-region. Retention is closely related to employment and career development and to strength of social and peer networks. Particularly for creative workers, there is indication that in order to develop fully, it is necessary to move elsewhere as opportunities for growth beyond a certain level are limited in Birmingham. However, ‘quality of life’ factors are also important factors in choosing to remain in the city-region.

TNMs are attracted predominantly by hard economic factors (employment and career and study/educational opportunities as well as cost of living and cost of housing/rents (particularly in comparison with London). Diversity/acceptance of foreigners is also an important attraction factor for the city-region. Personal trajectory factors are less important attraction factors than for other target groups. In terms of retention, ‘hard’ economic considerations of employment and career opportunities still dominate. Again, contract type (temporary or permanent) influences retention, with those on permanent contracts more likely to remain in the city-region for longer. ‘Trajectory’ factors such as meeting a partner and ‘social infrastructure’ (particularly the quality of nurseries and schools) were also important retention factors, and ‘soft’ quality of life aspects were influential in deciding to remain in Birmingham rather than seek employment elsewhere in the UK.

In summary:

- **‘Hard’ economic considerations** of employment and career opportunities still dominate decisions of graduates, workers and TNMs to move to the city-region and also to remain there. Contract type (temporary or permanent) influences retention, with those on permanent contracts more likely to remain in the city-region for longer.
- **Personal trajectory factors**, particularly being born or having family in the region, as well as having studied in the region and developed strong social networks are important attraction factors for graduates, workers and owner-managers. Although family ties are not so important for attracting TNMs, having studied in the region is an important attraction factor. Strong family and/or social ties as well as meeting a partner/spouse and/or starting a family are important retention factors for all target groups– the degree of ‘social embeddedness’ increases as children start nursery or school (social infrastructure also then becomes important –the quality of schools, medical care etc) or as social networks are formed. This is also important in retaining firms in the city-region, namely because owners and employees become settled with family and partners

- **‘Soft’ ‘quality of life’ aspects** seem more important for all target groups in terms of retention than attraction – cultural, leisure and recreational activities; quality of environment (proximity to countryside, parks and green spaces); quality of residential environments (particularly ‘urban villages’ and middle-class areas surrounding Birmingham). This is particularly the case for TNMs, who knew very little about Birmingham or the city-region prior to locating (and mainly had negative perceptions of the ‘quality of life’ in the city).
- **Life-stage** is also an important consideration and can also lead to people leaving or moving to the city-region – for example, graduates and workers under 35 and who have no children were more likely to move from the city-region for a better ‘quality of life’ or just for a ‘change of scene’ – they are less tied to a specific area than those with family commitments. However, those with small children or thinking of settling down or starting a family are more likely to move back to the city-region (particularly from London) for ‘hard’ factors associated with lower cost of living and more affordable family accommodation, and also for a better ‘quality of life’.

Particularly interestingly is that attraction and retention of firms was not dominated by ‘hard’ economic related factors: personal ‘trajectory’ factors and ‘soft’ factors (‘quality of life’, ‘quality of environment’, ‘quality of residence’) were important for owner-managers as well as employees. Table 3.3 highlights the key commonalities and differences between target groups.

Table 3.3: Commonalities and differences in ‘attraction’ and ‘retention’ factors for different target groups

	Attraction			**Retention**		
	Hard	Soft	Personal trajectory	Hard	Soft	Personal trajectory
Graduate	√√√	√	√√	√√√	√√	√√√
Worker	√√√	√	√√	√√√	√√	√√√
Owner-manager	√√√	√√	√√√	√√	√√√	√√√
Freelancer	√√√	√	√√	√√√	√	√√√
TNM	√√√	√	√	√√√	√√	√√
Firms	√√√	√	n/a	√√√	√√	n/a

Source: ACRE, own calculations

In terms of ‘attraction’ factors, the key finding to note is that ‘hard’ factors dominate for all target groups and are closely followed by personal ‘trajectory’ factors for all groups other than TNMs. ‘Soft’ factors are relatively less important in terms of attraction. Regarding ‘retention’, ‘hard’ factors still dominate, but ‘soft’ and personal ‘trajectory’ factors increase in importance for all target groups.

The difference between ‘attraction’ and ‘retention’ factors is one of the key findings of ACRE. Furthermore, the greater importance of personal ‘trajectories’ in the attraction and retention of UK-based creative-knowledge workers and the lesser role in attracting TNMs, plus the relative unimportance of ‘soft’ attraction factors are also highly significant.

4 EVALUATION OF BIRMINGHAM FROM THE PERSPECTIVE OF LOCAL CONDITIONS AND POLICIES

As discussed in Chapter 3, Birmingham as the second city in England satisfies a number of important 'hard' and 'soft' location requirements for attracting and retaining both individuals and firms. In this chapter, we assess the relative 'strengths' and weaknesses' of the Birmingham city-region in terms of 'soft' and 'hard' location factors and assess what this means for Birmingham in terms of attracting and retaining the 'creative class'. Whereas the previous chapter reflected on the importance of location factors in the Birmingham city-region according to different target groups, this chapter reflects on the relative strength or weakness of location factors overall and the contribution of these factors to the attractiveness of the metropolitan region as a place to develop creative and knowledge-intensive industries. From this analysis, we can gain an understanding of the strong and weak points of the city-region in terms of 'hard' and 'soft' location factors. Some of these factors - which have emerged in part from Birmingham's historical development - can be considered unique 'selling points' for the city and contribute to the city's distinctive attractiveness. Nevertheless, our research has shown the difficulty Birmingham has in competing with a dominant London for talented people working in the creative and knowledge-intensive sectors. Although the physical regeneration of the city over the last 15 years and the strong policy focus on developing the creative-knowledge sectors more recently have been good starting points, Birmingham is still struggling with important challenges in terms of the attraction and retention of skilled people and the development of the creative-knowledge sector. The final part of the chapter therefore assesses existing policies aimed at enhancing the attractiveness of the Birmingham city-region for the 'creative class'.

4.1 Evaluation of the Birmingham city-region from a European perspective

Kovács *et al*. (2007) provides an overarching analysis of the thirteen European cities involved in the ACRE research project in terms of their respective cultural, political and economic development paths and as such, compares Birmingham's relative position in terms of its capacity to accommodate the creative knowledge sector. This analysis indicates that, from a theoretical standpoint, Birmingham would appear to be in a less favourable position than the other Western European cities in the ACRE project, but in a more favourable position than the Eastern European cities, according to the complex of conditions identified for cities to harness future economic success in the creative-knowledge sector (see Kovács *et al.*, 2007 p24).

Nonetheless, those conditions viewed in a positive light included the region's well organised policy and governance structures; its long association with entrepreneurial activity, skilled workers and an innovative small firm tradition, which has lead to an active innovation and technology policy; and a combination of factors associated with political, religious and social tolerance which have resulted from a long history of inwards-migration and make the city today attractive to migrants – Table 4.1

It is important to note, however, that this analysis is not representative of the findings derived from the research undertaken with the various target groups. Rather, they merely provide a contextual analysis from which to begin a more detailed discussion of Birmingham's strengths and weaknesses as determined by city's creative knowledge sector itself.

Table 4.1: Ranking of ACRE cities according to conditions

	Cities known as national or international political and economic decision-making centres	Internationally known historical-cultural centres	Cities with good governance & financial & organisational resources	High-tech activity or early service profile, where industry has never been a dominating sector	Active innovation & technology policy	Cities known as welcoming and pluralistic
Amsterdam						
Barcelona						
Dublin						
Munich						
Helsinki						
Budapest						
Milan						
Riga						
Sofia						
Leipzig						
Toulouse						
Birmingham						
Poznan						

Source: Kovács et al, 2007:24

4.2 Strong and weak points of the Birmingham city-region regarding its capacity to accommodate creative knowledge

Chapter three analysed the relative importance of various factors in the attraction and retention of creative and knowledge-intensive workers and firms in the Birmingham city-region. However, in order to gain a more comprehensive understanding of the region from the perspectives of creative knowledge employees, TNMs, managers and stakeholders on a wider range of local conditions, a second matrix system has been developed to evaluate the performance of various location factors. In this part of filtering process, the objective is to highlight those factors performing well (i.e. strong performance), middling (i.e. intermediary performance) or poorly (i.e. weak performance), based on the empirical research findings from the various target groups. The main findings regarding the 'strong' and 'weak' points of the Birmingham city-region in terms of its capacity to accommodate creative-knowledge are summarised in Matrix 2 (Table 4.2 in the Appendix). There are instances in the matrix where some target groups or sub-groups have not been included in ranking the performance of certain factors. Such omissions indicate that the factor under consideration was not analysed by that particular subgroup during the course of the research, and as such, it is impossible to understand how that sub-group rates the performance of the factor.

4.2.1 Attracting and retaining individuals

According to the results of the ACRE research, many of the ‘strengths’ which contribute positively to the attractiveness of the Birmingham city-region for highly skilled creative and knowledge-intensive workers can be considered as ‘classic’, ‘hard’ location factors. Good ‘employment’ and ‘career development’ opportunities and generally good overall labour market conditions in the creative and knowledge-intensive sectors were particularly important both for attraction and retention of skilled workers and their partners/spouse, and the relatively buoyant labour market in these sectors was seen as a strength.

The presence of several well-established and regarded universities is also a major draw of skills and talent to the area and seen as a major strength of the city-region. As we saw in the previous chapter, having studied in the region is an important ‘trajectory’ factor in attracting and retaining graduates within the West Midlands. In addition, the ACRE research showed that TNMs working in the Higher Education sector are attracted to the city-region by the quality and reputation of the institutions – or of particular academic departments, as well as the opportunity to work with key professionals in their particular academic field. Universities therefore have a major role to play both as skills providers and employers of skilled people. For example, University of Birmingham contribution is notable at 1.2 per cent of the total employment in the city. Furthermore this employment tends to be more highly skilled and better paid (CURS, 2007). It thus adds to the local milieu of talent often seen as a key factor in regional success (Florida, 2002; 2005).

Other ‘hard’ factors related to lower ‘cost of living’ and ‘housing affordability’ were also seen as strengths of the city-region, both in terms of attraction and retention of skilled workers. Birmingham, as the Second City in the UK by population, is often compared with London. However, the general cost of living and particularly property and rental prices in the capital are substantially higher than in the West Midlands, and this represents a regional comparative advantage in attracting and retaining talent. There are also certain strengths related to Birmingham’s size - as a city that is still fairly compact, it offers a very ‘liveable’ working environment, and it is easier to commute to and from work, for example. The ‘London effect’ will be discussed more fully in section 4.5.

The international accessibility of Birmingham was also seen as a further strength, particularly for TNMs – Birmingham International Airport is less than 20mins travel from the city centre, making access quick and easy. Furthermore, the city-region’s good connectivity with the rest of the UK, due to its central geographical location and role as a main transportation hub for the UK road and rail network, was regarded as a particular ‘strength’.

Although ‘hard’ economic-related factors have emerged as the core ‘strengths’ in determining the overall attractiveness of the city- region in terms of its capacity to attract and retain creative knowledge workers, the research findings also reveal that some of the city’s ‘softer’ conditions may impact positively on the ability of the city-region to accommodate creative knowledge sector activity.

One of the key ‘strengths’ of the city-region – and indeed, one of Florida’s 3 Ts – relates to the diversity and tolerant attitude of the population. As already discussed in Chapter 3 of this report, Birmingham and the West Midlands have a long history of inward migration. As of 2001, Birmingham had one of the most ethnically diverse populations in Britain, with 29.7 per cent of the city’s population coming from minority backgrounds, and was second only to inner areas of London in terms of ethnic diversity. A particular ‘strength’ related to the diversity of Birmingham’s population is the acceptance of foreigners. Particularly for TNMs, the known diversity of the city-region and the tolerant attitude of the people was a factor in deciding to move there rather than choosing another city in the UK, and was similarly influential in retaining TNMs within the city-region.

The multiculturalism of Birmingham and the West Midlands was also seen as a positive asset, for example, in the wide variety of restaurants and different cuisines represented in the city, different cultures represented in a variety of traditional and modern music and dance productions as well as art exhibitions and cinema, and this made life in the city more interesting – Birmingham was seen as a ‘vibrant’, international city. The ethnic diversity of Birmingham also seemed to have a positive impact in terms of creativity - the mix of different cultures and influences assisting in the creation of new cultural products.

Regarding other ‘softer’ characteristics, Birmingham’s ‘strengths’ included the high quality, regenerated city centre, and areas such as the Bull ring and Brindleyplace, although the focus on ‘mainstream’ retail and leisure activities tended to reduce the impact of these areas (as will be discussed below). In contrast, areas which demonstrated the rich industrial heritage of the city and particularly areas such as the Jewellery Quarter and Digbeth were seen as ‘hidden gems’.

The so called ‘urban village’ areas of the city, such as Moseley, Harborne, Kings Norton, were seen as ‘strengths’ due to their mix of niche, independent shops, cafes and more relaxed ambience as well as high quality residential environments. Finally ‘soft’ factors relating to ‘quality of the environment’, including the regenerated urban canal network for cycling and walking and also the proximity and ease of access to the countryside were strong retention factors.

The following were perceived as ‘weaknesses’ and to detract from the attractiveness of the Birmingham city-region. In terms of ‘hard’ factors, the size of the creative sector in the city-region and a lack of a critical mass of companies means that in order to have a successful career, people inevitably have to move somewhere else (either another UK city such as London, Manchester or Bristol or abroad to places such as Berlin, New York etc) and this is true of employees as well as freelancers. Much of this is related to a lack of a client base (for commissions); little national exposure of Birmingham based arts; perceived general lack of council support for artists and few artist led spaces/gallery spaces or studio spaces to hire in city; and a proliferation of short-term employment contracts and huge competition for available commissions.

Affordable, good quality, family housing near the city centre is also a major recognised weakness in retaining talent. While this city living market has been important in providing residential choice for young professionals and retaining them in the heart of the city, there is a need for more varied housing near the centre. At the moment, Birmingham's housing options for skilled workers in creative and knowledge sectors are effectively limited either to city centre apartments or apartments and houses in a small number of highly sought after suburbs where high demand creates price pressures. The historic nature of these suburbs also limits the potential for significant development of new housing. Also, for TNMs, the lack of international schools was a weakness when considering remaining in the city-region.

Regarding 'soft' factors, Birmingham was perceived as environmentally poor in terms of overall cleanliness; the lack of recycling facilities; traffic congestion; the availability of cycle lanes; and levels of air pollution. Some of the physical aspects of the city were also criticised – the focus on city centre regeneration at expense of peripheral areas and the presence of 'ugly' rundown areas very close to the city centre. New Street Station was considered unattractive and unsafe at night and gave a very poor first impression of the city. Related to this, some 'social' issues ('amount of crime'; 'anti-social behaviour'; 'drug problems'; 'personal safety'; 'levels of homelessness' and 'lack of affordable housing' etc) were also weaknesses. The city was also perceived as car oriented and difficult/unsafe for pedestrians and cyclists.

Interviewees also commented negatively on the 'look and feel' of the city, particularly the lack of an identifiable and defined central area; a lack of landmark buildings and good architecture; and a lack of third spaces to meet up with friends. As already mentioned, the focus on mainstream retail and entertainment in the city centre – the lack of niche and independent shops and the over-focus on high street chains in the Bullring and the Broad street commercial entertainment zone, did not add to the distinctiveness of Birmingham as a place to live.

Finally, interviewees were very critical of the external marketing of the city. A strong 'weakness' was the negative image of Birmingham as place to live and work from those external to the city and a feeling that the city was not doing enough to address this perception. However, there was also a feeling that the city was 'overdoing it' in its effort to get away from its manufacturing past and was losing its identity. Interviewees also expressed that the city did not market its cultural activities well – there was not enough publicity around events and it was very difficult to find out what was going on in the city. Creative people mentioned the presence of a hidden underground creative milieu. However, this was difficult to access for those not already in the city's cultural and creative networks. The overall feeling was that Birmingham was very good at mainstream cultural activities, but there was a lack of 'bohemian type' cultural activities such as small cafes, independent cinemas or more alternative cultural production. This is felt particularly by international migrants who had lived in or visited other 'cosmopolitan' cities (such as Melbourne, Paris, London, Chicago, Berlin). As recognised in the Birmingham 'Big City Plan' (BCC, 2008) Birmingham's city centre needs to become more diverse, more multicultural, and more appealing to young people.

4.2.2 Attracting and retaining firms

As we discussed in Chapter 3, several different location factors were considered when choosing a business location, and depending on sector, these were often very different from the personal location requirements of the owner-managers. Not surprisingly, the most important factors in terms of attraction were ‘hard’ factors, and as we have already seen, these were also key to retaining firms within the city-region. In terms of ‘soft’ factors, good ‘professional networks’ were influential in the retention of firms in the Birmingham city-region and ‘quality of life’ and ‘quality of environment’ factors were influential in terms of attracting and retaining skilled workers.

From a business perspective, the Birmingham city-region is therefore seen as having key ‘strengths’ in certain ‘hard’ location requirements: lower commercial property costs (particularly compared with London) and lower costs of production (e.g. for film and TV) plus the availability of good quality office space for start-up companies; a range of business premises which are located in areas (central or peripheral) that are easy to access for both workers and clients alike; good transportation infrastructure (roads, railways) and international accessibility (Birmingham International Airport) are also advantages for firms for locating in the region, as is good connectivity with other parts of the UK due to the city-region’s central geographic location which means clients/customers are easy to reach as well as making most places in England and Wales easily accessible. The proximity to good universities and a potential graduate workforce are also seen by some sectors as ‘strengths’ of the city-region.

Certain sector characteristics are also considered ‘strengths’ – for example, the less mature creative and knowledge sectors makes Birmingham a more favourable place to set-up a business and get a foothold in the market than in London. Many companies in the film and TV sector and the digital media sector stated that an advantage of Birmingham was that their company could be a ‘*bigger fish in a smaller pond*’ because there was less competition than there was in London. Consequently, it is easier to identify gaps or niches in the sector and to start a business in Birmingham. Furthermore, the strong creative community and close professional networks in the city-region are regarded as more welcoming and inclusive and as a source of support and collaboration rather than competition, which is perceived as the case with working in the capital. Good professional networks were also ‘strengths’ of the city-region from the perspective of Business Consultancy firms. The formal and informal exchange of information and the understanding of key development and business issues in the city is a vital part of effective working for these firms – so being able to access those opportunities easily is a high priority.

Finally, soft’, ‘quality of place’ factors such as lifestyle and amenities were important considerations for attracting and retaining staff, rather than from a business functioning point of view. The recent regeneration of Birmingham city centre and the expansion of leisure and retail facilities to include the new Bull ring and Mailbox developments – although sometimes criticised as too mainstream - were seen as ‘strengths’ and to have improved the general appeal of working in and near the city centre. This is most important for those firms with young workforces, as staff in their 20s and 30s the ‘buzz’ and the social environment on the doorstep are important attractions. For firms located in the wider region (such as computer games in Leamington Spa or Warwick) the proximity to the countryside for sports and leisure activities (golf, cycling, walking etc); good quality family housing; variety of independent shops; country pubs; good quality schools; and the ‘county town’ atmosphere were seen as ‘strengths’ - the ‘quality of life’ aspects and the attractiveness to the working environment both seen as important aspects in terms of attracting experienced programmers up from London or the South East.

Many of the weaknesses of the Birmingham city-region from the firm perspective relate to the proximity to London and its dominance as a global city (this will be discussed further in section 4.5). In particular, the lack of skilled workers with appropriate work experience, due to the ‘brain drain’ to London and the South East, is a significant ‘weakness’ for certain sectors, notably the creative sectors (Computer games and digital media, TV and Film). The lack of specialist skills meant the city-region was perceived to be falling behind the ‘creative hubs’ of London as well as Manchester. Secondly, the lack of a national /international client base also places a limit on the potential growth of firms (again, digital media in particular but also Business Consultancy). Linked to this, the smaller and less mature creative-knowledge economy in the city-region - although providing good opportunities for entry – often makes it difficult for firms to grow beyond a certain level, while the dominance of a small number of key firms and individuals in some ‘fledgling’ as well as more established sectors adds to the overall sense of fragility. Finally, the negative perception/image of Birmingham as place to have a business was a ‘weakness’ as firms owners still encountered a view of the need to go to London for truly high quality and cutting edge services (particularly in the web design and marketing/advertising sectors).

Other ‘weaknesses’ include a lack of high quality commercial property for businesses beyond start up phase. Affordability of space and value for money is also a prominent concern amongst most firms, and a desire to see a greater range of more affordable accommodation options for established but growing firms was a recurrent theme in the interviews. Some firm owners express an interest in acquiring freehold properties rather than renting, as a means of providing medium term stability for their business. However, there are limited options in finding such opportunities in the city core, which means many firms in the business consultancy as well as the digital media sector are now considering moving from the city core to the Jewellery Quarter (where freehold opportunities are more numerous).

4.3 Site specific or ubiquitous indicators?

Many of the ‘hard’ factors are ubiquitous and, although not present in every city, are fundamental elements in attracting people to any location. However, Birmingham does have some unique ‘soft’ factors which are considered as ‘selling points’: The Custard factory and Jewellery quarter as creative ‘hubs’ and the historic areas of Eastside and Digbeth as potential ‘creative quarters’ within the city-centre area; Birmingham’s rich industrial heritage and history of entrepreneurism; the cultural and ethnic diversity of the city-region which influences creativity and encourages innovation as well as attracting highly skilled trans-national migrants; strong local peer networks (particularly in the creative sector) which act both to attract and retain talent are all unique factors. Certain ‘quality of life’ attributes such as the proximity and ease of access to the countryside/natural environment; the extensive canal network for walking and cycling; distinctive city-centre areas such as Brindleyplace, the Mailbox and the Bullring; and key cultural facilities and institutions are all important. Furthermore, there are some site-specific ‘hard’ factors, particularly related to Birmingham’s size which makes it a very ‘liveable’ city; its central geographic location within UK and accessibility (nationally as well as internationally).

4.4 Path dependency

While there is an ongoing debate about the concept of ‘path dependence’ (see Martin and Sunley, 2006 for a review), broadly speaking, it refers to the notion that ‘history matters’. A more narrow definition is that; ‘the probability of further steps along the same path increases with each move down that path’ (Pierson, 2000, p. 252). In the context of the ACRE study, the path dependence concept links the historic development paths - that is, the economic, social and political histories of cities and regions - with their current and future development.

The Birmingham city-region’s industrial and manufacturing past plays into its present and future in a number of ways. There are both advantages and disadvantages that arise from this, depending on the sector. For example, the many niche manufacturing businesses who are established in the production chain and whose sales are not influenced excessively by marketing and promotion or the need for highly creative web-sites, have little need for creative web-design or business consultancy services - for both sectors, access to the London market is essential for firms to grow and survive. However, for other sectors, the entrepreneurial heritage of the region is an advantage and still influential in the development of creative-knowledge economy: it fosters strong networks, cross-sectoral collaborations, the ‘can do’ attitude of firms and their willingness and ability to change and adapt to new products and markets which makes them more likely to survive. This ‘social capital’ is to a large extent the result of past and current patterns of economic and social inter-activity in the city.

Similarly, the attitude towards ‘diversity’ has played a fundamental role in shaping the cultural and economic landscape of the city and continues to do so. Birmingham and the West Midlands have a long history of inwards migration. Today, Birmingham is a multi-ethnic city where outsiders are accepted and integrate well at all levels. It is also regarded as a place where diversity encourages innovation. For example, the rich-mix of cultures enables creative professionals to innovate artistically and create new ‘inter-cultural’ products (performances, compositions, artwork etc). As has already been discussed, the diversity and tolerant attitude prevailing in Birmingham is also an important factor in attracting skilled migrants to the region, which will have a significant influence on the city’s competitiveness in the globalising economy.

Path dependency can also be seen at the sector level, however, and this is particularly seen in the case of the computer games sector. Even accidental origins can lead to spatial concentrations of industrial activity. The computer games sector grew up around the independent games development and publishing company, Codemasters, who are based near

Leamington Spa. The decision to locate the business was simply due to its co-founders living in the vicinity. As Codemasters became more successful, a fledgling development company called Blitz moved up from Bristol to be nearer to Codemasters who were their publishers. Both of these firms had a huge influence in attracting skilled people to the region, which was fast becoming a hub for computer games. Other firms then set up in the area to benefit from the available pool of skilled programmers and designers.

4.5 The London effect

Birmingham, as the Second City in the UK by population, is often compared with London and this represents the key comparative benchmark. However, Birmingham's size and geographical proximity in relation to the capital both have a significant influence upon the opportunities to develop its creative-knowledge economy.

London has the advantage of being a 'global' city, with an international reputation and presence; a large and mature creative and knowledge sector economy; as well as an unparalleled range of leisure and cultural activities. Many multi-national companies have their European headquarters in London because of the connectedness, access to talent and the increased ability of companies located there to respond quickly to changing markets. London therefore attracts skilled graduates from all over the UK (and abroad) to live and work.

However, London is also a very expensive location for both businesses and individuals: commercial and domestic property prices are substantially higher than elsewhere in the UK and although wages are higher (a London 'weighting' is added) this often does not adequately counteract the higher cost of living in London. This can make it beneficial for both businesses and individuals to locate in medium-sized cities such as Birmingham, which offer a smaller range of creative and knowledge industries but a higher 'quality of life' and lower personal and business costs.

Nonetheless, there are also disadvantages to the West Midland's proximity to London – Birmingham is viewed as being in direct competition with London to attract skills and talent. The 'brain drain' of graduates to London in particular has results in a lack of skilled and experienced people in the Midlands. There is still a negative perception associated with Birmingham's industrial past and a view by those living and working in London that locating a business or working in Birmingham is somehow 'second best'. Multinational companies and key national businesses still prefer the prestige of a London business address and it is difficult to attract them to locate beyond the M25 corridor, which has implications for the growth of certain sectors (particular for the web and design industries; Business Consultancy and TV, Screen and Film sectors) in Birmingham, and the lack of a 'London office' for some digital media firms was becoming a seriously limiting factor to firm growth. Indeed, some firms are already contemplating opening 'satellite' offices in London to give their business access to the markets, skills and opportunities which can only be gained by having an office in the capital. Furthermore, Manchester or other northern cities are much more likely to be chosen as a second office or base for national or multinational firms outside of London. This is simply because of location – Birmingham's closeness to London makes servicing it from there more viable than is the case for Manchester, Leeds etc.

Similarly, there are advantages and disadvantages with Birmingham's size in relation to London. Birmingham is on a smaller, more 'personal scale' than London, which was deemed important in terms of interviewees' perceptions of the overall friendliness and 'liveability' of the city. The smaller size of Birmingham also facilitates networking, particularly in the creative sector – interviewees commented that they would frequently meet peers in the street and discuss business opportunities with them. The creative-knowledge sector, although smaller and less mature, was also more varied in Birmingham, and particularly in the creative sector, it was felt that this assisted cross-fertilisation of ideas and collaboration. It was also considered easier for people to become established in their careers or to start-up businesses in Birmingham as there was less competition than in London. However, the fact that the creative sector in Birmingham was much smaller and less mature than in London also made it difficult for people to progress beyond a certain career stage. The relatively few formal networking opportunities and small sector community meant the same people would often turn up to the same events, potentially stifling creativity. From a business perspective, the lack of both a national and international client base often meant there were limited opportunities for growth.

4.6 Existing policies to enhance 'hard' and 'soft' location factors in the Birmingham city-region

The creative industries together with the knowledge sector are seen by the key public agencies in Birmingham as critical components in the renaissance of the city, in terms of physical urban regeneration, economic development and social inclusion and welfare. In earlier strategies, attention focused on 'culture' as a means of enhancing the urban appeal of the city to residents, business companies and visitors as well as providing the 'soft' location factors necessary to transform Birmingham's image from manufacturing to a post-industrial city.

In more recent strategies and policy interventions, the city has focused on 'creativity' and the role of the creative industries in stimulating the growth of Birmingham's economy as well as attracting and retaining the skilled workforce necessary to build the 'knowledge economy' within the city. There has been a major growth in the attention given to creative industries in the policy literature generally (for example in the 2008 Regional Economic Strategy, the 2006 Birmingham Masterplan; the 2002 Birmingham Creative City strategy).

There have been a considerable number of innovative creative industries strategies, projects and programmes at a regional and local level involving a large number of agencies and stakeholder groups (including Birmingham City Council; Advantage West Midlands (incl. Advantage Creative Fund); Arts Council England West Midlands; Audiences Central; Business Link Birmingham & Solihull; Birmingham and Solihull Learning and Skills Council; Screen West Midlands; Culture West Midlands (Regional Cultural Consortium)). In many cases, these relationships have been formally constituted in partnerships. These include the Creative Birmingham Partnership Board (CBPB) which brings together all the key public agencies investing in the creative and cultural sector in Birmingham and provides strategic direction to the City Council's Creative City initiative.

A number of specific programmes designed to support the development and growth of the creative industries at a regional and local level have been completed or are in progress around the city. These draw on European, partner and regeneration funding and involve partnership working between key city and regional-level agencies. A key city-level initiative has been the Birmingham Creative City programme, delivered by BCC in partnership with Birmingham and Solihull Business Link. In recognition that the co-ordination of effort, awareness of access and support and marketing and communication required further attention in the city, one of the programme's key aims was to act as a central point of information to ensure joined-up support between organisations so funding and support was cross referenced across organisations and clients. This programme lies within the framework of a number of creative industries programmes, both city and regionally based, to ensure creative companies can access support from different bodies to match their development needs. This includes (or has previously included) Creative Launchpad, SPARK, Creative Insight at Birmingham Library, Screen Media Lab (BCU), Channel 4 Ideas Factory, and the LSC/ESF co-financed Jewellery Quarter based initiatives, Creative Alliance, Birmingham Music Network, Media Vault (TIC).

More recently, the Birmingham Science City initiative sponsored by UK national government and 'operationalised' locally, aims to improve the connections and exploit the 'knowledge synergies' between local universities, firms and public bodies. The initiative is tasked with stimulating new and enhanced 'international class' capabilities in goods and services across a number of pre-existing and emerging science and technology themes – including for example in the digital media and information and communications technologies.

Nonetheless, although improvements have been made in the co-ordination of effort and awareness of access and support, issues around the marketing of Birmingham are generally agreed to require further attention. Furthermore, there are problems with alignment of regional and city-level strategies affected the operation of policy. For example, the Regional Development Agency's cluster policy does not recognise creative industries as a designated priority cluster, which has implications for funding of the sector and long term planning at city level. Nevertheless, the agency has put in place a variety of specific cluster strategies; some of them including creative and knowledge sectors. This is the case of Screen Image and Sound (SIS) cluster, for example, which was a growing sector for the region before the recession (BOP, 2007).

Also, there is a disjuncture between economic development policy and planning policy when it comes to the creative industries. The Jewellery Quarter and Eastside/Digbeth have been identified in some respects as 'new' creative quarters. Yet there is very little actual planning for this, little strategic provision of new developments to strengthen the business base, and investment in the wider environmental and 'quality of place' characteristics that could facilitate more robust clustering of creative industries firms and related activities. For example, the potential for Eastside to be a creative quarter of sorts has been evident in the broad city planning frameworks since the initial proposals were launched in 1999. But this has never been followed up by any studies into how this ambition might be pursued or any more detailed articulation of a planning and development strategy to take forward the area's undoubted potential.

The implications of the ACRE research are that there is a need for a new phase of investment in Birmingham in order to attract and retain skilled 'creative class' workers and enable the creative-knowledge economy to flourish within the city-region. Although the physical regeneration of the city centre and the development of existing cultural and physical infrastructure over the last 10-15 years have provided a strong base from which to build, in order to move to the next stage of development, this involves a finer grained and more integrated policy approach, much of which is necessarily 'soft' in nature. However, 'soft' policy instruments can appear to be more difficult to justify politically, as they are more difficult to measure and often have outcomes that emerge only after a considerable period of time and that are difficult to associate with the initial policy intervention.

5 CONCLUSIONS

5.1 Introduction

In the competition for global talent, cities are emphasising their 'soft' location factors and 'quality of place' in attracting the so-called 'creative class' (Florida, 2002). In particular, the quality of the urban living and working environment is gaining ground as an important condition for economic success. The aim of the ACRE study has therefore been to identify the local and regional factors that influence the location choice of highly skilled workers in the creative and knowledge-intensive sectors, as well as owner-managers, to locate businesses in a specific place, in our case, Birmingham. Contrary to the argument presented by Florida (2002), our research has indicated the persistent importance of 'hard' factors in the location decision of people and firms. In addition, our findings have highlighted the significance of the personal trajectories of people and their ties to the city in these decisions.

Overall, Birmingham as the second city in England satisfies a number of important 'hard' and 'soft' location requirements for individuals and firms and trans-national migrants at different stages in their life. These advantages allow the city to compete nationally and internationally to a certain extent. Nevertheless, the city faces a number of challenges inherited from the past and which have not been completely overcome despite a strong focus on physical regeneration and industry restructuring over the last 15 years. In addition, Birmingham cannot escape the impact(s) of globalisation on its economy or the dominance of London as a creative and knowledge hub in the UK. While local and regional development policies and the 'power of place' have their limits, our research suggests some recommendations for action in terms of skills development, attraction of firms and the development of strong networks as well as for the improvement of the built environment and the branding of the city. Finally, these approaches may benefit from strong and (re)generative leadership and governance. Some heightened focus on this latter dimension of the creative city seems even more important in the current uncertain economic context.

5.2 Overall evaluation of the city-region – Questioning Florida?

The ACRE research findings point towards the continuing importance of traditional 'hard' economic factors (employment, career opportunities primarily and also cost of living and property costs) in attracting graduates, creative-knowledge workers and skilled trans-national migrants as well as owner-managers and freelancers to the Birmingham city-region.

There was little evidence to support Florida's assertion that 'jobs follow people'. The majority of those we surveyed and interviewed moved to the city-region because of existing job or career opportunities or the job potential brought about by being located in a large UK city.

Although some jobs may follow people, the majority of people still go where jobs are to be found and this is ultimately more important to them (especially in today's difficult economic climate) than living in a 'cool, city' or pursuing a bohemian lifestyle. This is not to say that 'soft', 'quality of place' factors are not important — they clearly are also factored in to individuals' location decisions. However, they play a seemingly lesser role than 'hard' factors and personal 'trajectory' factors in the decision to move to a particular place. Nonetheless, these 'soft' factors appear to be more influential in the decision to remain in a particular place, provided that 'hard' conditions regarding job and career are catered for. An important distinction should therefore be made between 'attraction' and 'retention' factors.

When we examined the strong and weak features of the city-region overall regarding the capacity to accommodate creative knowledge, 'hard' location factors (primarily 'employment' and 'career development' opportunities, and also 'universities') and personal 'trajectory' factors ('studied here', 'social networks', 'own/partner family lives here'/'born here') were the strongest factors in terms of 'attraction'. Having studied in the region (which is an important 'trajectory' factor) is obviously linked to the 'hard' factor of 'universities'. These considerations were followed by 'hard' factors related to 'cost of living' and 'housing affordability/quality' which ranked medium-level in terms of importance. In contrast, 'soft' factors had mainly weak importance in terms of attraction.

Conversely, 'soft' factors related to 'quality of life' and 'quality of residential environment' as well as 'trajectory factors ('social networks' and 'own/partner family lives here/own children born here') were strongest in terms of retention. A number of other factors primarily related to the quality of jobs ('hard' factors including 'employment' and 'career opportunities'; working conditions (contract type), and 'soft' factors related to 'quality of working environment') were also strong. Related to these 'trajectory' factors was 'social infrastructure' (nurseries and schools) which was strong for those with children; and finally 'soft' factors relating to 'quality of the environment' - mainly the central geographical location and the size of the city-region; but also the proximity to countryside were also strong retention factors.

Not surprisingly, the strongest attractors for firm location were 'hard' factors: commercial property costs/availability and quality of offices; transportation infrastructure (public transport, roads, railways) and connectivity/inter- and intra-regional accessibility; and sector characteristics (established with key players or more varied sector with greater potential for starting-up a business). The local labour market and provision of a skilled labour force was also a strong attraction factor. The same factors key to attracting firms were also key to retaining them, but in addition, the 'professional networks' aspect was more strongly influential in the retention of firms; and 'quality of life' and 'quality of environment' factors were strong factors for attracting and retaining skilled workers.

However, it is also very clear that the decision to choose to live and work in a certain location is complex - it includes many different 'hard' and 'soft' factors and considerations which can often be uniquely personal, and so it is difficult to reduce all of this to individual component parts or generalisations. It should also be recognised that individual location needs change according to life-stage and that business location needs also change over time (from start-up through growth phases to maturity). Locational needs are thus often temporal in nature, and it should be recognised that the ACRE project provides a mere snap-shot in time.

Regarding some of the more specific claims made by Florida in terms of attracting the creative class – including their greater mobility and the presence of weak social ties; and the role of diversity and tolerance and 'bohemian' atmospheres, the ACRE findings reveal the following:

Mobility of the 'creative class' and personal ties

Florida (2002; 2005) and Florida & Tinagli (2004, p. 12) suggests that the 'creative class' is highly mobile, characterised by preferences for weak social ties and strong preferences for different lifestyle experiences which broadly constitute 'quality of place'. The 'creative class' is said to put individual needs first, and hence, will move frequently from region to region if these 'quality of place' characteristics are not fulfilled. However, this mobility is not quantified, rather it is inferred. One of the most striking ACRE findings is that the 'creative class' in the UK does not appear to be particularly mobile and are instead strongly tied to specific cities or regions by personal ties or 'trajectory' factors related to family and life stage as well as social networks from living or studying in a particular city-region, and these factors also influence owner-managers when deciding on a location in which to set-up their businesses.[1] From our analysis, it is clear that 'quality of place' considerations come secondary both to employment /career and personal trajectory factors (family, study, social-ties) when addressing motives for migration.

Much previous research and an extensive literature demonstrates that the pre-start-up geographical location of entrepreneurs and freelancers almost always plays a decisive part in a new firm's location: founders are almost always local to the area or have worked in the area/region in which they have located their new firm (for recent reviews of the literature, see Hoang and Antoncic, 2003; Stuart and Sorenson, 2007). Freelancers tend to have social and business contacts in a location in which they have been working and living before starting their own firms (it is a familiar environment for them). Consequently, it is not surprising that the majority of firm owners/freelancers interviewed as part of the ACRE study already had personal connections and high levels of 'social embeddedness' associated with the Birmingham city-region prior to forming their businesses. These 'trajectory' factors are also important in the decision to remain in a particular location and may actually become stronger as time progresses.

[1] For example, from WP5, 42.5 per cent of creative knowledge workers surveyed had either lived in Birmingham all their lives or moved to Birmingham from another location within the region; while 72.0 per cent of creative and knowledge workers had lived in Birmingham for more than 5 years and 51.5 per cent for more that 10 years.

Diversity and tolerance

According to Florida (2002) the location of talent is strongly influenced by the high levels of 'diversity' that characterise particular locales: creative people are attracted to areas that display a high degree of demographic diversity, i.e. places, where anyone from any background, race, ethnicity, gender, or sexual orientation can easily integrate. However, despite Birmingham being acknowledged as both a diverse and tolerant city, 'diversity' in itself did not appear to be an important reason for graduates or creative or knowledge sector workers choosing to locate in the Birmingham city-region, neither was it an influencing factor where owner-managers were choosing to set-up firms. Only in the case of TNMs were 'diversity' and 'tolerance' important factors in terms of attraction: the acceptance of foreigners meant interviewees felt accepted and that they and their families were able to integrate well. Although half the TNM interviewees were European, there was no evidence that interviewees from non-European ethnic minorities found it any more difficult to be accepted. On the contrary, the presence of, for example, large Indian and Pakistani communities made it easier for some BMEs to settle into the city. However, the picture is not straightforward, it is important to note that many of the ACRE interviewees had good incomes, were working in skilled occupations and living in the city centre or in middle-class, professional areas of the city – so they encountered few of the social integration or segregation problems that are sometimes reported by some migrants in lower skilled occupations in the city; and despite the feeling of greater integration compared to other UK cities (particularly London), some interviewees still felt the city was segregated spatially.

The mix of cultures in Birmingham was also influential in the retention of TNMs within the city-region. For example, interviewees commented on the wide variety of different cuisines available in the city, reported that there was a good variety of ethnic food shops, different cultures were represented in a variety of traditional and modern music and dance productions as well as art exhibitions and cinema - and all of this made life in the city more interesting. The ethnic diversity of Birmingham also seemed to have a positive impact in terms of creativity - the mix of different cultures and influences assisting in the creation of new cultural products. This was considered an important asset in the city because it widened the talent pool and offered the potential for the city's capacity to generate a more diverse and genuinely innovative creative product, and was seen as important for owner-managers as the ethnic diversity which created a potentially interesting and varied workforce

'Bohemian' atmosphere

Creative workers are also said to prefer the cheap rents and the 'bohemian' atmosphere of inner city locations that result from living and working in close proximity to other artists and so are attracted to these areas both to live and work (Florida, 2002). However, there did not appear to be any strong evidence for this in terms of the residential location choices of creative workers in the ACRE study. Residential choice for creative and knowledge workers in all target groups appeared to be more strongly related to age and household composition than sector: a city-centre location was preferred by a minority of younger professionals and single people and couples with no children. Locations further out from the city centre were preferred by the majority, particularly so by couples with children, and this was true for creative and knowledge workers and graduates as well as for TNMs. Birmingham's 'urban village' suburbs were chosen because they were green, leafy areas and there was more outdoor space in the form of parks and private or large communal gardens while still being fairly centrally located. Many were drawn to distinctive neighbourhoods which offered more alternative and less mainstream activities – local (independent) food and clothes shops, restaurants and coffee houses and good schools in the locality, so there was evidence of a ‘bohemian’ attraction, albeit a middle-class, aspirational one. However, all of these areas had a similar advantage of good, easy and quick access to city centre. Owner-managers in sectors which were not tied to requiring a central, city location (such as computer games) generally chose more rural locations in the wider West Midlands region. Similar reasons were cited for choosing these locations, particularly availability of family accommodation and outdoor space and the quality of the environment.

5.3 Early reflections on existing local development strategies and policies

For a variety of reasons, including a lack of experienced and skilled employees; limits imposed on firm growth due to a lack of both a national and international client-base; globalising markets; the overwhelming dominance of London in all creative-knowledge sectors, and the overall performance of the city-region economy - the picture emerging of creative and knowledge based industries in Birmingham is one characterised by sectoral diversity and fragility and there is some indication that it has reached a plateau beyond which the future growth trajectory is uncertain. One possibility is that this is a common pattern for second cities that operate in the shadow of national capitals. London is one of the few cities that is, without doubt, a global city - and its size and reach has an adverse impact on the growth of the creative industry in other cities. While there is some room for development outside London it seems likely that strong and sustained growth beyond a limited ceiling is only likely where a distinctive niche can be developed. It is not apparent that any such niche currently exists (at any significant scale of operation) in the Birmingham city region and therefore the prognosis is of little further overall growth but some turbulence and change within existing capabilities, particularly so in light of the current recession.

There are crucially important questions about the effectiveness of different parts of the policy fabric in addressing particular issues related to specific sectors; or in addressing the wider environment that affects the attractiveness of the city region. Some decisions are made in London with little awareness or concern about the wider repercussions for Birmingham (for example the recent downsizing of the BBC in the city). In other cases there are seen to be shortcomings in the approach adopted by city and regional agencies. They are regarded as risk adverse; strategy rather than delivery dominated; and too constrained by traditional governance mechanisms that fail to join up and sustain a targeted development approach. There are gaps between key city and region players and a lack of awareness of the importance of funding not just for attracting new businesses but also for the following stages of development and crucially, in their retention. At the same time it is important to recognise that there are examples of bolder decisions such as those related to the development of the digital media sector. However, there appears to be a ‘patchy’ connection between policy for the creative sector and other policy initiatives such as the more recent Science City and Digital City agendas. New and emerging S&T projects, start-ups and related inward investment favoured by these other policy areas could offer business development opportunities for the creative sector (e.g. advertising and marketing, web design and so on).

However, there is much inherent complexity across the creative sector in Birmingham and this suggests that there is no single policy model for growth and support - but that policy arrangements need to be highly adaptive, responsive to individual firm needs and in some cases more ‘opportunistic’ – albeit well-calculated opportunism. Some policy observations to address the key challenges facing the Birmingham city-region in the attraction and retention of creative industry talent are briefly discussed below:

5.3.1 Developing people skills, removing barriers to the attraction of firms and fostering strong networks

Historically the West Midlands region has been a net exporter of graduates, reflecting perhaps a weak knowledge economy and relatively low demand for higher level skills. In recent years, the Region’s graduate retention rate has improved. However, the Region still lags behind in terms of attracting graduates from other parts of the country and overseas (HEFCE, 2005). The relatively low level of demand for higher level skills from the region’s private sector also has a significant impact on the retention and attraction of graduates and other ‘knowledge workers’ in the Birmingham city-region. Recent research (WMRO, 2008) indicates that while some 60 per cent of graduates remain within the region after graduating, this is often to retain their support network of family and friends while they take short term ‘stop gap’ jobs to earn money while looking for other opportunities (often out with the city-region) that fit with longer term career plans. Graduates leaving the region predominantly move to London and the South East. Those who leave the region are also more likely to be working in higher value added private sector industries and knowledge based services such as professional & financial services and IT & telecommunications (WMRO, 2008).

Although firms taking part in the WMRO study were keen to utilise graduates in their companies, a fifth (20 per cent) of all employers surveyed thought graduates lacked the work based and industry and business-specific skills they required. This figure was 17 per cent for employers who had recently recruited graduates. Few firms offered any formal or systematic training. Many, particularly small and micro businesses, were deterred by the prohibitive cost and time involved in organising and running training.

Work placements are seen as vital in addressing the barriers both to getting employers to take-on recent graduates and for retaining graduates within the city-region: of the 20 per cent of graduates surveyed as part of the WMRO study that had taken part in a work placement, more than three quarters felt that this placement was an important or essential factor helping them to acquire critical work based skills and in securing employment. Our research also found that graduates who took part in work placement activity were much more likely to stay in the region: they had forged links beyond the university campus and were more likely to have thought beyond the stereotypes of what the region is like as a place to live and work. In conjunction with work placements, the report also found that ensuring effective careers information, advice and guidance from HEIs is also critical in ensuring that graduates are well informed about the career opportunities available in the region and that employers can attract individuals with the higher level skills they need.

The major role of universities as skills provider and employers of skilled people has implications in terms of local and regional inward investment policy in the region. While attracting international businesses to the West Midlands is critical to the development of a strong and productive knowledge economy, the role of universities in local and regional economic development strategies deserves greater attention. Although the West Midlands International Business Action Plan recognises there is an opportunity to attract new R&D led international inward investment into the region based upon niche university strengths, this remains largely underdeveloped in the region. Of particular importance is the attraction of international research collaborations and international flows of students and researchers. Fundamental to the recruitment of international students and staff is the manner in which universities facilitate the integration of their students, employees and their families.

5.3.2 For firms: ‘Soft’ incentives and high quality commercial property

A key need identified by the firms interviewed is the accessibility of appropriate workspaces in the local area and the lack of suitable, affordable commercial property for firms beyond the early start-up phase looking to expand. Without such workspace, local businesses will consider moving away. The interviews indicate that there is a need to provide a more bespoke range of premises and facilities to ensure that growing businesses remain in the Birmingham area. The study has highlighted the footloose potential of the creative industries sector. Should the appropriate workspace infrastructure not be provided, businesses will have no hesitation in moving out of Birmingham. Appropriate facilities are needed in the areas where creative SMEs are presently located to ensure that there is not a major migration of creative enterprises out of areas such as Eastside. The key issue is to provide a pathway of accommodation options for firms as they (hopefully) grow. So they can stay in the area, retaining the formal and informal links with other firms and people in the district, thereby strengthening the longer term clustering process with corresponding benefits for the visibility and image of the creative sectors in Birmingham.

5.3.3 Promoting strong networks

The ACRE research found that one of the key retention factors was the presence of strong peer networks. Many creative professionals rely on collaboration with others in order to complete projects or to find product niches and that informal peer networks also replace formal institutions in terms of support. Costs for start-ups were reduced by sharing workspace and networks also assisted business development through knowledge sharing and skills. The ACRE research also demonstrated that strong networks encouraged retention as well as in-migration of creative workers from abroad. Research by Morgan (2005) on the creative industries in the West Midlands found that peer networks often formed due to public support – for example, networks in the Custard Factory were encouraged through firm participation in the Design Space New Media Scheme. Morgan found that public support mechanisms were vital in both initiating and maintaining peer networks and collaboration as they acted as 'introducers' (Morgan 2005, p353). Morgan's research also found that when public support mechanisms are withdrawn, this can have a negative impact on collaboration levels of creative businesses and highlighted the importance of business support intermediaries.

5.3.4 Image, branding and the built environment

Birmingham is not readily associated with the creative sector, partly because the sector does not as yet have sufficient critical mass. To be considered a 'serious player' in the UK, creative people still feel they need to be based in London (or Bristol or Manchester). Birmingham is generally viewed as a 'second option' city in which to work and set up a business as a creative professional and this perception needs to change in order to attract and retain creative people, firms and freelancers. The marketing and promotion of Birmingham as a creative place is essential in counteracting this negative perception. In 2004, the Creative Birmingham Partnership Board (CBPB) was unanimous in stating that a greater profile for Birmingham's creative sector was the single most important challenge the sector faced.

The capacity of Birmingham to enable collaborative creative projects and the development of inter-cultural products should also be highlighted. It is essential for the public sector to promote the 'quality of life' in Birmingham both to those who have recently arrived to work or to study as well as those who are considering Birmingham as a place to live and work. The provision of information on the Internet for people new to the city or thinking of moving to Birmingham is one possibility suggested by this study and one in which the city council is already working on together with the WMSMP. The '*Welcome to Birmingham*'[2] website is a guide (in English but with multilingual introductions) to information and services for those who are new to the city and includes information about cultural, arts and leisure and recreation activities available and where and how to find out what is going on in the city. This site could also be expanded considerably to promote Birmingham to those thinking of moving to the city.

Also important is 'distinctiveness' - successful cities are those that have a particular identity that helps them attract businesses, skilled workers, visitors and students. Birmingham needs to develop its own unique strengths and original creative capabilities that are difficult for other places to replicate. Interviewees frequently commented that despite the huge physical improvements in the city centre, Birmingham is not sufficiently diverse in terms of its architecture, cultural facilities, heritage, retail offer, and services, especially for young and minority ethnic groups. Although Birmingham seems to meet many 'quality of life' requirements, the city and the region would benefit from addressing the lack of a more varied cultural offer – the encouragement of alternative 'underground' arts and music venues (such as are seen in Berlin, for example), and a diversity of cultural activities with different profiles - a more mature (more 'cosmopolitan') city offer that would appeal to people from different backgrounds, lifestyles, age groups and with different preferences.

[2] http://www.welcometobirmingham.org/

Further, initiatives that encouraged both the production and consumption of these activities and integrated them within the City Centre Masterplan and other planning initiatives could allow Birmingham to be more competitive. This type of integrated thinking would complement current local redevelopment, mainly focused on city centre retail and the Bullring, through the development of a wider cultural offer in existing but under-used areas like the Jewellery Quarter, Digbeth or the area around the Hippodrome. It could be designed to show, for example, how the area which has the greatest potential, Eastside, will be developed in ways that capitalise upon its unique characteristics. - it’s rich industrial heritage, and the urban ‘grittiness’ that is associated with its 18th and 19th century warehouse buildings, the canals, traditional pubs and small, independent shops that typify the area - and ensure that standard development does not eliminate this area’s distinctive qualities. In order to exploit the positive outcomes of the international mix and ethnic diversity that exists in Birmingham, this type of thinking could combine with policy support and initiatives fostering the production of creative products and activities inspired by the mix of cultural influences in the city.

5.3.5 Housing and neighbourhood offer

It is important that Birmingham continues to broaden its housing and neighbourhood offer. As the ACRE findings show, limiting the choice of ‘professional’ accommodation to one and two bedroom city centre flats is not sufficient. While this city living market has been important in providing residential choice for young professionals and retaining them in the heart of the city, there is a need for more varied housing near the centre, particularly for those with families. At the moment, Birmingham’s family housing options for skilled workers in knowledge and creative sectors are effectively limited to properties in a small number of highly sought after suburbs where high demand has created price pressures. The historic nature of these suburbs also limits the potential for significant development of new housing. However there is ample scope on the city centre fringe and in the inner city to create new sustainable, mixed, urban neighbourhoods, incorporating a range of apartments and townhouses that are able to meet people's changing demands throughout their life-cycle and the needs of different types of family, and with a full range of social and community amenities. These areas could also provide opportunities for new small business accommodation and small-scale leisure and cultural outlets that would further enhance Birmingham’s appeal as a place to live and work. Creating such new residential districts is a complex and long-term planning challenge and will necessarily need to involve both spatial and community planning in order to create strong, cohesive neighbourhoods. However this kind of creative planning, together with the funding necessary to realise the vision, should be seen as an integral part of city’s economic policy ambitions in regard to its ability to attract and retain skilled migrants in important growth sectors.

5.3.6 'Creative Quarter' development

The quarters-based approach – Eastside, Jewellery Quarter and City Centre – has the wide support of the key agencies in Birmingham. Clustering is seen to have worked relatively effectively in practice, notably at the Custard Factory and in the Jewellery Quarter. However, there are a number of remaining concerns. The development of Eastside is still at an early stage, and although this project could stimulate a further round of creative sector growth, there is currently very little detail to be found in the formal vision for Eastside as a creative-based quarter: iconic buildings and landmarks are not in themselves sufficient to attract creative businesses to the area. The provision of schools, local shops and social infrastructure for those freelancers and workers that the city hopes will be attracted both to live and work in the area need to be well thought out and rapidly 'operationalised' if the development is to succeed. While the Jewellery Quarter and Digbeth have emerged as embryonic creative districts, this has occurred in a largely 'organic' fashion and with only minimal formal policy support; and the process is very partial in nature. There is a widely held perception by stakeholders including residents and the creative business base that neither of these areas are currently fulfilling their potential. There is much more scope for developing the full clustering effect, for developing concentrations of more diverse culture/lifestyle as discussed in section 5.3.4, and for strengthening Birmingham's image as a creative city. But fulfilling all of this potential perhaps requires a more proactive and adventurous planning approach, and backed by the financial and organisational means to achieve key transformations.

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APPENDIX

Table 2.1: Location factors: 'hard', 'soft' and 'trajectory'

	Factor	Definition
Hard factors	Employment	Job offers and career opportunities
	Labour market	Skilled and diverse labour pool
	Working conditions	Type of contracts, salaries
	Established sector	Key players; critical mass of firms
	Universities	Universities and other HEIs
	Transportation infrastructure	Public transport; road, motorway, rail air network
	Connectivity	Inter -and intra- regional accessibility
	Social infrastructure	Nurseries, schools; health and medical facilities...
	International accessibility	International transport connections (airports, rail)
	Scale and geographic location	Geographical location, size of city
	Housing affordability	Housing cost; cost of rental property
	Housing quality/availability	Availability and quality, social housing and rental sector; variety of housing types
	Commercial property costs	Cost of renting/purchasing commercial property
	Commercial property quality/availability	Availability and quality of office space etc
	Living conditions	Cost of living, overheads, other expenses; taxation system, allowances
Soft factors	Quality of the environment	Quality of landscape; parks; green and open public spaces
	Quality of the city environment	Cleanliness, Pollution, Noise; safety
	Image of city	Perceptions of city-region as a place to live and work
	Quality of architecture/ built environment	Landmarks, heritage preservation, building stock
	Quality of residential environment	Neighbourhood environment; greenery, public spaces; access to services
	Working conditions (environment)	Flexibility of timetables; friendly colleagues; attractiveness of work-place and its environment
	Quality of life	Cultural, leisure, sport, shopping and entertainment/recreational facilities
	Tolerance	Acceptance of diversity, openness to foreigners
	Social cohesion & equality	Community and social cohesiveness; segregation
	Cultural Milieu	Local culture; 'buzz', creative atmosphere
	Professional networks	Work-related peer networks
	Policy intervention	Business start-up/support initiatives; employment/training schemes etc; sector policy
Personal trajectories	Born here	Born and grew up in city-region
	Family reasons	Parental family lives in the region; current family background (marriage, wife and / or children), followed partner
	Social networks	Private sphere: Friends, acquaintances
	Studied here	Attended university, HEI

Source: ACRE

Table 3.2: Matrix of 'hard', 'soft' and 'trajectory' factors influencing location decisions of target groups (Workers; Owner-managers, and TNMs)

Employees		**Hard factors**		**Soft factors**		**Personal attachment**	
		Attraction	Retention	Attraction	Retention	Attraction	Retention
1A	creative:	(Universities/ HEIs) Empl (potential)/ Empl (offer) (1)	(1).Employ (potential) Working conditions (contract)	Size of city (2)	(1) QoLife Qo resid Q of work	(1)Studied Social Net; Family	(1)Social Net; Family/children
1B	knowledge intensive	(Universities/ HEIs) Empl (offer) (1)/ Universities Infrastructure (transp) Housing affordability(2)	1).Employ (potential) Working conditions (contract)		(1) QoLife Qo resid Q of work	(1)Soc Net Studied; Family Born	(1)Social Net; Family/children
1C	graduates	(Universities/ HEIs) (1) Empl (offer) Empl (potential)	(1). Employ (potential) Working conditions (contract)		(1) QoLife Qo resid Q of work	(1)Studied; Social Net; Family/Born	(1)Social Net; Family

Source: ACRE

Employers/ managers		**Hard factors**		**Soft factors**		**Personal attachment**	
		Attraction	Retention	Attraction	Retention	Retention	Attraction
2A	Creative (Motion picture & Video; TV & Radio)	(2) House (cost) Cost of living	(2)House (cost) Cost of living		(1).QoLife QoResid Creative atmosphere	(1).Family/Partner/ children Born; Studied Social Net	(1).Family/Partner/ children
2B	Creative: Computer games	(1).Empl (offer) (2)House (cost)/ Cost of living	(1).House (cost)/ Cost of living Soc Infra (schools)	(2)QoLife Qof Env	(1).QoResid QoEnv QoLife	(1)Studied/ Soc network Family/ Partner Born	(1).Soc network Family/Partner/chil dren
2C	Creative: Digital media	(1)Empl (offer) (2)House (cost)/ Cost of living	(2)House (cost)/ Cost of living Size of city (comp London) (1)Soc Infra (schools)	(1).Professional networks Size of city (comp London)	(1).Professional networks Creative atmosphere (2).QoResid (urban villages) QoLife/amenities	(1).Studied/ Soc network Family/Partner Born	(1).Soc network Partner/children
2D	Knowledge intensive: Business & Management consultancy	(1).Empl (offer)/ career	(1)Career dev	(2).Professional networks	(1).Professional networks QoLife Qof Env QoResid	(3).Family; Born; Studied Social Net	(1).Family; Social Net

Source: ACRE

International migrants		Hard factors		Soft factors		Personal attachment	
		Attraction	Retention	Attraction	Retention	Attraction	Retention
3A	Creative: Visual & Performing Arts	Universities Employ(potential/offer)/ career (1) House (cost) Cost of living IA (2)	Employ/career potential (1) (2) Soc Infra (schools/nurseries) House (cost) Cost of living Infrastructure (transp)/IA Central location	(2)Diversity/ culture	(1)Professional networks (2)Diversity QoLife/culture QoEnv; QoResid (urban villages)	(1)Studied; Followed partner (family)	(1)Social net; Family; Met Partner
3B	Knowledge intensive: Higher Education	(1)Employ(offer)/ career Universities IA (2)	(1).Employ/ Career potential Work conditions (contract) (2) Soc Infra (schools/nurseries) House (cost) Cost of living Infrastructure (transp)/IA Central location	Working environment (1) Diversity (2)	(2) Diversity QoLife / amenities QoEnv; QoResid (urban villages) QoWork	Followed partner (1)	(2) Family/Partner/ children
3C	Knowledge intensive: Business & Management consultancy	(1)Universities Employ (offer/potential)/ career IA (2)	Employ/career potential Work conditions (contract) (1) (2)Infrastructure (transp)/IA Central location	Working environment (1)	(2) Liveable' city QoLife; QoEnv QoResid; QoWork Diversity	Studied Followed partner (1) (family)	Met Partner Social Net Family (1)

Source: ACRE

Table 3.3: Matrix of 'hard', 'soft' and 'trajectory' factors influencing the location decisions of firms

Firms		**Hard factors**		**Soft factors**	
		Attraction	Retention	Attraction	Retention
2A	Creative (Motion picture & Video; TV & Radio)	(1)Established sector/ key players Infrastructure (transp)/ IA Central geog position Commercial property costs/ availability Labour market/skills	(1)Low costs of production Infrastructure (transp)/IA Central geog position Universities/ graduates	(1)National sector policy (orgs must have regional presence) Local and Regional public sector support (2) QoEnv/QoArch for film location Diversity/BME community	(1)QoEnv/QoArch for film location; Professional networks Diversity/BME community
2B	Creative: Computer games	(1)Established sector/ key players Cluster of CG firms to attract grads from London. Commercial property costs/ availability Universities/Labour market/skills	(1) Established sector/ key players Commercial property costs/ availability/quality Universities/Labour market/skills Infrastructure (transp)/IA Central geog position	(1)professional networks Quality of working environ/offices (2)QoLife; QoEnv	(1)professional networks (1)QoLife; QoEnv
2C	Creative: Digital media	(1)Easier to start business than London Sector more varied/collaborative opps Size of city (comp London) Infrastructure (transp) Central geog position	(1) Infrastructure (transp) Central geographic position Size of city (comp London)	(1)Professional networks/digital 'hubs' in JQ/Custard Factory Quality of working environ/offices	(1).Professional networks/digital 'hubs' in JQ/Custard Factory QofWork/QoLife for retaining employees
2D	Knowledge intensive: Business & Management consultancy	(1).Established sector proximity to market Infrastructure (transp) Commercial property costs/ availability Labour market/skills	(1).Established sector proximity to market Infrastructure (transp) Commercial property costs/ availability Labour market/skills	(2).QoLife; QoEnv	(1) QoLife; QoEnv

Source: ACRE

Table 4.2: Matrix of 'strengths' and 'weaknesses' of the Birmingham city-region in terms of 'hard' and 'soft' location factors according to target groups

INDIVIDUALS	Strong	Medium	Weak
Hard factors			
Employment	1a,c; 3b,c	1b; 3a	
Working conditions		1; 3a,c	
Universities	1;2;3		
Transportation infrastructure	2; 3	1	
Connectivity	1; 2;3		
International Accessibility	1;2;3		
Scale and geographic location	2;3		
Social infrastructure		1; 3a;b	
Housing affordability	1b; 2; 3	1a,c	
Housing quality/availability			2;3
Living conditions	1a; 2; 3	1b,c	
Soft factors			
Quality of natural environment	1; 2; 3		
Quality of city environment			1; 3
Image of city	2d; 3b; c	2b	2a, c; 3a
Quality of architecture/ built environment	2a	1	3a
Quality of residential environment	1; 2;3		
Working conditions	1; 3b,c		
Quality of life	1;2b,d; 3b,c	2a,c;3a	
Tolerance	1;2;3		
Social cohesion & equality		1; 2;3	
Cultural milieu		2a,d; 3b,c	2c;3a
Professional/peer networks	1; 2; 3a;c		
Policy intervention	2a; 3a		

Notes: Numerals refer to target groups: 1 = employees and graduates; 2 = owner-managers and freelancers; 3 = TNMs. Letters refer to further subdivisions within these broad target groups: 1a = creative workers; 1b = knowledge workers; 1c = graduates; 2a = Creative (Motion picture & Video; TV & Radio); 2b = Creative (Computer games); 2c = Creative (Digital media); 2d = Knowledge (Business Consultancy); 3a = Creative (visual & performing arts); 3b = Knowledge (Higher Education); 3c = Knowledge (Business consultancy). If all sub-categories of a target group attach the same level of importance to a particular location factor, then only the corresponding numeral is used to signify this. If sub-categories within a target group indicate different levels of importance to a particular location factor, then these differences are indicated using the appropriate alpha-numeric indicators.

Table 4.3: Matrix of 'strengths' and 'weaknesses' of the Birmingham city-region in terms of 'hard' and 'soft' factors according to firms

	Strong	Medium	Weak
Hard factors			
Labour market	2d	2a,c	2b
Established sector	2a,b,d	2c	
Universities	2		
Transportation infrastructure	2		
Connectivity	2		
International Accessibility	2		
Scale and geographic location	2a,b	2c	
Housing affordability	2		
Housing quality/availability		2	
Commercial property costs	2a,b,d	2c	
Commercial property quality/availability		2a,b,d	2c
Living conditions	2		
Soft factors			
Quality of natural environment	2		
Quality of city environment		2	
Image of city			2a,b,c
Quality of architecture/ built environment	2a	2c	
Quality of residential environment	2		
Working conditions	2a,b,d	2c	
Quality of life	2		
Tolerance			
Social cohesion & equality			
Cultural milieu	2a,b	2c	
Professional/peer networks	2		
Policy intervention	2a	2c	2b

Notes: Numerals refer to target groups: 2 = owner-managers and freelancers. Letters refer to further subdivisions within this target group: 2a = Creative (Motion picture & Video; TV & Radio); 2b = Creative (Computer games); 2c = Creative (Digital media); 2d = Knowledge (Business Consultancy); If all sub-categories of the target group attach the same level of importance to a particular location factor, then only the corresponding numeral is used to signify this. If sub-categories within the target group indicate different levels of importance to a particular location factor, then these differences are indicated using the appropriate alpha-numeric indicators.