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Creative Leipzig?

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

ACRE report 8.6



European Commission



CITIZENS AND GOVERNANCE IN A
KNOWLEDGE-BASED SOCIETY

Joachim Burdack
Bastian Lange
Kornelia Ehrlich

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Dr. Olga Gritsai, ACRE project manager

University of Amsterdam

Amsterdam institute for Metropolitan and International Development Studies (AMIDSt)

Department of Geography, Planning and International Development Studies

Nieuwe Prinsengracht 130

NL-1018 VZ Amsterdam

The Netherlands

Tel. +31 20 525 4044

+31 23 528 2955

Fax +31 20 525 4051

E-mail O.Gritsai@uva.nl

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Joachim Burdack
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Kornelia Ehrlich



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

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ACRE

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Coordination:

Prof. Sako Musterd

University of Amsterdam

Amsterdam institute for Metropolitan and International Development Studies (AMIDSt)

Department of Geography, Planning and International Development Studies

Nieuwe Prinsengracht 130

NL-1018 VZ Amsterdam

The Netherlands

Participants:

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

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

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EXECUTIVE SUMMARY

The ACRE project analyses the competitiveness of European metropolitan regions in the context of global competition. In particular the research focuses on creative and knowledge intensive industries. These emerging economic sectors show above-average growth rates, and they are held responsible for the competitiveness of metropolitan regions. The regional economist Richard Florida supposes that creative people do not simply move to regions with wide opportunities in the labour markets, rather the jobs follow this ‘creative class’. This suggests that there might be different driving forces for location of people, businesses, and venture capital than only hard economic factors. Soft factors are supposed to account for a large share of today’s attractiveness of metropolitan regions.

In order to understand the location decisions of creative professionals the ACRE project looks for driving forces of Florida’s ‘creative class’ and has been surveying three different target groups.

The first empirical phase (WP5) surveyed creative and knowledge intensive workers and graduates. The research focus lay on private life circumstances and their relation to housing and neighbourhood aspects, as well as the evaluation of the working/studying environment.

The second empirical phase (WP6) provided outcomes of a second survey with managers and freelancers working independently in creative and knowledge intensive industries. The central intention was to understand which set of factors influences location decisions of creative and knowledge intensive firms. Is there a predominance of soft factors in these emerging markets? How independent are location decisions of hard economic factors? What kind of influence do private living conditions exert on managers’ location? Is there empirical evidence for the analytical validity of cluster, network, and path dependency concepts?

The third empirical phase (WP7) finally surveyed transnational migrants. The focus lay on the reasons for transnational migrants to come to Leipzig, their impression of the city, and the general evaluation of their living and working situation.

The results show that all three target groups develop certain perceptions of space, forms of integration into the city region which further determine their stay in Leipzig. The results also show that not only hard and soft factors are important when evaluating the capacity of a metropolitan region to attract and integrate people of the knowledge-intensive and the creative industries. Personal trajectories and different phases of life are determining the decision to move to a place and the decision whether to stay in this place for a longer time. That means one can observe different demands, needs, and problems of different target groups concerning their establishment in an urban context.

The empirical findings make it possible to formulate three theses, concerning the significance and relation of different location factors. First we can state that in the creative and knowledge-intensive industries hard factors still play a crucial role for the decision making process to

move to a new place. Florida's thesis of the dominant role of soft factors for these industries must be rejected. Place still matters! A second important finding concerns the significance of so called personal trajectories, like the place of birth or family-ties. They are important for the decision making process to move to a new place in order to accept a job or establish a business there. At the same time they play an important role as retaining factor. The third finding is the importance of soft factors as retaining factor. Although not having redeemed hard location factors as predominant factors in attracting creative workers, managers, and migrants, they gain importance for the decision whether to stay in a region or rather leaving it.

1.1 Introduction to the region

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

Leipzig is located in the Northwest of Saxony, one of the five Eastern German *Bundesländer*. Leipzig, thus, represents a specific case within the portfolio of European agglomerations in the ACRE project. On the one hand there is a large group of Western European cities with a more or less continuous development under capitalist market economy systems since several decades (Amsterdam, Barcelona, Birmingham, Helsinki, Munich, Toulouse, Milan, and Dublin). With the exception of Barcelona, these cities could develop without significant interruption in a climate of political stability. On the other hand there are cities in post-socialist transition countries in Eastern Europe (Budapest, Poznan, Riga, and Sofia). For them the end of the Eastern European socialism meant significant rupture in the economic, social, and political spheres – they had to define themselves new.

In contrast, the fall of the Berlin Wall in Germany led to a different mechanism of transition. The Eastern German cities did not have to struggle with a complete social redefinition, as they adopted Western German political, economic, and social institutions. Eastern Germany – with large support of the Eastern German population – joined the Federal Republic of Germany. One consequence of this integration into an existing, well-functioning, and wealthy system was that Eastern German regions did not have to master the transition process on their own. With ongoing large-scale financial support, Eastern German regions were lifted to levels of infrastructure and institutional settings today partly even better than in Western German regions. Thus, Leipzig, since 1989, passed through a very specific transition path.

One important aspect of this transition path is the increased mobility and exchange of parts of the Leipzig population. During the GDR-regime, mobility was restricted in a spatial as well as in a socio-economic sense. Even short term travelling for vacation to foreign countries was difficult. Moving around thus was only possible within the GDR-territories, and mostly it was state-regulated. The population in Leipzig, therefore, was quite homogeneous and forced to be locally rooted. After reunification, two things changed significantly for Leipzig's inhabitants: first, they were free to go wherever they wanted for working and living, second, the integration of GDR economic facilities into the reunified German economy started with a large wave of deindustrialisation – leading to mass unemployment. In 1990, 31,413 inhabitants left the city, and another 19,353 decided to leave the surrounding three districts Leipziger Land, Muldentalkreis, and Delitzsch¹. This annual population exit slightly

¹ Statistical Office of the Free State of Saxony: http://www.statistik.sachsen.de/21/02_03/02_03_tabellenliste.asp (last visited: February 1st, 2009).

decreased until 2007: with 19,658 for the city of Leipzig and 12,563 for the surrounding districts. In this course of this emigration, the population of Leipzig declined from 557,341 in 1990 to 493,208 by the end of 2000. However, since the late 1990s in-migration exceeds out-migration, and birth rates rise again. Thus, Leipzig could account for 510,512 inhabitants in 2007². However, the increased number of inhabitants has partly due to with the incorporation of surrounding districts.

In general, these considerations show that the composition of Leipzig's population changed in the last years. Leipzig became integrated into a large-distance migration flux, and the amount of incoming people from other regions in Germany and Europe is rising slowly but constantly. Homogeneity and local rootedness are losing their predominance as common pattern of Leipzig's population.

1.2 Structure of the report

In order to present and discuss generalised results of the last three work packages in this report, chapter 2.1 starts with a short description of the methodological background of WP 5, 6, and 7, so that the reader will understand the methodology applied to WP 8, which will be presented in chapter 2.2.

Chapter 3 will then present the results from WP 5, 6, and 7, concerning generally the evaluation of the city region Leipzig from the perspective of the three different target groups, interviewed in WP 5, 6, and 7. Chapter 3.1 describes the spatial orientations and behaviour of the three different target groups. Chapter 3.2 refers to the basic factors, which underlie the different orientations, perceptions, and preferences the target groups have in the city region Leipzig.

Chapter 4 presents an evaluation of the city region Leipzig from the perspective of local conditions and policies. Chapter 4.1 presents the strong and the weak points of the city region Leipzig regarding its capacity to accommodate creative knowledge industries. Chapter 4.2 discusses whether the results of chapter 4.1 are site specific or ubiquitous indicators. Chapter 4.3 deals with the aspect of path dependency, concerning the empirical results of the evaluation of the strong and weak points of the city region. Chapter 4.4 tries to position the city region Leipzig with regard to hard and soft factors, existing policies and projects, which enhance different hard and soft location factors in the city region Leipzig.

Chapter 5 finally is an overall evaluation of the city region Leipzig. Furthermore the chapter reflects on existing literature of the Leipzig area and local development strategies and policies. Additionally it presents possible recommendations concerning the accommodation of creative knowledge in the city region Leipzig.

² Statistical Office of the Free State of Saxony: http://www.statistik.sachsen.de/21/02_02/02_02_01_tabelle.asp (last visited: February 1st, 2009).

2 RESEARCH DESIGN AND METHODOLOGY

2.1 Methodological background of previous works

As this work package presents the generalised results of the last three work packages (WP 5,6, and 7) it is useful to recall the methodological background of the previous works, thus giving the reader a better understanding of the methodology applied to the current work package.

2.1.1 WP 5 – Creative Knowledge workers and graduates

In WP 5, the focus lay on employees and graduates of the creative and the knowledge intensive industries. The aim was to understand the main reasons and driving forces that led to the specific job and location decisions of higher educated graduates and employees in creative and knowledge-intensive industries in the Leipzig region. A second and interrelated objective was to explore the role that hard, soft factors, and personal trajectories play in workers and graduates decision to live in a particular location in the region, as indicated on guidelines and descriptions provided in the ACRE proposal. In order to fulfil this task, a questionnaire for standardised interviews had been developed and distributed amongst creative knowledge employees and graduates in the city region Leipzig.

Based on the general objectives mentioned, the Dublin team developed the following questionnaire and divided it into four categories:

- *Satisfaction with the city:* One of the key arguments in the debate on knowledge and creative cities, is that so called ‘soft factors’, like the atmosphere of a city, tolerance, and cultural diversity, are increasingly important in both the location decisions of firms/organisations as well as individual workers. In particular, it is argued that workers in the creative sector place high importance on ‘soft factors’. The intention of this section was to find out to which degree the employees and graduates are satisfied with the ‘soft aspects’ of the city and achieve an overall evaluation of the city.
- *Satisfaction with job and work environment:* In the knowledge economy, and in particular in the creative economy, there is the assumption that the work-life of the knowledge worker is more flexible, creative, and interesting than in other types of jobs. This topic addressed issues of satisfaction with respect to the respondent’s jobs and general work environment.
- *Satisfaction with neighbourhood/area and dwelling:* Although a person can be generally satisfied with the city in which he lives, this satisfaction does not necessarily translate into other spheres of his life. Given that neighbourhood in which people live is a central element to people’s satisfaction, the questionnaire included aspects of neighbourhood and dwelling satisfaction.

- *Section on background data:* Background information is essential in any questionnaire, as it provides a basis for the analysis.

Sampling process and selection criteria

The sampling and the selection criteria for the interviewees based on the given data about the structure of creative industries and knowledge-intensive industries (Lange, Burdack et al., 2008a) chapter 1, Table 1.4). The selection was made for the survey of 200 questionnaires. The target groups had been selected the following:

1. University/polytechnic graduates: 25 respondents;
2. Art/media school graduates: 25 respondents;
3. Employees in creative industries: 75 respondents;
4. Employees in knowledge-intensive industries: 75 respondents

The interviewees for the survey had to be employed in the following sectors (the graduates had to be trained to work in one of these sectors):

Creative industries:

- Advertising (NACE Code¹ 744)
- Audiovisual media (video, film, music and photography (921), and radio, TV (922))
- Computer games, software, electronic publishing (722)

Knowledge intensive industries:

- Finances (65)
- Law and other business services (741)
- R&D (73) and higher education (803) (Lange, Burdack et al., 2008a, p. 19-22)

2.1.2 The managers' view

WP 6 presents results of a survey with managers and freelancers working independently in creative and knowledge intensive industries. The central objective was to understand which set of factors influence the location decisions of creative and knowledge intensive firms. The following questions were of central interest: Is there a predominance of soft factors in these emerging markets? How independent are location decisions of hard economic factors? What

¹ Nomenclature statistique des activités économiques dans la Communauté européenne (= statistical system of the economic sectors within the European Community), <http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Klassifikationen/GueterWirtschaftklassifikationen/Content75/KlassifikationWZ2003,templateId=renderPrint.psml>, (last visited: June 30th, 2009).

kind of influence do private living conditions and personal trajectories exert on managers' location decision? Is there empirical evidence for the analytical validity of cluster, network, and path dependency concepts?

To analyse these research questions, four sub-sectors of creative and knowledge intensive industries had been chosen: (1) business and management consultancy, (2) 'old' media (radio, TV, movies), (3) 'new' media (web design, e-publishing, PC-, and video games), and (4) design activities. Explorative interviews with experts provided first insights into the structure and function of these sub-sectors. Then a set of 24 semi-structured qualitative interviews with managers and freelancers within the four sub-sectors helped to understand the determinants of the location of creative entrepreneurial activity and therefore to evaluate the competitiveness of Leipzig and its surroundings (Lange, Burdack et al., 2008b, p. 1).

Selection of cases and sampling

The selection of the interviewees based on specific criteria. The ACRE researchers decided to quantify the sample to 24 qualitative interviewees. These 24 interviews had to be done in the same way in four economic sectors of creative and knowledge intensive industries. The three branches 'old' media (NACE codes 921/922), 'new' media (722), and business consultancy (741) were included in all study areas. A fourth sector was chosen by each of the ACRE teams. Although the design market is not explicitly listed in the NACE categories, the Leipzig team chose the design market because it represents the case of an 'emerging market' in the city region.

Within the four sectors the proportion of six interviews had to be spread equally into 3 interviews in the core city of the city region and in the surrounding districts of the city region of Leipzig. Then these 3 interviews in each of the sectoral and structural proportions had to be divided following different sizes of companies – varying from self-employed/freelancer, 2-5 employees (micro firms), and more than 5 employees (bigger companies) (Lange, Burdack et al., 2008b, p. 20-21).

Semi-structured interviews

Based on the provided interview guidelines by the Munich and Milan team the interviews took place with the help of a semi-structured questionnaire. Several themes were covered by the structure of the interview guidelines.

The first part of the questionnaire covered the issues origin of the firm, core activities, business models and markets, as well as the labour process and recruitment of employees. The second part focused on the type of networks the firm had been involved in and their importance for competitiveness and innovation. Another focus lay on the existence of relevant networks for every branch in the city region and the exchanged information in such networks. The third part focused on the location factors of the founded business, and the role of public support. Finally the focus was on the prospect of the firm at this location (Lange, Burdack et al., 2008b, p. 21).

Data analysis

Before analysing, the empirical material needed to be qualified: This included the transcription of important sequences within the material into normal written language (Mayring, 1999, p. 70). The rest of the material had been transferred into summarised reports by listening to the recorded interviews. As a guideline for the summary, the ACRE team Leipzig had been developing a draft, which included the main aspects of the interview guideline. This procedure made sure that the most relevant aspects of the interviews could be detected in the phases of analysing the material.

After transferring the interviews into summarised reports, they had been analysed with the help of a summarising qualitative content analysis. The team altered the method and analysed the material within the group in order to get a more objective view about the opinions of the interview partners (Lange, Burdack et al., 2008b, p. 22).

2.1.3 Transnational migrants in creative knowledge industries

WP 7 presents the results from empirical research on the professional and private life of transnational migrants in creative and knowledge-intensive industries in the city region Leipzig. Work package seven intended to have a close look at transnational migrants' motivations to come to the city region. Transnational migrants had been defined as highly-skilled workers with a migration background.

Central interests of the research concerned the driving forces to come to Leipzig, and the migrants' considerations whether to stay or to leave the region after a certain sojourn. In addition to this looking-back and forward, the migrants had been asked for their everyday life circumstances and their satisfaction with them. Therefore, a minimum stay of six months in the city region was another precondition for being selected for the qualitative interviews (Lange, Burdack et al., 2009, p. 5).

Expert interviews and guided interviews with migrants

In WP 7 the project-team conducted two types of interviews: On the one hand expert interviews with people working for institutions or organisations which present important issues of WP 7 like migration in and to Germany and Leipzig, or right-wing movements in the city. On the other hand the project team conducted guided interviews with transnational migrants either of the creative or the knowledge-intensive industries living and working in the city of Leipzig.

The expert interviews were reconfigured as half open and semi-structured guided expert interviews. Semi-structured interviews have no given order of questions. The openness means that every focus area starts with a general open question. The selection of the interview partners was done by theoretical sampling, which means that the selection is based on certain and formalised criteria (Lamnek, 2005, p. 266). The expert interviews were not recorded, but transferred into summarised reports because the aim of the expert interviews was to get a general overview of the main issues of WP 7 like migration, xenophobia, situation of migrants in the city region Leipzig, or programs offered by the city to attract migrants.

The interviews with the transnational migrants were also conceptualised as half open and semi-structured interviews. The main questions had been taken from the draft developed by the Amsterdam team and additionally conceptualised after carrying out the expert interviews so that the team was able to refer to important issues which the team believed to be relevant for the transnational migrants in Leipzig. These interviews had been recorded and transferred into transcripts afterwards in order to analyse them. The guided interviews had been analysed with the help of the grounded theory (Glaser and Strauss, 2005) (Lange, Burdack et al., 2009, p. 50).

Structure of sample and selection of interview partners

The ACRE researchers had decided to quantify the sample to five expert interviews and to 25 qualitative guided interviews.

The ACRE team chose several criteria which seemed to be relevant for transnational migrants coming to the city of Leipzig. They included the issues of xenophobia, economical development, and chances for foreigners coming to Leipzig.

The questionnaire for the expert interviews depended on the institution the experts belonged to. Mainly the questions focused on the situation in Leipzig, Saxony, and Germany in general. The ACRE team wanted to analyse the situation in the city of Leipzig in comparison to other parts of Germany, in order to gain a realistic appraisal of the situation of transnational migrants in the city.

The structure of the sample for the transnational migrants had been based on the objective to get a diversified variance in order to obtain a maximum of contrasts. The procedure for finding relevant interviewees followed the snowball-principle. It had been intended to choose a heterogeneous sample based on the different nations which are located in the city of Leipzig. The main problem and limitation for the ACRE team Leipzig was to find 25 transnational migrants living and working in Leipzig within the creative and/or knowledge-intensive industries as the city of Leipzig shows a low number of migrants (6.4 per cent 2007)².

As a result the ACRE team Leipzig interviewed fifteen transnational migrants working within the creative sector, mainly freelance artists who earn their money outside of the city of Leipzig. This group consisted of eight females and seven males, the majority had their origin in Western Europe or America, three of them in Asia, one in Australia, and another two in Eastern Europe. For the knowledge-intensive industries the project-team interviewed another ten transnational migrants. Most of them earned their money either in Leipzig or financed themselves with the help of fellowships. This group consisted of five females and five males. Their origin was mainly the same as in the first group: the majority had their origin in Western Europe or USA, three of them in Asia, one in Eastern Europe, and another one in Latin America (Lange, Burdack et al., 2009, p. 51-53).

² See: Statistical Office of the Free State of Saxony, Federal Office for Statistics, Office for Statistics of the City of Leipzig, Office for Statistics of the State of Berlin-Brandenburg, Office for Statistics of the City of Hamburg and of the State of Schleswig-Holstein. In comparison: Hamburg 14.8 per cent, Berlin 14.0 per cent.

Questionnaire

Based on the general interview guidelines, the interviews took place with the help of a semi-structured questionnaire. Several themes were covered by the structure of the interview guidelines. In addition to the provided questionnaire, the ACRE team Leipzig had been adding some questions after having carried out the expert interviews. Additional questions concerned issues like right-wing movements in Eastern Germany, personal experiences with xenophobia, and unemployment.

The first part covered the issues on coming to Leipzig, actual living and working situation, positive and negative aspects of the city, and personal experiences concerning hard and soft location factors.

The second part covered issues like the definition of home and future plans. Thereby the ACRE team Leipzig wanted to find out if Leipzig offers identification potential for people coming from outside. Is the local population open-minded to alternative living models or is it rather hostile against people coming from other parts of the world. The interviewees were asked to explain their impression. Another question focussed on future plans of the transnational migrants, whether the interviewees plan to settle here in Leipzig or plan to leave sooner or later. The team wanted to find out which factors are decisive for this decision, and thereby it should be revealed for example if official institutions offer special programs or initiatives for migrants coming to Leipzig.

Finally the interviewees had been asked to mention their wishes for Leipzig in the future. The team wanted to reveal important aspects for transnational migrants, which should be fulfilled (if possible) in order to attract more of these people or at least to show, that Leipzig can only attract a certain group of migrants coming to Leipzig (Lange, Burdack et al., 2009, p. 53-54).

Interview situation and analysis of the interviews

Before analysing, the empirical material needed to be qualified. For the recorded guided interviews with the transnational migrants this included the transferring of the interviews into transcripts in normal written language (Mayring, 1999, p. 70).

The five expert interviews had been transferred into summarised reports in order to gain the most important aspects the interviewees had been mentioned. As a guideline for the summary the project-team developed a draft, which included the main aspects of the questionnaire. This procedure made sure that the most relevant aspects of the interviews were detected in the phases of analysing the gained material. Summarised reports are recommended if the researcher is especially interested in the main issues of a topic as well as when there is a lot of material and time is short (Mayring, 1999, p. 74).

After transferring the expert interviews into summarised reports, the question draft for the guided interviews with the transnational migrants could be modified for the situation in Leipzig.

In contrast to the expert interviews the guided interviews with the transnational migrants had been recorded and transferred into transcripts. Then they were analysed with the help of the grounded theory (Lange, Burdack et al., 2009, p. 54).

Grounded theory

The aim of a grounded theory is to develop a theory on a certain issue. In WP 7 the team wanted to find out why people from abroad come to Leipzig, the reasons for their decision to stay or leave Leipzig, and the images of the city developed by the transnational migrants (Lange, Burdack et al., 2009, p. 55-56).

2.2 Methodological background for WP8

Chapter 2.1 presented the different methodological background of WP 5, 6, and 7. It becomes obvious that the generalisation of the results, gained in the last three work packages, is only possible, when a methodology is applied that integrates these three different research approaches as well as the different target groups. Taken together, the following methods have been applied: WP 5 presents quantitative individual data, which had been gained through the application of standardised questionnaires and numbering of different aspects. WP 6 presents qualitative micro data, which had been gained through qualitative semi-structured guided interviews and summarising content analysis. WP 7 also presents qualitative micro data, which had been gained through qualitative semi-structured guided interviews and grounded theory.

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

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

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

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

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

2.2.1 Application of triangulation in WP8

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

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

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

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

The interpretation of the different data sets means that all three data sets have to be analysed separately, which has already happened for each work package. The results need to be put in relation to each other. At this stage it is important to keep the different research methods and question focus in mind. In WP5 the research focus lay on background information to living situation/training of employees and graduates of the creative and knowledge intensive industries, general living-/working situation today, and satisfaction with the living- and working situation in the city region Leipzig. WP6 had a closer look at managers and freelancers of the creative and knowledge-intensive industries and asked for reasons for finding a business in the city region Leipzig, and the satisfaction with the business location. WP7 finally focused on so-called transnational migrants and asked for reasons choosing the city region Leipzig as a living- and working place, their satisfaction with their integration into the city, the feeling of acceptance by the locals, and the general living-and working situation.

Although WP 5, 6, and 7 include different aspects and focus', WP 8 tries to evaluate the significance of location factors for different target groups in order to gain insight into the relevance of different location factors concerning the general accommodation of creative knowledge in the city region Leipzig.

The method of triangulation is applied in WP 8 for the bridging of qualitative and quantitative material and interpretations. The general proceeding will be the formulation of general hypotheses on hard-, soft factors, and personal trajectories, which can be extracted from the results of WP 5, 6, and 7. In a second step these general hypotheses will be divided into small-scaled hypotheses including the results from the different target groups, addressed in WP 5, 6, and 7. The aim of this procedure is to gain a better understanding of the results that have been won in WP 5 through quantitative research. The outcomes of the standardised interviews of WP 5 do not give explanations for the patterns of answers. At the same time quantitative research methods allow the inclusion of a larger number of interviewees than can be realised in qualitative research due to their length and depth. The qualitative material allows a deeper and exacter questioning of the interviewees.

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

2.2.2 Limitations and problems

After the general description of the methodological background of WP8, some comments on limitations and problems will follow in this section: the general limiting factors for the triangulation in WP8 concern different research focus, included branches, and spatial orientation in WP 5, 6, and 7.

WP5 had a closer look at graduates and employees of the creative and the knowledge-intensive industries. The sample included the following branches: advertising; video, film, music, photography, radio, television activities, and audiovisual media; computer games, software, and electronic publishing (creative industries); finances; law and other business services; R&D and higher education (knowledge-intensive industries). The graduate interviewees had been separated by their academic subject and included the following faculties: Social Sciences, Economy and Law, Arts and Humanities, Engineering, and Natural Sciences. The research focus lay on private life circumstances and their relation to housing and neighbourhood aspects, as well as the evaluation of the working/studying environment. The sample was limited to the city of Leipzig and did not include the surrounding districts of the city region Leipzig. Although the ACRE-team Leipzig had been applying quantitative research methods, the results are not fully representative because the sample is too small (Lange, Burdack et al., 2008a).

WP6 focused on managers and freelancers who had been finding a business in the city region Leipzig. The sample included the following branches: business and management consultancy activities (knowledge-intensive industries); motion picture, video, radio, and television activities; computer games, web design, and electronic publishing; and design activities

(creative industries). The research focus lay on the business environment, and the sample included the surrounding districts of Leipzig, although not in every branch an interview partner could be found (Lange, Burdack et al., 2008b).

WP7 finally focused on transnational migrants. The interviewees had only been separated by the categories creative- or knowledge-intensive industries and not by branch and had only been selecting interviewees in the city of Leipzig. The focus lay on the reasons for coming to Leipzig, the impression of the city, and the general evaluation of the living and working situation (Lange, Burdack et al., 2009).

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

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

3.1 Comparing spatial orientations and behaviour of the different target groups

3.1.1 The worker's perspective (comprising creative and knowledge-intensive branches)

The major conclusions of spatial orientations and behaviour of creative and knowledge-intensive workers have been interpreted along the following subtopics. An almost equal gender-related set of respondents could be acquired. More detailed analysis in respect to gender have not been analysed so far. Further gender-specific analysis and interpretations could be done in respect to the aspects of income and the notion of tolerance (or others) of the city of Leipzig.

1. Relation between hard and soft location factors in respect to the empirical results of the case study
2. Notion of the status of “job/work” of the case study in respect to other concerns “of Leipzig” seen from the perspective of a social realm.
3. The notion of creative and knowledge intensive workers being “connected” (“bound”) to the city of Leipzig
4. The relation of competitiveness of the creative and knowledge-intensive industries in Leipzig – measured on the degree of satisfaction with job, place, and life situation.

1. Relation between “hard” and “soft” location factors

Creative and knowledge intensive work is often associated with being more sensitive concerning location factors, such as communicative opportunities within walking distance and the “look and feel” of a distinct area (Helbrecht, 2004). Furthermore, observations of closer connections between working and living, as well as a greater sensitiveness toward simulative social environments have led to the general hypothesis that soft location factors are becoming more and more relevant for creative and knowledge intensive workers, when making decision concerning their working and living locations (Franz, 2004; Kunzmann, 2004; Matthiesen, 2004; Matthiesen, 2005).

While the ‘hard’ and more classic location factors are considered as relevant location patterns of companies, the academic debate has early shifted towards a growing importance of ‘soft’ location factors. Such ‘soft’ factors include, for example, an attractive residential environment, tolerance for alternative lifestyles and/or ethnic diversity, a lively (sub) cultural scene, and the creation of preferably public or semi-public meeting places for business and leisure purposes.

Traditional ‘hard’ location factors such as availability of certain resources and labour force, rent levels, availability of office space, accessibility, local and national tax regimes, regulations affecting the functioning of companies, transportation infrastructures, telecommunication etc. are not evaluated as necessary location factors. The question concerning the most important reasons for living in Leipzig or the Leipzig metropolitan area in WP 5, revealed a clear pattern of relevant location factors. The most significant location factor by far is job related: 146 of the interview partners (73 per cent) indicated that they currently lived in Leipzig because of their job (“moved here because of my job”) and 87 (43.5 per cent) noted it as their most important reason. Personal connections to the city also play a significant role, especially the proximity to friends (36 per cent) and family (35 per cent) (Lange, Burdack et al., 2008a, p. 30).

Considering the accessibility of “job” as a hard location factor in an increasingly international connected economy, place-specific soft factors may also result in more fine-grained spatial selection processes. Very difficult to measure concepts, such as ‘urban atmospheres’ or ‘social climates’ are essential dimensions in the current academic discussion.

Some significance is therefore also attributed in the questionnaire of WP 5 to the social atmosphere of the city of Leipzig. Here, 34.5 per cent of the respondents marked the answer “overall friendliness of the city” as important reason for being in Leipzig. Housing affordability was considered to be important by 26.5 per cent. It should also be noted that housing affordability is not considered to be a major problem by the interview partners, which may be in sharp contrast to the findings of other cities.

Different items related to cultural activities in the city were also indicated by 40 or more of the respondents (≥ 20 per cent of the sample): Cultural diversity (23 per cent) and “diversity of leisure and entertainment facilities” (20 per cent). Locational characteristics of Leipzig (weather/climate; proximity to natural environment) played no important role in the decision to locate in Leipzig. The pattern of answers shows that “hard” job related factors are of prime importance, but that “soft” factors - like the vibrant cultural life in Leipzig - are also acknowledged. A clear empirical link between the relevance of the so-called “vibrant cultural life” in respect to the traditional but ubiquitous hard factors can not be detected.

The findings on the city-level are complemented by judgements on the quality of the neighbourhood. Housing market related aspects like size (89.0 per cent) and cost (84.0 per cent) of the dwelling on the one hand and “look and feel” aspects like “atmosphere” (80.5 per cent) and “quality of the surrounding neighbourhood” (75.0 per cent) are the most important reasons for locating in a particular neighbourhood.

Another important locational aspect at the city-wide and neighbourhood level is personal safety. A general feeling of personal security in Leipzig can be detected. On a city-wide level safety is not seen as a worrisome problem – only 22.5 percent expressed their concern (A9) - and on the neighbourhood level 93.0 per cent are satisfied with the personal safety.

The significance of job related reasons as prime location motives is confirmed in the question that asked the respondents to weight job related vs. city related factors (A4). 36 per cent of the respondents declared that “I live in the city because I found employment here”, while at least

31.5 per cent marked the option “I wanted to live in the city and so I found employment here” (Lange, Burdack et al., 2008a, p. 81-82).

Getting a job depends very often on access to social and informal networks (Granovetter, 1974; Neff, Wissinger et al., 2005). Especially in newly established markets such as the creative and knowledge-intensive labour market of Leipzig, the distribution of relevant information depends on the involvement in out-of-home activities, social networks and the use of leisure time and cultural facilities (Lange, 2007).

The relevance of social networks has also been examined in the questionnaire created for WP5. Six listed activities are performed by over 80 per cent of the interviewees at least once a month: “visiting friends” (93.5 per cent), “walking around city centre” (88.0 per cent), “going out to the pub/bar” (87 per cent), “eating out” (87 per cent), “going to parks” (84.0 per cent), “going to movie, theatre and/or concert” (81.5 per cent).

It is interesting to contrast these favourite spare time activities with the least practiced activities. Three listed activities were performed by less than 10.0 per cent of the interviewees on a regular basis (at least once a month): “participation in religious activities” (6.0 per cent), “participating in political activities” (5.5 per cent), participating in community work (1.5 per cent). The results show a low participation rate in traditional social, political and religious networks and organisations.

Theoretical statements about creative and knowledge-intensive workers as well as the creative class emphasise the importance of so called “third places” for the attractiveness of a city for creative activities (Florida, 2005)). The term refers to places other than job locations and housing (first and second places) and underlines the importance of those meeting places as settings for personal networks and activities. Therefore, not only functional “leisure” places provide attraction but communicative and meeting place, where a distinct function is not the first order.

Under the umbrella of “leisure activities”, the question “How satisfied are you with the following leisure activities offered in Leipzig?” analysed the degree of satisfaction of the respondents (A6). Most listed items received high ratings from the interview partners. More than 3/4 of the respondents are “very satisfied” or “satisfied” with 6 of the 10 listed activities: public spaces (86 per cent), pubs (79.5 per cent), shopping areas (79 per cent), restaurants (78 per cent), cinemas (77.5 per cent) architecture and monuments (77.5 per cent).

It should also be noted that the activities that do not score high ratings - like the “number of associations for social activities” (18.5 per cent) or “sport facilities” (38 per cent) – do so because of a high number of “don’t know” answers and not because of a high degree of dissatisfaction. A systematic result focussing on the notion of so-called “third places” can not be detected along the issue of “leisure” (Lange, Burdack et al., 2008a, p. 82).

2. Notion of the status of “job/work” of the case study in respect to other concerns “of Leipzig” seen from the perspective of a social realm

In regard to the overall critical socio-economic status of the city-region of Leipzig as well as East Germany, a lack of job opportunities and a high unemployment rate pose severe problems. Therefore an increased competition on the labour market questions existing social bonds and the perception of Leipzig as a comfortable and desirable social realm for working and living. The objective problems of the labour market with high unemployment in the Leipzig Region are obviously the reason why the item “job availability“ is named as the by far most worrying problem. 147 (73.5 per cent) of the respondents declared that they are “very worried” (35 per cent) or “somewhat worried” (38.5 per cent) about the availability of jobs. The only other development that worries more than half of the interview partners is “aggressive/anti-social behaviour” (51.0 per cent). Drugs (41.5 per cent), homelessness (38.0 per cent), graffiti (37.5 per cent) and crime (36.5 per cent) are also perceived as problems, but on a far lower level than the availability of jobs. Affordable housing, on the other hand, is not seen as a problem to worry about by a large majority of the respondents, only 13.5 per cent are “very worried” (2.0 per cent) or “somewhat worried” (11.5 per cent) about housing issues. This perception is due to the large supply of good quality housing in Leipzig area. Public transportation (18.5 per cent), traffic (22.0 per cent) and safety (22.5 per cent) are also not seen as major problems.

It can be concluded that although an increased competition on the labour market can be assumed the empirical results demonstrate less concern to the social problems mentioned in the questionnaire. Therefore access to job opportunities is evaluated as the highest good providing social security. The other issues, generally assumed to have a negative impact on the perception of a city as well as on every day life, are of minor importance (Lange, Burdack et al., 2008a, p. 83-84).

3. The notion of creative and knowledge intensive workers being “connected” (“bound”) to the city of Leipzig

Creative and knowledge-intensive work is often associated with being highly mobile on different scales: in project ecologies (Grabher, 2001; Grabher, 2002; Grabher, 2002; Grabher, 2004; Grabher, 2004) in transnational networks (Coe and Bunnell, 2003; Bürkner, 2005; Saxenian, 2005), when so-called communities of practice (Wenger, 1999) form a necessary though only temporary working ground for producing immaterial goods. Thereby, it is assumed that work is organised along spatial flexibility and high rates of geographical mobility. Also on a smaller scale, e.g. on a local scale, the rigid separation between work place and residential place is opened when so called “third places” gain relevance for exchanging information, meeting colleagues, exploring new social contexts. Assuming that a these practices also lead to an insecure and less-during binding situation to the city (in this case the city of Leipzig) the results demonstrate a rather different picture: Based on the relation of income and satisfaction with the job, table 3.8 shows the crossing of the indicators “range if income” and “overall satisfaction with the job”, that more than three quarters of the Leipzig respondents receive less than 2,000 euros (after taxes) per month. This should be

thought about when talking about many other indicators in general, but especially in combination with the satisfaction indicators. 9.0 per cent of the respondents indicate to be either indifferent or dissatisfied with their job situation. Amongst the people who earn less than 2,000 euros are overrepresented. Interesting to mention, those who earn the least (less than 500 euros) seem to be indifferent about their job situation. 28.6 per cent of them indicate to be “neither dissatisfied nor satisfied” or refused to answer (Probably they belong over-average to the graduates group or have contracts with apprenticeship/training character). In the total of the sample these two answer groups only reached a share of 11.0 per cent. The respondents who earn between 1,000 and 1,999 euros tend to be satisfied with their job situation. As supposed the few single counts with higher incomes are satisfied too. Therefore, for Leipzig no special indication could be made between range of income and job satisfaction. People earn less, but are satisfied with their employment. This could be related to an overall satisfaction with the living environment as shown in table 3.7.

Furthermore, the answers demonstrate an overall satisfaction with the city on an astonishingly high level (95.0 per cent). Still 78.0 per cent are very satisfied. 92.5 per cent of those who refused to indicate their range of income (20.0 per cent of total sample) are satisfied with their job and life situation in Leipzig. Slight overrepresentation of dissatisfaction with the life in Leipzig could be stated in the income group 1,000 to 1,999 euros. But total counts are too less to deduce general correlation between dissatisfaction with the city and low income.

These results demonstrate that despite over-average income opportunities in respect to other labour markets, the respondents seem to accept below average income opportunities on the creative and knowledge-intensive labour market of Leipzig due to the positive evaluation of Leipzig as their site of working and living. In short, creative workers consider themselves as being happy, although they earn relatively less.

This interpretation is also underpinned when looking at the degree of future mobility. Following the assumption that people on limited contracts of employment are supposed to be more mobile, the answers show the crossing of the indicators contract status and future mobility. It was surprising nearly half of the respondents (49.0 per cent) in the sample declare their contract status as “unlimited”, that means that they are supposed not to have to consider themselves as being very mobile when getting a job. Confirming the above mentioned assumption, 86.7 per cent of the interview partners with unlimited, permanent job contracts indicate that the likelihood of moving away is low or even excluded. In contrast only 12.2 per cent are likely or definitely leaving the city. Those who “almost definitely” or “very/somewhat likely” are going to leave the city show a significant overrepresentation in groups of insecure contract status (especially contracts with less than 12 months duration or apprenticeship/training contracts). Only 60.1 per cent of the interviewees with limited, temporary employment intend to stay while 39.1 per cent are likely to move. The initial assumption seems to be verifiable in the case of Leipzig while one can state that the local respondents, in combination with their relatively stable job situation, do not intend to be very mobile in the near future.

To conclude, it can be pointed out that the propensity to stay in Leipzig is high and the necessity to reposition oneself on another labour market is low. Therefore, based on the given

sample, the hypothesis of a highly mobile creative labour force can at least be questioned (Lange, Burdack et al., 2008a, p. 85-86).

4. Relation of competitiveness of the creative and knowledge-intensive industries in Leipzig – measured on the degree of satisfaction with job, place, and life situation – in respect to the overall positioning of national rankings

Following Florida's assumption that a growing so-called "creative class" incorporates the potential to propel the city's economy by attracting new companies to the city of Leipzig, the following situation can be presented. Taking into account that Leipzig faces a complex and lasting transformation process, the city of Leipzig demonstrates strengths in the rate of communal investment as well as providing a generally business friendly climate, according to various surveys, e.g. the recent IW-consult survey (IW-Consult, 2006). A large number of service registrations have led to a high ranking and the second best position. Nevertheless, Leipzig has weaknesses and structural problems mainly because of the high rate of unemployment, long-term unemployment as well as the constantly high rate of the so-called "Hartz-4" (German for social welfare) recipients. Therefore, the productivity, the ratio of gross domestic product per registered employee, is almost the lowest in the comparison of the other major 50 German cities. According to Engelmann (Engelmann, 2005, p. 11-13), the state of Saxony has a constantly high rate of unemployed less-skilled labour force. Because of migration of less qualified jobs in neighbouring countries (e.g. Czech Republic, Poland, Slovakia, etc.) constantly shrinking job opportunities in the state of Saxony have led to a high structural unemployment rate for less skilled people.

On the other side, Leipzig demonstrates strengths, for instance when it reached the 6th highest rate of high-qualified employees in 2005 (ratio between high-qualified employees of all registered employees) (IW-Consult, 2006). The development of this indicator (between 2000 and 2005) demonstrates a slight increase. Nevertheless Leipzig has a relatively low rate of high-qualified engineers per 10,000 inhabitants of the city population in regard to neighbouring cities such as Dresden and Chemnitz.

Although the investment into hard technical, physical and transportation infrastructure is high, a critical observation cannot ignore that Leipzig is still – in terms of competitiveness and economic productivity – relatively weak (compared to neighbouring cities Chemnitz, Dresden, and Zwickau within the state of Saxony). Franz (Franz, 2005) underpins these assumptions by referring to indicators such as gross domestic product (GDP), number of registered patents, and the number of high qualified engineers.

Furthermore, in 2001, the metropolitan region Leipzig/Halle rates only 11th in the respect to general R&D-investment; the national average was 1.74, while e.g. the Stuttgart region dominated with 5.78 (IHK-Stuttgart, 2003, p. 64). Another indicator for the Leipzig region performance is the money acquired from the German Research Funding (DFG) per professorship in the field of sciences and engineering sciences: In 1999, the University of Leipzig rated 20th and in 2001 22nd, while the University of Leipzig ranked 51st in the overall ranking of targeted research funds per professorship in all disciplines (Knieling and Rahlf, 2005, p. 25).

All these indicators reflect the fact that Leipzig's degree of competitiveness is still not fully developed, although the physical, technical, and transportation infrastructures have been reinstalled according to highest global standards with huge financial investments in order to propel the necessary transformation processes from an old, less competitive toward a more successful economy. The so-called creative class has furnished Leipzig with a relatively attractive urban image, while the economic realities behind that image remain weak and only few economically relevant developments can yet be detected (Lange, Burdack et al., 2008a, p. 86-87).

3.1.2 The manager's perspective

The major conclusions of spatial orientations and behaviour of managers have been interpreted along the following subtopics:

1. Hard and soft location factors
2. The notion of 'personal trajectory' in relation to soft factors
3. Attraction and maintenance
4. Creative knowledge managers vs. creative knowledge workers

1. Hard and soft location factors

Theoretical approaches understand hard location factors as classic resources Fordist mass production economies relied on. These were factors like available labour force, rent levels, available space for offices and production facilities, law systems and other institutional regulations, and tax incentives. With the change in economic organisation towards flexible modes of production and individualistic consumption patterns, a new type of smaller economic entities came up, organised in flexible production networks. In theory, when making their location decision, these small enterprises looked primarily for so called soft location factors, which are conceptualised as creative milieus (Roberts, 2006), open institutional environments (Landry, 2000), the urban atmosphere, decent (semi-)public spaces, a tolerant and diverse population (Florida, 2002), the quality of neighbourhoods, available green space, recreational and leisure time offers, and nightlife and cultural ambience. Recent literature in regional economies and economic geography suggests, that these diffuse and indirectly relevant economic soft factors gain importance compared to the more classic and direct economic hard factors.

The interviews in WP 6 with the managers and freelancers engaging in creative and knowledge-intensive economic activity in the city region Leipzig showed a rather differentiated estimation of soft location factors. Leipzig's creative knowledge entrepreneurs do not seem to forget about hard location factors. One of Leipzig's biggest potentials and most crucial driving force in promoting creative knowledge industries is its availability of office and production facility space due to the relatively high level of vacancy. An ever repeated argument by the interviewees acknowledged this situation and the resulting low levels of rents to pay. Especially this hard factor condition keeps people running their businesses in the city region Leipzig.

In addition, the hard factor ‘size of local market volume’ has to be mentioned. The regional economy performs relatively weak and the classic production sector as potential client provider for creative knowledge industries is underdeveloped. This fact is perceived as negative and hindering to their economic activity by the interviewed managers and freelancers. But in combination with hard factor ‘low rent’ economic activity is still feasible in the city region Leipzig.

A third classic hard location factor concerns the availability of cheap workforce in the region. Especially for creative knowledge industries the regional educational institutions – the technological, business and arts universities and colleges, and the German apprenticeship system – serve as generators of constant output of qualified workforce into a more or less stagnating regional economy. Consequently, salary levels stagnate or even fall as the workforce, willing to stay in the region, competes for jobs. This leads to ambivalent evaluations by the managers and freelancers. While managers appreciate the fact to only need to offer low pay for acquiring employees, freelancers moan about sinking market prices for the services they offer. Especially the ‘new media’ sector is affected by this development.

Fourth, the infrastructural issue and the connectivity of the city region are identified by the interviewees. On the one hand the small firms and freelancers acknowledge Leipzig’s well developed infrastructure (see section 4.6.1 in WP 6) – the connection to the ICE high-speed train networks, the Autobahn connection, the airport, etc. Still when selling their products and services within the city region or the broader region of Mitteldeutschland they do not effectively make use of these connections in terms of long-distance travelling. On the other hand the bigger companies organised as branches within multinational corporations as well as the small start-ups and freelancers selling all over Germany or even Europe complain, that the connectivity is insufficient. Though the hardware in terms of physical infrastructure is well developed, the service providers do not offer appropriate connections to other economic hot spots in Europe.

No matter if appreciated in a positive sense or complained about in a more negative way by the different interviewees, hard location factors such as rent levels, workforce availability, key markets, and infrastructure and connectivity still play a crucial role for the small entrepreneurs in creative knowledge industries. The new, flexible forms of organisation in post-Fordist modes of production still count to a large share on the ‘hardware’.

The importance of certain hard factors does not contradict theories of the rise of soft location factors. The findings from the interviews only put the upcoming dominance of soft factors for flexible networks of creative and knowledge intensive production into perspective. Whereas in Fordist modes of mass production hard factors might have been the most decisive location factors, today’s service sectors’ location decisions are influenced by the both soft as well as hard factors. When asked for the reasons for starting and problems for running a business in Leipzig, most interviewees primarily referred to hard economic factors. Nonetheless in a second reflection soft factors still seemed to play a significant role. In the observed way of answering and thinking about their situation, soft factors seemed to be rather linked to the private and leisure time activities whereas hard factors more or less referred to the entrepreneurial activities.

Especially for the freelancers and small start-up firms in creative knowledge industries this ambivalent attribution of soft factors to private life could not be found as clear as for the bigger companies especially in the knowledge intensive field of consultancy. Due to the fact that freelancers and start-up managers in the creative industries not necessarily need to have an office space rented to start their businesses, they are dependent on public spaces for meeting their clients. In this respect soft factors become increasingly important for promoting creative industries activities. Related to the concept of 'third places' and an ever more blurring of the frontier between working and leisure time, soft factors as urban design, the quality and availability of public spaces, the social capital of a region, and the cultural and nightlife offers were evaluated by the interviewees as very attractive factors of Leipzig.

One soft factor, according to the literature review, was supposed to be very important for the 'creative class': the quality and ambience in the neighbourhood, especially in terms of ethnic diversity and stimulating atmosphere of subculture. Astonishingly, this does not account for the Leipzig based entrepreneurs in creative knowledge industries although the city offers certain quarters, which provide these characteristics. The interviewees when making their decision about where to live and where to work do not pay much attention to moving into these distinct quarters with a lively atmosphere and youth culture. Micro-scale location decisions are rather made in a context of incomplete information and time restriction. The decision-making process about where to live and where to settle the office shows a pragmatic solution-oriented character. Some of the interviewees explicitly mentioned that the small size of the City of Leipzig allows for such an easy way of locating, because all other locations within the city are easily accessible from every point within the city's area. So, no disadvantages are resulting geographically from the choice of location. The only disadvantage could be related to rental prices, which still are generally low within the whole city.

The openness of political stakeholders is cited as soft location factor. According to Florida (Florida, 2002) the willingness to try and implement new, innovative ways of governing and administrating a city is one crucial item of places that attract creative entrepreneurs. The administration of the City of Leipzig is characterised by open-minded stakeholders. The explorative interviews with networkers as well as the experiences during the LOP meetings clarified that the different experts in the City's departments are open to deal with new issues. In the case of creative knowledge industries, the interest of the Department for Economic Development, the Department for Cultural Affairs, and the Department for Urban Planning in the topic of creative industries shows that openness exists. For example, a bid for an INTERREG IV B project was won. Within the EURO CITIES network the City of Leipzig will develop promotional programmes for creative industries in a specific upcoming *Gründerzeit* (fin de siècle) quarter west of the city centre. This programme will be adjusted to the integrated urban development plan. Moreover, cooperation between administrative and private decision makers is common also in a broad range of other examples.

However, the empirical survey with the creative knowledge entrepreneurs showed that they do not make use of promotional programmes or public funding. It seems as if Leipzig's 'super creative core' and knowledge-intensive talent does not seek for contact and exchange with the 'political class'. As stated by the interviewees the promotional programmes, which in deed are mostly provided by the regional and national administration, are regarded as too difficult and long-winded to apply for. By contrast, the local level government, the City Council

Leipzig, provides more or less strategic planning and frameworks for creative entrepreneurship, which is not directly linked to single firms and freelancers. Therefore, it could be supposed that local political activity does not enter the creative knowledge entrepreneurs' perception as policies working with direct incentives and funding on regional and national levels (Lange, Burdack et al., 2008b, p. 75-78).

2. The notion of 'personal trajectory' in relation to soft factors

The conceptions of soft location factors all share the quality of being exogenous to the personal circumstances of a person in consideration such as workers and managers in creative knowledge sectors. Just as hard location factors these soft factors could be provided directly or promoted indirectly by local and regional administration. They share the character of certain deliverability as a public good. In recent years it could be observed that local and regional economic development policies change their focus from hard factors to soft factors, pursuing strategies of providing soft factors in order to attract creative economic activity to their cities and regions.

Concerning this approach to soft factors, the interviews could offer new findings on the relevance of external location factors that could be promoted by policy. The interviews with Leipzig's entrepreneurs revealed a significant degree of rootedness to the city region Leipzig. This rootedness primarily refers to personal relationships to family and friends as well as to other social networks developed in the long run. This 'personal trajectory' factor could also be related to the soft factors because it does not per se exhibit direct economic utility that can be calculated. One could even suggest that it is economically disadvantageous in the Leipzig context of weak general economic performance. But contrary to other soft location factors this factor of local rootedness could not be subsidised by political strategies as it is limited to a more private and individual sphere of a person. Interpersonal relationships are rather linked to from the geographical point of view 'fuzzy' things like character, psyche, and sympathy – things that standard conceptions of soft and hard location factors do not address. A hint to the operationalisation of this kind of personal social embeddedness could be the crucial places of making friends, which are school and university. It becomes evident that a lot of start-ups are founded in the place of achievement of the latest educational degree. Social networks developed in universities, colleges, and other schools seem to be underestimated in the recent literature. A single focus on graduates and workers as entrepreneurial potential seems to be insufficient. Students who still go through stages of apprenticeship should be looked at in a more detailed way to better understand how a local entrepreneurial potential develops in the framework of personal social relationships. These circles of friends, families, and acquaintances are not primarily based on economic intention, but they could become a serious driving force for economic development in the long-run (Lange, Burdack et al., 2008b, p. 78).

3. Attraction and maintenance

Though these aspects of rootedness seem to be ‘fuzzy’ compared to common location factor theory, they play a very important role in the context of Leipzig’s creative knowledge industry. The interpersonal relationships, especially those apart from the working environment, outweigh most of the hard location factors, and they even are appreciated as more important than many of the soft factors, which are already more related to private and leisure sphere than hard factors.

When thinking about the demographic situation of the city region Leipzig, the topic of brain drain comes up. The city region Leipzig, as most parts of Eastern Germany, suffered from large scale emigration of high-qualified, mostly young population to the more prosperous regions in Western Germany. When the problem became obvious, this issue was put on the agenda by Eastern German regional governments. Repatriate programmes have been initialised in order to stop and even reverse the population flows.

The interviews with the managers and freelancers in creative knowledge industries showed that the personal relationships fulfil the function of what politicians intend to do by repatriate programmes: they simply bring back the formerly emigrates people. It has to be mentioned that only one interviewee in the sample showed such a spatial pathway. Nonetheless the functioning of private sphere personal networks has to be thought about not only in respect to repatriation but to retaining the creative people. The research on factors that attract mobile people to regions forgets to look at factors that work in a ‘sticky’ way. Theoretical suggestions about a ever more mobile creative skilled labour force do not pay sufficient attention to systems of maintenance, that hinder labour mobility. Apart from the upper-most level of management elite, who does not have leisure time at all, the lower level managers and even more the creative and knowledge-intensive workers are no rationally choosing, simply functioning machines. Besides their working life with all its carrier opportunities they are ‘glued’ and re-attracted to places by other people be friends, be family, be other persons in different forms of relationship.

The factors of maintenance to places in the Leipzig case are very important as they retain creative knowledge entrepreneurs in an environment which especially from the hard factors point of view still shows significant lacks. The majority of interviewed managers and freelancers are bound to the city region Leipzig not because of economic opportunities but because of private life circumstances, taking into account to probably be disadvantaged in the working environment. Before looking at hard and soft factors which foster or hinder the development of regional firms, and summed up the whole regional market, a stronger focus should be put on the founding moment. Especially the private and individual background and trajectory has to be taken into consideration more deeply in order to understand the ‘where’ and ‘why’ of an enterprise foundation. Not only external factors count, but also aspects not related to the business world, and it could be assumed that these private individual backgrounds thwart mobility by spatially binding people (Lange, Burdack et al., 2008b, p. 78-79).

4. Creative knowledge managers vs. creative knowledge workers

While WP 5 (Lange, Burdack et al., 2008a) focused on creative knowledge workers, WP 6 looked at managers of firms in creative knowledge industries (Lange, Burdack et al., 2008b). Although the methodological approaches (quantitative vs. qualitative interviewing) differ in the two work packages, this section seeks to identify similarities and differences among workers' and managers' attitudes towards their location of living and working. A difficulty in comparing the statements of both groups lies in the fact that apart from a different methodology also the thematic orientation and therefore the central questions within the empirical surveys differed from one another. Whereas the workers were predominantly asked for aspects of their private life circumstances, relating to their housing and their neighbourhood situation, the qualitative interviews with managers focussed on their business environment. Yet, the workers had also been asked in one part of the questionnaire to evaluate their working environment.

3.1.3 Similarities between workers and managers

A first similarity shows up when comparing the workers' (WP5) and the managers' (WP6) attitudes towards the city region of Leipzig in terms of soft and hard factors. Generally, the hard factors, against theoretical odds, have not been outweighed by soft factors. The economic tensions on the labour market as well as the economic performance show the workers and the managers quite plainly that an economic base still stays important. Therefore, workers are mostly worried about their job situation. They fear unemployment, the job availability is insufficient, and wages are low compared to other German regions. Similarly the managers and freelancers in the city region report difficulties in selling their products and services to regional clients and they suffer often instable contracting situations, not guaranteeing continuous income on a profitable level. Soft factors, therefore, play a subordinated though not unimportant role. Mostly they are evaluated positive by both study groups.

Being based in Leipzig is connected for the both workers and managers with a trade-off between professional and economic success and aspects of leisure and private life satisfaction. Personal linkages and social networks are as important for the workers as for the managers. People stay in the city region because they like the people, they have friends and family, and they could easily access social networks. As discussed above, in addition to a positive evaluation of soft factors in general, this personal sphere is one of the major driving forces for people to stay in this region although economic and career opportunities might be better in other regions. Both groups therefore contradict, in their spatial practices, the theoretical concepts stressing a rising mobility of creative talents related to economic and career prospects.

These personal networks, which are not necessarily related to business and professional concerns, are used to compensate for economic disadvantages. Workers indicate that these personal networks and out of home activities are necessary conditions for accessing new jobs in a tense regional labour market. Managers do not effectively relate the notion of network to these kinds of activity. Still they profit from a certain interference of private and business-

relevant information circulating in their circles of relatives, acquaintances and friends whom they meet in their leisure time. Often based on private interests the social networking aspect in the city could be considered an informal way of knowledge and information exchange which helps people in the city region to survive and improve economically.

An issue coming up for workers as well as for managers is the cited notion of 'Leipziger Freiheit' in terms of vacant spaces and cheap living conditions. Somehow logically, this aspect refers rather to the topic of housing availability and affordability with the workers. They appreciate the availability of good quality apartments in liveable and lively neighbourhoods. A high degree of satisfaction with the life in their neighbourhood and certain items of their dwellings could be observed. The same accounts for managers, whose evaluations refer to available and affordable office and production facilities space. They acknowledge the potential and diversity of offered buildings for commercial use. In addition, not all of the managers and freelancer rent extra office space. Some operate their businesses from at home. Therefore, for them the estimation of space availability interferes with private housing aspects like in those ones from workers. It becomes obvious that this specific hard factor is important as an attraction and maintenance factor for both workers and managers. The low price levels make it possible for both groups to stay in the city although earning less than in other regions. In addition the built environment offers a great variety of spaces, which is looked upon favourably.

Concerning the soft factors, it could be pointed out that workers and managers acknowledge the cultural events and institutions based in Leipzig in a similar fashion. Both higher level culture and independent subculture offers are frequented by the inhabitants of Leipzig. The various public and private theatres, cabarets, opera and concert halls as well as the lively club and bar scene, the summer open air events and lots of different festivals make workers and managers leave their homes to participate and enjoy public life in the city, which makes them feel at ease with the city and develop at least basic levels of identification with the city (Lange, Burdack et al., 2008b, p. 81-82).

3.1.4 Difference between workers and managers

A central difference between managers and workers could be related to the reasons for being in the city and the trajectory of arriving. As reported in the previous chapters, a majority of the managers and freelancers has family roots in this city or at least university time related circles of friends that tie the entrepreneurs to the region. Only the smaller part of the interviewed managers and freelancers was attracted to the city by career options. By contrast, workers evaluate the attraction factor 'job' a strong importance. Many of the interviewed workers came to the city because they or their partner found employment in Leipzig. And those of the workers who indicate to think about moving do this because of job-related reasons. So it could be assumed that creative knowledge workers are more mobile than managers and freelancers who settled their business in the city region. A possible explanation for this difference in attitude could be suggested by the stronger importance of access to business-relevant information which is connected to long-term social relationships including trust mechanisms. In addition, managers and freelancers are too a higher degree self-responsible. They bear all economic risk on their own, which provides them also with location

freedom and risk. For workers it is quite easy calculable what risks a migration features. The relocation of a small company dependent on a regional market with its tacit knowledge and specific information distribution systems is much more risky than is changing an employer is for a worker. By contrast, a manager or freelancer could always decide freely whether to extent its business into foreign markets in order to get better return on investment, whereas a worker could not opt freely for widening his career chances within the organisational setting of his employer company. So it could be suggested that businesses from regionally rooted managers and freelancers in creative knowledge industries are less mobile than the sectors' workforce (Lange, Burdack et al., 2008b, p. 82-83).

3.1.5 The perspective of transnational migrants

The results of WP 7 have made clear, that transnational migrants only play a minor role in the social fabric of Leipzig. Due to a specific historic, political, and economic constellation, Leipzig only has a small proportion of transnational migrants, compared to other cities in Western Germany. This situation makes the problems of perceptions and articulations of the transnational migrants relevant in order to evaluate recent efforts of knowledge-based and creative institutions to attract the 'creative class' to Leipzig. It is obvious, that the articulation of a tolerant, open-minded, and migration friendly firm, institution or milieu will influence the general perception of a city region.

Four types of transnational migrants have been identified as representative for the city of Leipzig. For each segment (creative industries/knowledge industries), the ACRE team Leipzig identified two types. Grounded theory methodologies had been applied for the process of interpretation. The central categories that originated from the interview sequences of the interview partners were the following:

- Networks/ Networking,
- City of Disruption,
- Xenophobia,
- Definition of home,
- Internationality (Lange, Burdack et al., 2009, p. 84)

3.1.6 Knowledge-Intensive Industries

Within the knowledge-intensive branch, the ACRE team Leipzig identified the following two types of transnational migrants: The established, active Leipzig-based migrant, who has been establishing himself in the city region Leipzig, and plans to stay here for a longer period of time or even permanently. He came to Leipzig because of a job offer. Generally this type is older than 40 years and in a good job position with a permanent contract. He presents a new type of post-socialist citizenship because he takes an active role within the city, due to his commitment to the city region Leipzig. He presents a social class which is economically well established and sees himself as an active developer of his environment. He is engaged into different networks where mostly non-locals come together in order to organise events and share experiences and knowledge. He has been choosing Leipzig as his new home. This

accounts for his rather critical view on the city, always concerned about the development of the city, mainly on the economic level.

At the same time he holds contacts to people outside of Leipzig and Germany and does not see himself limited to one city or region. Although he holds international contacts he has been choosing Leipzig as his new home because of the advantages the city offers like the cultural diversity, high-quality dwelling offer, spaces for recreation, or the size of the city which makes it possible to build a strong and working network.

The temporary staying, passive scientific-network integrated migrant, in contrast, is not older than 30 years and mainly comes to Leipzig in order to fulfil a limited job, often he is still in a qualification phase. He is aware of his temporary-limited stay in Leipzig which explains his rather passive role within the city. Although he criticises some issues of Leipzig he does not show initiative to change anything and arranges himself with the circumstances. By this he shows a quite practical way of living and integrates himself into new contexts. He is rather integrated into his scientific network and working place. He is not organised in networks outside of his workplace. His view on Leipzig is rather undifferentiated due to his short-term stay, and his integration into the scientific-world which limits his contacts to his colleagues.

3.1.7 Creative Industries

Like in the knowledge-intensive industries, the creative industries present migrants who wish to establish themselves in Leipzig for a longer period of time – the ACRE team Leipzig calls this migrant-type the active, globally oriented migrant. He is older than 30, and came to Leipzig because of a job offer. In contrast to the established, active Leipzig-based migrant of the knowledge-intensive industries, he found his job within his private network which is spread globally. After getting to know the city region Leipzig, he decided to establish his living place here, although he often has jobs outside of Leipzig. At the same time he often has more than one job. One is for the breadwinning, the others present his real passion – the creative and artistic scene. Like the established, active Leipzig-based migrant, he wants to play an active role in Leipzig, in order to change for the better. He is mainly focussed on social and integration problems, and organises, with the help of others, projects and events which focus on these issues. This awareness of social problems presents his orientation – the active, globally oriented migrant is not living in Leipzig to earn a lot of money, but he settled here because he feels that Leipzig offers the possibility to pursue his creative career and therefore wants to make this place a better one.

The temporary staying, individually oriented migrant, in contrast, is aware of his limited stay in the city region Leipzig. He is not older than 30, and is concerned with creative and artistic projects. Often he does not have a proper working contract, so he is always unsure about his future and is always looking for possibilities to realise creative projects, which makes him rather individually focused on his artistic interests. At the same time he is not so much integrated into working networks, although a functioning network is essential for him – but his network is constructed at the interface of private and working sphere. His uncertainty, concerning his future projects, might lead to his rather passive role within the city region

Leipzig. Due to his exotic status as a foreigner and an artist he still has many links to his home country, and sees Leipzig only as an intermediate stop.

3.2 Exemplary triangulation

Chapter 2.2 described the general methodological background of WP8 and the application of triangulation as an integrating method for research material. In this chapter the following steps are carried out:

- Formulation of general theses on hard-, soft factors, and personal trajectories, which can be extracted from the results of WP 5-7.
- Division of the general theses into small-scaled theses including the results from the different target groups, addressed in WP5, 6, and 7. The aim of this procedure is to gain explications for results that have been won in WP 5 through quantitative research.
- Presentation of two matrixes that give insights into the significance of different location factors for different target groups (chapter 3.3 and 4.1)

3.2.1 General theses

After three empirical phases carried out in WP5, 6, and 7, the ACRE team Leipzig formulated three general theses by comparing the results of the three work packages. Due to the fact that WP5, 6, and 7 included different target groups and question focuses the formulation of general theses needs further explications and search for an integrating frame. The results of these findings will be presented in the section on small-scaled theses in this chapter. The formulated theses are valid for all three target groups, although in different regards.

The following three theses have been extracted from the gained material in WP 5, 6, and 7:

1. Hard factors still play a crucial role for the decision making process to move to a new place

According to Florida, creative and knowledge-intensive workers target to access places providing a range of creative services. In doing so, they have opted for these requirements in respect to accommodation issues, the residential costs (Florida, 2002; Florida, 2002; Marcuse, 2003).

Florida assumes that these resources are framed by place-specific supplements such as social, cultural diversity, tolerance to minorities, and a high level and popularity of a bohemian culture. Looking at the status of Leipzig's creative and knowledge-intensive workers¹, these latter factors play only a marginal role in comparison to the dominant evaluation of the job and/or business factor: the place of work/business is considered the most important role in the decision to live in Leipzig (Lange, Burdack et al., 2008a, p. 81).

¹ Creative and knowledge-intensive workers include all targeted groups of WP 5-7 (workers, graduates, managers, freelancers, transnational migrants).

The empirical results of WP5, 6, and 7 make clear that hard location factors such as employment, working conditions, education, technical infrastructure, international accessibility, housing conditions, and living conditions, still play a crucial role for the decision making process to settle in a region or city of creative and knowledge-intensive workers, managers, and migrants.

2. Personal trajectories are important for the decision making process to move to a new place/establish a business there, but play also a role as retaining factor

During the ACRE-project, empirical research revealed the importance of personal trajectories in the decision making process of moving to a new place and/or staying there, by creative and knowledge-intensive workers. All three target groups confirm this result. That means, the dichotomy of soft and hard location factors must be amplified for propositions concerning the decision making process. Personal trajectories include following factors: creative or knowledge-intensive workers are born in the region, have family ties, followed partner, social networks, and the region was the place of studying.

3. Soft factors play a role as retaining factor

This thesis contradicts Florida's assumption that soft location factors are playing a crucial role for the decision making process to move to a city or region.

Florida supposes that creative and knowledge-intensive workers do not simply move to regions with wide opportunities in the labour markets, rather the jobs follow this 'creative class'. This suggests that there might be different driving forces for the location of people, businesses, and venture capital than only hard economic factors. Soft factors are supposed to account for a large share of today's attractiveness of metropolitan regions (Lange, Burdack et al., 2008a).

Hence, the empirical research in WP5, 6, and 7 show that soft location factors such as quality of the environment, cultural milieu, quality of urban architecture, quality of residential environment, working environment, tolerance, acceptance of diversity, openness, and social cohesion, are rather important as retaining factors for creative and knowledge-intensive workers.

3.2.2 *Small-scaled theses*

After the formulation of three general theses which can be extracted from the central findings of WP5, 6, and 7, this section seeks to apply the general theses on the three target groups in order to explain their significance for each of them.

1. Hard factors still play a crucial role for the decision making process to move to a new place/establish a business there.

Employees/Graduates (WP5):

Creative and knowledge intensive work is often associated with being more sensitive concerning specific communicative opportunities within walking distance and the “look and feel” of an area. Observations of closer connections between working and living as well as a greater sensitiveness towards stimulative social environments have led to the general hypothesis that soft location factors are becoming more and more relevant for creative and knowledge intensive workers, when making their decision where to work and live.

However, the results of the interviews carried out in WP5 show clearly, that hard location factors, over all job opportunities, still play a major role in attracting employees and/or graduates.

The question concerning the most important reasons for living in Leipzig or the Leipzig metropolitan area revealed a clear pattern of relevant location factors. The most significant location factor by far is job related: 146 of the interview partners (73.0 per cent) indicated that they currently live in Leipzig because of their job (“moved here because of my job”) and 87 (43.5 per cent) noted it as their most important reason (Lange, Burdack et al., 2008a, p. 30).

Managers/Freelancers (WP6):

Leipzig’s creative knowledge entrepreneurs still care a lot about hard location factors. As already mentioned, one of Leipzig’s biggest potentials and most crucial driving force in promoting creative knowledge industries is its availability of office and production facility space due to the relatively high level of vacancy. An ever repeated argument by the interviewees acknowledged this situation and the resulting low levels of rents to pay. Especially this hard factor condition keeps people running their businesses in the city region of Leipzig.

In addition, another hard factor had been revealed as important for the managers and freelancers of the creative and knowledge-intensive industries: the size of the local market volume. Although the regional economy performs relatively weak and the classic production sector as potential client provider for creative knowledge industries is underdeveloped and is perceived as negative and hindering for the economic activity of the interviewed managers and freelancers, low rents still allow economic activity in the city region of Leipzig.

A third classic hard location factor concerns the availability of cheap workforce in the region. Especially for creative knowledge industries the regional educational institutions – the technological, business and arts universities and colleges, and the German apprenticeship system – serve as generators for constant output of qualified workforce into a more or less stagnating regional economy. Consequently, salary levels stagnate or even fall as the workforce, willing to stay in the region, competes for jobs. This leads to ambivalent

evaluations by the managers and freelancers. While managers appreciate the fact that they can offer low pay for acquiring employees, freelancers moan about sinking market prices for the services they offer. Especially the 'new media' sector is affected by this development.

Fourth, the infrastructural issue and the connectivity of the city region are picked up by the interviewees. On the one hand the small firms and freelancers acknowledge Leipzig's well developed infrastructure– the connection to the ICE high-speed train networks, the *Autobahn* connection, and the airport. However, when selling their products and services within the city region or the broader region of *Mitteldeutschland* they do not effectively make use of these connections in terms of long-distance travelling. On the other hand the bigger companies organised as branch within a multinational corporation as well as the small start-ups and freelancers selling all over Germany or even Europe, moan that the (international) connectivity is insufficient. Though the hardware in terms of physical infrastructure is well developed, the service providers do not offer appropriate connections to other economic growth poles in Europe.

No matter if appreciated in a positive sense or complained about in a more negative way by the interviewees, hard location factors such as rent levels, workforce availability, key markets, and infrastructure and connectivity still play a crucial role for the small entrepreneurs in creative knowledge industries. The new and flexible forms of organisation in post-Fordist modes of production still count to a large share on the 'hardware' (Lange, Burdack et al., 2008b, p. 75-76).

A special constellation of hard and soft location factors attracts and/or retains business founders to the city: The 'unfinished' atmosphere of the city (soft factor), with its low rent levels for working and living space, as well as the availability of vacant space (hard factors) opens options for experimenting with different spatial configurations within the city's structure.

In addition, the economic difficulties within the region lead necessarily to 'creativity' in an economic sense. People, who want to start a business in Leipzig, have to be creative in using their resources to cut down costs. Only with small budgets it is possible to survive in an atmosphere of small incomes and turnover volumes. Running a business, no matter what kind, is always related to entrepreneurial 'creativity'. But creative knowledge production, especially the consultancy, new media, and design sector, also faces a problem of turnover. While the regional awareness for the importance of certain services such as legal and tax advisory is quite high, the creative knowledge sectors are not regarded as relevant by the potential client companies. In this special circumstance it is even more important in the city region of Leipzig, that managers and freelancers are able to rely on low fix costs, such as low rents, low inner-regional travelling costs, and easy access to stakeholders (Lange, Burdack et al., 2008b, p. 64).

Transnational Migrants (WP7):

The motivation for transnational migrants of the creative and knowledge-intensive industries to come to Leipzig is mainly characterised by a job offer or a (part-time) study.

Transnational migrants of the knowledge intensive branches can often choose between different regional settlements and opt for Leipzig amongst others because of low living costs, good technical infrastructure, and a huge offer of high-quality dwellings for good prices. This

gives them a feeling of openness so that they can choose more freely how they would like to model their way of living in Leipzig. The long-staying transnational migrant of the knowledge-intensive branches comes to the city of Leipzig in order to accept a job offer – he generally gets a permanent contract in a good position due to his age and education level. In contrast the temporary-staying transnational migrant of the knowledge-intensive branches who is aged younger than the long-staying transnational migrant of the knowledge-intensive branch and is often still in an education phase, mainly comes for a job with a limited contract. Hard factors include job-offers and low living costs and mean to the migrants of the creative industries minimal risk when they come to Leipzig because they do not need so much money and can afford living in the city while realising their artistic projects.

The long-staying transnational migrant of the creative branches also comes to the city of Leipzig in order to accept a job offer. However, in contrast to the migrants of the knowledge-intensive branch these jobs often emerge within his private network.

The temporary-staying transnational migrant of the creative branches in the first place comes to Leipzig in order to realise a part-time study and stays here afterwards to realise artistic projects for a limited period of time. He is aware that he will only be staying for a limited period of time – due to limited projects and his goal to get inspiration whilst moving around the world.

These results show that transnational migrants who come to Leipzig are attracted by hard factors - mainly job offers. Only after having settled down in the city, they discover other attractive features Leipzig offers and these mainly concern soft factors like the diverse culture, or the architecture. At this stage of analysis one has to reject Richard Florida's thesis partly that cities in our days attract people by their level of tolerance, open minded atmosphere, or a diverse cultural offer. The hard location factors still matter, but the soft factors gain importance (Lange, Burdack et al., 2009, p. 75-76)!

2. Personal trajectories are important for the decision making process to move to a new place/establish a business there, but play also a role as retaining factor.

Employees/Graduates (WP5):

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

The results of WP5 also show that personal trajectories additionally can function as retaining factors. When employees or graduates are already living in a place, personal ties motivate to search for a working place in this region, because they are linked with trust and informal knowledge. Especially the proximity to friends (36.0 per cent) and family members (35.0 per cent) play a significant role as retaining factors for creative knowledge workers and graduates (Lange, Burdack et al., 2008a, p. 30).

Managers/Freelancers (WP6):

The aspect of rootedness to the region plays an important role in the context of Leipzig's creative knowledge industry. The interpersonal relationships, especially those apart from the working environment, outweigh most of the hard location factors, and they are even appreciated as more important than many of the soft factors.

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

The general structure of creative knowledge industries in Leipzig is characterised by a large number of small firms. Endogenous development brings up smaller economic entities. These small firms operate in a more or less regional market, not yet having the resources or the experience to target foreign markets outside the region. This leads to relatively difficult business conditions. The city region of Leipzig stagnates or only grows slightly, depending on the industrial sectors. Powerful and prosperous client companies are rare. So the creative knowledge firms in the city region of Leipzig have to develop niche services, in order to start a survivable business, although strong growth in terms of employment and turnover can not be expected so far.

Despite of this economically moderate framework, the managers and freelancers of the small companies show a strong commitment to the city region of Leipzig. Whether they moved here from outside the region or are rooted here due to family ties, they show a strong willingness to stay in Leipzig. They try to develop an economic base in their professional sphere, while being happy with their private living conditions in the city of Leipzig. This corresponds with the results of ACRE WP 5 (Lange, Burdack et al., 2008a). There, the surveyed creative knowledge workers similarly stated to be satisfied with living in Leipzig, though not having high wages or profound career chances. By contrast, the 'unfinished' atmosphere of the city, with its low rent levels for working and living space, attracts and retains people to/in the city. The availability of vacant space opens options for experimenting with different spatial configurations within the city's structure (Lange, Burdack et al., 2008b, p. 64-65).

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

The majority of interviewed managers and freelancers were rooted to the city region of Leipzig not because of economic opportunities but because of private life factors, thus accepting possible disadvantages in the working environment (Lange, Burdack et al., 2008b, p. 78-79).

Transnational Migrants (WP7):

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

Especially the transnational migrants of the creative industries come to Leipzig due to job offer that emerge out of their personal networks, which is not separated into private and business-related connections. If they possess relation- and/or friendship in a region it is

likelier, that they will chose to settle there, because they assume that their friends or families will help them to integrate into the place. This may concern finding a living and working place, establishing contacts to others that may be interested in similar creative activities, or exchanging knowledge and information. That means in this case personal trajectories into the region function as attracting factors.

For transnational migrants of knowledge-intensive branches the issue of personal trajectories into a region gains significance as retaining factor, because they mainly choose their living and working place through their working network. In comparison to the creative transnational migrants they depend more on (scientific, institutional) infrastructure. When having established personal ties into a region it may lead to the decision to settle in this region, because through their personal ties they feel integrated. Furthermore these connections offer opportunities to find living and working places more easily.

The long staying transnational migrants of the creative and knowledge-intensive branches try to establish strong ties into the region. This mainly has to do with a rather active role the long-term staying migrants consider. The rather compact structure of the city makes it possible to establish private networks. For the long-staying creative transnational migrants it is therefore rather easy to involve with the creative scene. Especially for the creatives it is important to get well in contact with the people living in Leipzig because they make their living by realising different jobs – jobs they have been receiving through their personal networks. Due to their economical status the temporary staying transnational migrants of the creative and knowledge-intensive industries often do not establish strong personal ties into the region they are temporary living in (Lange, Burdack et al., 2009, p. 75-76).

3. Soft factors play a role as retaining factor.

Employees/Graduates (WP5):

The decision to move to a place is closely connected with hard location factors, over all job offers. At the same time soft factors play a crucial role for employees and graduates as retaining factor. The pattern of answers shows that hard location factors such as job and housing aspects are of prime importance, but that soft location factors like the vibrant cultural life and general friendliness of the city and its local population are the most important soft factors for employees and graduates (Lange, Burdack et al., 2008a, p. 30).

Following the assumption that the tolerance of a place is one of the key soft factors for creative and knowledge intensive workers and graduates, a soft condition index had been generated in WP 5. This soft condition index includes different variables, such as the welcoming character of the city towards people from other countries and towards visible minorities, gay-lesbian-friendliness, and extent of tensions between high and low income groups. According to this calculation, 8.0 per cent rank Leipzig a “very tolerant” and welcoming place. Another 46.0 per cent of the sample still thinks that Leipzig is “tolerant”. 30.5 per cent are undecided, how to describe Leipzig in respect to its openness. But only 15.0 per cent state that Leipzig is “intolerant” or “very intolerant”. Those saying Leipzig is a “tolerant” or “very tolerant” place, are more satisfied with life in the city than respondents declaring not to have the feeling of being in a tolerant city. 83.7 per cent (“tolerant”) and 81.5 per cent (“very tolerant”) of the two groups indicate their overall satisfaction with the city. In the group of respondents saying that they have been experiencing intolerance only 59.3 per

cent say the same about satisfaction with the city. Accordingly those who state Leipzig to be an intolerant place show higher degrees of expressed dissatisfaction with the city (Lange, Burdack et al., 2008a, p. 62).

Managers/Freelancers (WP6):

When finding a business in a region hard location factors like rent, taxation system, or infrastructure are fundamental. When these factors are evaluated positively by the managers and freelancers, their decision to find a business in a place is likelier. If the business performs well, soft factors gain importance for the decision to stay in a place. This mainly concerns factors like social networks, cultural diversity, and the quality of the environment. The managers do not only evaluate the region by its direct location factors for a business but also by the opportunities beyond business.

The interviews with the managers and freelancers engaged in creative and knowledge-intensive economic activity in the city region of Leipzig showed a rather differentiated estimation of soft location factors. There is still an everlasting importance of certain hard factors, but this does not contradict theories of the rise of soft location factors. The findings from the interviews only put the emerging importance of soft factors for flexible networks of creative and knowledge intensive production into perspective. Whereas in Fordist modes of mass production hard factors might have been the most decisive location factors, today's service sectors' location decisions are influenced by both soft as well as hard factors. In the way of answering and thinking about their situation, soft factors seemed to be rather linked to the private and leisure time activities whereas hard factors more or less referred to the entrepreneurial activities.

Especially for freelancers and small start-up firms in creative knowledge industries this ambivalent attribution of soft factors to private life could not be found as clear as for the bigger companies especially in the knowledge intensive field of consultancy. Due to the fact that freelancers and start-up managers in the creative industries not necessarily need to have an office space to start their businesses, they depend on public spaces for meeting their clients. In this respect soft factors become increasingly important for promoting creative industries activities. Related to the concept of 'third places' and an ever more blurring of the frontier between working and leisure time, soft factors such as urban design, the quality and availability of public spaces, the social capital of a region, and the cultural and nightlife offers had been evaluated as very attractive factors of Leipzig by the interviewees.

According to the literature review, one soft factor is supposed to be very important for the 'creative class': the quality and ambience of the neighbourhood, especially in terms of ethnic diversity and stimulating atmosphere of subculture. Astonishingly, this does not hold true for the Leipzig based entrepreneurs in creative knowledge industries although certain quarters offer these characteristics. When making their decision about where to live and work, the interviewees had not been paying much attention to moving into city quarters with a lively atmosphere and youth culture.

Another important soft location factor that is mentioned is the openness of political stakeholders of a city. According to Florida (Florida, 2002) the willingness to try and implement new, innovative ways of governing and administrating a city is one crucial item of places that attract creative entrepreneurs. The administration of the City of Leipzig is

characterised by open-minded stakeholders. The explorative interviews with networkers as well as the experiences during the LOP meetings clarified that the different experts in the City's departments are open to engage in new topics.

Especially the Department for Economic Development, the Department for Cultural Affairs, and the Department for Urban Planning show openness for the creative industries and their positioning within the metropolitan region. For example, the City of Leipzig will develop programmes for creative industries in an upcoming *Gründerzeit* quarter of the city within the EUROCITIES network². This programme will be adjusted to the integrated urban development plan. Moreover, cooperation between administrative and private decision makers is common also in a broad range of other examples (Lange, Burdack et al., 2008b, p. 76-78).

Transnational Migrants (WP7):

The results of WP7 show that the migrants of the creative and knowledge-intensive industries are satisfied with the quality of the city of Leipzig in general. However, the results make clear that the majority does not come because of soft factors in the first place, which means that soft factors are not (yet) fulfilling an attraction function.

When deciding to move to a new place, basic hard location factors are fundamental for a positive decision, because if the migrants cannot afford living in a new place, it is unlikely that they will decide to move to this place. If the hard location factors are evaluated positively, and the migrant decides to move to a new place, he often cannot evaluate the soft factors from outside. But when he has been living and working in a place, he is able to judge the soft factors, which are also important for the living situation of the migrants. Soft factors mainly concern social networks, culture, architecture, and the quality of the environment. Hard location factors can be found in many places. But a close network, culture, and architecture shape places individually. If this is evaluated positively by the migrants it is likely that they will decide to stay in a place because they can identify themselves with this region or city.

3.3 Basic factors

Chapter 3.2 had a closer look at different location factors, such as hard, soft factors, as well as personal trajectories and their significance for different target groups in the city region Leipzig.

Chapter 3.3 however, will present a more general overview of factors that determine the decision making process to move to a specific place and to stay there for a certain period of time. More precisely the chapter will try to give a detailed insight into typical attraction and retaining factors for each target group in the city region Leipzig. The focus in this section

² Further information on <http://www.leipzig.de/de/business/wistandort/international/eurocities/>, (last visited: June 29th, 2009).

does not lie on the target groups themselves but on the location factors and their significance as attracting and/or retaining elements.

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

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

Table 3.1 – Attraction and retaining factors

	Hard factors		Soft Factors		Personal trajectories	
	Attraction factors	Retaining factors	Attraction factors	Retaining factors	Attraction factors	Retaining factors
Emplo-yees/ Gra-duates	Creative	- job offer - price of housing, living - housing conditions	- price of housing, living - housing conditions	- social networks - friendliness	- family, friends live here	
	Know-ledge-intensive	- job offer - price of housing, living - housing conditions	- price of housing, living - housing conditions	-friendliness - social networks	- family, friends live here	
	Graduates	- job offer		- quality of environ-ment (size) - friendliness	- family, friends live here	- studied here - born here
Emplo-yers/ Mana-gers	Creative	- living, housing conditions	- living, housing conditions	- culture - friendliness - social networks	- born here - family, friends live here	- born here - family, friends live here
	Know-ledge-intensive		- living, housing conditions	- social networks - culture - friendliness -quality of environment	- born here - family, friends live here	- born here - family, friends live here
Transnation-nal mi-grants	Creative	- study - job offer	- living conditions - price of living - price of housing	- social networks - culture - architecture - quality of environment (size)	- family, friends live here	- studied here
	Know-ledge-intensive	- study - job offer		- social networks - culture - architecture - attractive residential environment		- studied here

Source: own survey

The table makes one thing clear: Only certain hard factors and personal trajectories function as attraction factors in the city region Leipzig. This result contradicts with Florida's assumption that soft location factors play an important role as attraction factors for people moving to new places and finding a job there.

For Leipzig the hard factor 'job' is the most relevant element for the decision making process of different target groups to come to the city. Since we have been analysing different target groups in different stages of their life, this also includes the significance of the city as a possible 'place of study'.

Two other hard factors that function as attraction factors in the city region Leipzig are the 'prices and conditions for housing and living'. These factors also function as retaining factor and seem to influence the decision to stay in Leipzig positively. These results make once more clear that in the specific context of Leipzig with its difficult economical situation the decision of people to move to this place is (still) closely connected with hard location factors that have been important during the Fordist age. This corresponds with our findings in the different empirical phases, where it became obvious that the new and flexible forms of organisation in post-Fordist modes of production still count to a large share on the 'hardware' (Lange, Burdack et al., 2008b, p. 75-76).

The table also shows that personal trajectories function as attraction factor in the city region Leipzig. Especially the factor 'family and/or friends live here' plays a central role as attraction factor. If people have such personal ties in the region it is likelier that they will decide to move to this place although it might be connected with economical disadvantages. At the same time this factor is crucial when deciding to stay in Leipzig. Therefore the factor functions both as attraction and retaining factor.

The personal trajectory 'studied here' functions as retaining factor in the city region Leipzig. If people have been studying in the region it is likelier that they will try to stay in the region.

A central finding of the empirical research is the role of soft location factors. In the city region Leipzig they only function as retaining factors and not as attraction factors. This concerns social networks, culture, and a general friendliness people experience in the city. That means that Leipzig attracts people through specific hard location factors and personal trajectories. If people have decided to come to Leipzig they get an insight into the 'software' the city offers. From outside these soft factors seem not to be relevant or visible respectively it is not enough to have attractive soft location factors if the 'hardware' is not given.

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

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

In chapter 4.1 the strong and weak points of the city region Leipzig, regarding different location factors, will be evaluated. Based on the results of the empirical research, we have been evaluating the importance of different hard, soft location factors, as well as personal trajectories, regarding the three target groups. Additionally we change our focus from the target groups to the city region and the performance of different hard, soft location factors, and personal trajectories. Through the eyes of the three different target groups we evaluate the positive or negative performance of location factors. When a factor performs very good in the city region a ++ will be added; if it performs good you will find a +; if it performs neither good nor bad we add a +/-; if it performs bad we add -, and if it performs very bad we insert --. We will not refer to all possible location factors, but only to the ones the target groups referred to.

The Budapest team has been developing a coding system for the matrix for the inclusion of all three target groups (see table 4.1 below). The numbers 'one' to 'three' refer to the three target groups of WP 5, 6, and 7. 'One' are the employees and graduates, 'two' the managers and freelancers, and 'three' the transnational migrants. The letters 'A', 'B', and 'C' refer to the branches. Only 'C' refers to the graduates of creative and knowledge-intensive sectors. Letter 'A' refers to the creative branches and 'B' to the knowledge-intensive industries. If only the number is listed in the table, the corresponding location factor is important for the whole target group. If the number and a letter is displayed, the corresponding factor is only important for the target group in a certain branch. For example, factor one (education, study, universities) has only strong importance for graduates of creative and knowledge-intensive sectors and performs good for the graduates and the transnational migrants; the managers evaluate the performance of this factor neither positively nor negatively.

Table 4.1 – Importance and performance of location factors

	Strong Importance	Medium Importance	Weak Importance
Hard factors			
Factor 1 (education, study, universities)	1C (+)	3 (+)	2 (+-)
Factor 2 (employment, career, working conditions)	1 (--), 3 (--)		
Factor 3 (international accessibility)			1, 2, 3 (--)
Factor 4 (technical infrastructure)	2A (+)	2B (+)	
Factor 5 (social infrastructure)		2B, 3 (+)	
Factor 6 (housing conditions and prices)	1A, 1B, 2, 3A (++)		
Factor 7 (living conditions and prices)	1A, 1B, 3A (++)		
Factor 8 (taxation)			2 (+-)
Soft factors			
Factor 1 (social networks)	1A, 1B, 2, 3 (++)		
Factor 2 (quality of environment)	1C (++)	2B (++)	
Factor 3 (quality of life)		1A, 2, 3A (++)	
Factor 4 (attractive architecture)		3 (+)	1, 2 (+)
Factor 5 (attractive residential environment)		2B (+)	
Factor 6 (tolerance, social cohesion, openness)		1A, 1B, 2, 3 (+)	
Personal trajectories			
Factor 1 (born here)	2	1C	
Factor 2 (family lives here)	2	1	
Factor 3 (relatives, friends live here)	2, 3A	1	
Factor 4 (studied here)		1C, 3	

Source: own survey

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

The whole sector of education, employment, working conditions, and career options have a relevant function over all for employees, graduates, and the transnational migrants. But the evaluation of its performance is very bad, because a lot of interviews stated their problems in finding stable and long-term jobs. Since the managers have their own business they are keen on well-educated staff and technical infrastructure like easy access to the internet. Astonishingly, the taxation system is not important for this target group as an attraction and/or retaining factor and was neither evaluated as performing bad nor good. The international accessibility is not of great relevance for none of the target groups, at the same time it is evaluated as performing very bad. The target groups seem to adapt to the situation with on-going cancelling of international flight connections. When looking again at the findings in WP 6 this result needs to be differentiated. On the one hand the small firms and freelancers acknowledge Leipzig's well developed infrastructure with the connection to the ICE high-speed train networks, the *Autobahn* connection, and the airport. Still when selling their products and services within the city region or the broader region of *Mitteldeutschland* they do not effectively make use of these connections in terms of long-distance travelling. On the other hand the bigger companies organised as branch within a multinational corporation, as well as the small start-ups and freelancers selling all over Germany or even Europe, moan that

the connectivity is insufficient. Though the hardware in terms of physical infrastructure is well developed, the service providers do not offer appropriate connections to other economic growth poles in Europe (Lange, Burdack et al., 2008b, p. 76).

The housing conditions and prices are relevant for almost every target group and evaluated as performing very good in Leipzig, which has mostly to do with the wide range of offerings and low prices in comparison to other cities in Germany, especially the western part. For the graduates it is not important because they are still in living circumstances that allow them to live in shared apartments and are not about to settle down in the city because they are still more flexible and mobile due to their age and training level. For the transnational migrants of the knowledge-intensive industries it is not a relevant factor because they are often integrated into well organised networks which give them support when finding a place to live. Additionally they get paid well due to their age and training level. Therefore they can choose out of a great range of dwellings and pay them easily.

Personal trajectories are the second important group of factors that determine the decision of people to come to Leipzig and to stay here. These factors have not been evaluated by their performance, because they are connected to private living circumstances and cannot be influenced by the city and its policy. Especially family ties and friendships are important factors – over all for the managers. The empirical results show, that managers are willing to stay in the region if they have been born here, have family ties, and/or established friendships here, even if that means disadvantages for their business (Lange, Burdack et al., 2008b, p. 79). For the transnational migrants of the creative branches, personal ties into the region are also very important. This has to do with their working conditions: often their jobs are resulting out of their networks. Networks in creative branches are seldom separated by private and business contacts. That means that a strong network is important for the branch in order to always generate new working opportunities and individual fulfilment (Lange, Burdack et al., 2009, p. 67).

The significance of soft factors is not as high as the importance of hard factors and personal trajectories. Nevertheless, social networks are important factors for the target groups. Social networks are similar to family ties and friendship and make the integration process easier into the city. Through social networks, the target groups generate information, security, and well being. The performance of this factor is being evaluated as very positive because the size of the city and the general friendliness makes it easy for the target groups to establish such social networks in the city region.

Table 3.1 and 4.1 together give insights into different location factors which are considered being important for different target groups coming to new regions. Additionally table 4.1 shows the performance of different location factors, so that the city region is comparable to the other cities of the ACRE project more easily. The central finding is the relevance of some hard location factors and personal trajectories as attraction factors for the city region Leipzig. Soft location factors too play a role, but more as retaining factors, than attraction factors.

4.2 Leipzig in context: Unique selling proposition and site-specific location factors in respect to larger cities in Germany

In the following subchapters we transfer the results and link them to a wider understanding of Leipzig in respect to its individual assets, its site-specific location factors in the context to larger cities in Germany.

4.2.1 Position in European networks and hierarchy

Leipzig's role as a leading European centre of business and the arts dates back around a century to a time when the city's innovative cultural, entrepreneurial milieus invested heavily in not just new technology but also science, culture, and knowledge production. This attracted large numbers of employees to Leipzig. Weakened by the loss of its status as Germany's intellectual, cultural, and financial capital in connection with the Second World War, Leipzig declined into a second-class national centre in the DDR period. The 'international fairs', when the city became the platform for the socialist regime to display its mainly industrial and manufactured goods to the world twice a year, were the only opportunity for the city of Leipzig to present itself as the 'window of the East'.

The Iron Curtain also curbed Leipzig's European significance, its historical role as an important transport hub between East and West being curtailed for decades. Since 1990, however, various local, regional, and national policy strategies have been developed in an attempt to regain the city's European importance. The Leipzig Fair, newly founded Leibniz research institutes, the high-speed railway network, and a brand-new telecommunication infrastructure provided the foundations for boosting Leipzig's status on a European scale on the basis of the service sector, knowledge and science.

The accession of the Czech Republic, Slovakia, Hungary, and Poland to the European Union propelled the Leipzig region to the new centre of the enlarged EU. However, the gap between Leipzig's estimated strategic potential and its actual repositioning on a European scale is still wide. Below, a few indicators providing a picture of the real situation of the city on a national and international scale are examined.

4.2.2 Continuation the legacy of trade fair business – Leipzig and the asset “fair business” in a European context

Despite its structural economic crisis, Germany has maintained its position as the world's premier trade fair centre. Although attendance in 2005 declined somewhat, events like the Hanover technology fair CeBit and the Frankfurt Book Fair are still expanding. In fact, two-thirds of the leading international trade fairs are hosted in Germany.

With cities like Frankfurt and Leipzig being major crossroads to other business centres in Europe, German trade fair organisers have successfully cashed in on the country's central location. These days, cities such as Frankfurt, Düsseldorf, Hanover, Munich, Cologne, Berlin, Nuremberg, Stuttgart, Essen, Leipzig, and Hamburg host the world's leading trade fairs in an

astonishing number of industrial- and service sectors. In Leipzig, Auto Mobil International and the Leipzig Book Fair rank among the top exhibitions in both Germany and Europe, only being eclipsed by the corresponding events in Frankfurt.

Altogether, Germany's 140 or so trade fairs and exhibitions every year attract 160,000 exhibitors, who rent a total of 6.5 million square metres of floor space. They also draw between nine and ten million visitors, according to the Berlin-based Association of the German Trade Fair Industry (AUMA, 2006), accounting for almost a quarter of the entire European market. The European Association of Trade Fairs (Emeca) estimates that 1,000 trade fairs are held each year across Europe, attracting about 40 million visitors. Furthermore, the trade fairs also bring in scores of visitors from other countries. For the first time ever, according to AUMA, in 2002 at least 20 per cent of all visitors to German trade shows were foreigners, mostly from other European countries. They come to Germany because of the lack of very large trade fairs in other parts of Europe and overseas.

Even so, in what is one of the toughest economic crises experienced by Germany since the Second World War, the trade fair sector is by no means untroubled. But whereas the number of people visiting CeBit, the world's largest computer exhibition, has dwindled by 20 per cent, the turnover of the exhibitions hosted by the Leipzig Fair in 2005 was up by around 8 per cent over 2004, while the number of exhibitors grew by around 10 per cent (Leipzig-Messe-GmbH, 2005, p.14). In 2005, Leipzig's trade fair business ranked 39th worldwide (AUMA, 2006). Recently, the Pop-up fair devoted to pop, rock, and independent music has emerged in Leipzig out of the local cultural scene and since 2004 has quickly become the second most important trade event in its field in Germany after the Berlin-based Popkomm.

4.2.3 Forming a place with high quality - Providing adequate housing and retail infrastructures

At the end of the 1980s, probably none of the GDR's major cities had such a down-at-heel appearance as Leipzig (Nuissl and Rink, 2003). Leipzig, a centre of commerce for many centuries, concentrated its efforts on revitalising the historical centre, as can be seen from the gentrification of the main railway station, the old merchants' warehouses, and the shopping streets. Even though three-quarters of the old buildings were refurbished during the 1990s, the migration of people away from the city could not be halted. Of the 320,000 housing units, 55,000 are still unoccupied today (although fortunately this figure is slowly dwindling).

Between 1989 and 1997, the volume of retail space rose from 160,000 square metres to more than 900,000. A total of 400,000 square metres of this newly constructed retail space was built at locations on the outskirts of the city (Nuissl and Rink, 2003). The retail space needed in the inner city dissolved at the city fringe and led to not only new growth poles but also new traffic (Burdack, 2005).

From 1989 to 1993, Leipzig experienced a radical process of deindustrialisation when the city's manufacturing workforce shrank from roughly 80,000 to below 17,000 (Nuissl and Rink, 2003, p. 28). Apart the harsh economic and social problems emerging, empty residential and industrial areas made the city's urban structure instable. Some 800,000 square metres of

newly built but unused office space as well as 60,000 empty flats in the mid-1990s led to Leipzig becoming the city with the highest vacancies in Eastern Germany.

The combination of radical economic decline mostly in the first ring around the inner city and the growth of retail space in the second ring on the periphery of Leipzig, led to what has been coined the “perforated city” structure of Leipzig (Lütke-Daldrup, 2004).

In Leipzig, as in other cities, urban shrinkage exists side by side with suburban growth. From the early 1990s, 34,000 semi-detached houses alone have been built on its outskirts. Nearly half the firms on the periphery have relocated there from a site in the city proper. Moreover, the first elements of a globally oriented economy are emerging on Leipzig’s northern fringe, in the shape of the airport, motorway, freight transport centre, the new Leipzig Fair exhibition centre, and the new BMW car plant, designed by Zaha Hadid.

In spite of its enormous problems, especially in its eastern districts and the borough of Grünau, Leipzig is seen as one of the winners of German unification. The city has managed to maintain the high status of the Leipzig Fair, and even the Book Fair has stood up well to its competitor in Frankfurt. In 2003, Leipzig succeeded in its bid to become Germany’s candidate for the Olympic Games in 2012, eventually losing out to its rivals London, Madrid, Moscow, New York, and Paris. The early beginning of inner-city revitalisation in line with historical patterns drew attention to the city’s proud architectural image and was indirectly supported by the growing popularity of housing in buildings of this type.

The radical changes in 1989 and 1990 precipitated substantial changes concerning the population composition, industrial structures, and social structures. New local government schemes were set up in an effort to overcome social polarisation and urban fragmentation, and to maintain Leipzig’s reputation as a welcoming, cosmopolitan city.

After German unification, providing an adequate housing and retail infrastructure was one of policymakers’ major objectives. Based on optimistic economic and demographic expectations, the city administration paved the way for almost any investor to act in the city region of Leipzig. In the first years after 1989 till today, 822,000 square metres of retail space have been built in Leipzig, 48 per cent in the inner city, and 52 per cent at the periphery¹. Surprised by failed expectations of general economic growth, the labour increment, decreasing loans in the mid 1990s, growing rates of vacancies of newly erected offices, retail-, and housing space were the obvious signs of a failed and misleading urban policy. The administration began to rethink its policy and invented new, ‘soft’ forms of governance, new networks, and alliances between policymakers, planners, and the public. Joint administrative efforts can be presented – not just on the city level, but also on a regional level – such as the development toward a ‘Sachsendreieck’ metropolitan region.

Contrary to the evolution towards a demographically and economically shrinking city until the end of the 1990s, most of the organised planning activities have to be seen in the context of assumed economic growth and prosperity. Planning in the context of economic, demographic, urban shrinkage was a slippery and unknown professional and administrative

¹ See: <http://www.leipzig.ihk.de>, (last visited: December 14th, 2006).

field. Based on expectations of future economic growth, planning law provided the decision-making basis for suburban expansion. Huge numbers of building development plans were politically approved, leading to large quantities of both factual and potential residential and retail suburbanisation processes. How did the local and regional government react to urban sprawl?

Although urban sprawl was regarded as a problem of at most minor importance in Eastern Germany in the first half of the 1990s, various attempts were later made to contain it. The federal states and their planning institutions, regional planning boards, and some local authorities (primarily the big cities) are now trying to combat sprawl. One of the aims behind the territorial reform act in Saxony, under which the city of Leipzig was able to almost double its area by the turn of the millennium, was to enable the core cities to better control the exuberant land-use change in their (former) surroundings.

Thus, in a legal sense the problem of urban sprawl has at least partly been made up for since many residential and enterprise zones as well as retail facilities in ‘suburbia’ have been reintegrated and ‘recaptured’ by the central city. Nevertheless, intensive debate is now raging Günthersdorf, the fairly small municipality about 15 km away from Leipzig in the federal state of Saxony-Anhalt where Saale-Park – a huge shopping district – was established. The regional planning authorities and the district to which Günthersdorf belongs on the one hand, and the planning authorities Leipzig City Council in the federal state of Saxony on the other, are debating the steps of modernisation and the further enlargement of this mall.

Due to the difficult economic situation in Eastern Germany, almost all local and regional decision-makers are prone to set aside their scruples to promote urban sprawl whenever there is the prospect of attractive industrial investment. This is apparent with the development of the BMW site in the north of Leipzig in an ecologically sensitive area, where the local authorities worked hard to quash any objections. Just recently, local residents went to great lengths to restrict the expansion of Leipzig-Halle Airport required for DHL (the express and logistics giant originally founded by Adrian Dalsey, Larry Hillblom and Robert Lynn, and since 2002 a wholly owned subsidiary of Deutsche Post World Net) to invest there.

4.2.4 Leipzig and its efforts to establish new markets with cluster policies

Emerging and growing clusters in Leipzig are media- and telecommunications and ICT, life sciences, biotechnology and medical technology, energy and environmental technologies, vehicle and components industry, enabling technologies and business services, especially logistics as well as fair business (see for detailed description Chapter 5.1).

One of the fastest growing fields is Leipzig’s fair business which is constantly growing: In 2005, the numbers of exhibitors has grown with 10 per cent, the turnover with 8 per cent and the numbers of visitors with 17 per cent (Leipziger-Messe, 2006). The competition of Leipzig to host the Olympics in 2012 (they failed in 2005) also pushed the leading economic actors enormously. Furthermore, this joint alliance encouraged economic and political leaders to “think big” and overcome muddling through practices in the course of developing the

economy of the city. The failure nevertheless demonstrated the limits of urban growth and rescaled the city to its second rank position on the national as well as European scale.

As it has been described earlier, the factual presence of specific clusters depends on former historic and knowledge basis, such as media and medical technology. Others, such as life sciences, biotechnology, and business services have been substantially promoted with state, federal, and EU subsidies in the course of stimulating economic prosperity in the transformation of a planned economy towards a market economy.

What has not yet been taken into substantial consideration from an economic perspective are tourism, and the creative core sectors. Although tourism has been developed strongly, it is not considered as a potential cluster for the department of economic development of the city administration. Core creative practices in the field of arts, music, etc. although visible and important for everyday and the cultural life, have so far not been subject to profound statistical analysis, concerning turnover, image, and economic performances.

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

The perspective of path dependency can be approached from two perspectives: Firstly, in the case of Leipzig, the establishment of a new capitalistic system 20 years ago allows to speak of a complex rupture with the socialist past. Secondly, although new institutions had to be established anew from the 1990s onward, and new legislations and jurisdiction had to be established, the present social, cultural, and economic situation demonstrates that under the formal umbrella of a new system, many “institutional logics” are still vivid and though allow speaking of elements of path dependencies.

4.3.1 Questioning path dependency on the field of economic sectors in Leipzig

The rupture of GDR development paths and the re-orientation of the early 1990s were accompanied by the reinforcing global requirements in the late 1990s. Whereas the sector new media is a relatively new one also in the Western German context, the sector of business consultancy already started developing in the post-war period in West Germany². In East Germany no market of business consultancy developed under the GDR socialism until 1989. After 40 years of planned economy the product ‘business consultancy’ in the context of a market economy was totally new and unknown. A design market already existed in the GDR, but had not been freely traded on markets. Therefore design as an offered service equals the situation of business consultancy. The sector of the old media (radio, TV, film) clearly existed but within the GDR, Leipzig had not been that central as it is today in the Eastern German context.

² For example, the BDU – *Bund Deutscher Unternehmensberater* –, the central German lobby of consultants, was already founded in 1954 (see: <http://www.bdu.de/geschichte.html>, last visited: May 26th, 2008).

Therefore all the sectors that had to be taken into account in consideration in the previous work packages and the empirical approaches could be described as new economic activities in the Leipzig Metropolitan Region. The situation of “newness” of the sectors explains partly the contemporary problems with these sectors in comparison to traditional sites of the considered activities. A general problem is the relatively small size – in terms of employees, turnover, growth rates, and profits – of the companies in question. Apart from the old media sector with the MDR, one could state a dramatic lack of head-offices of bigger companies. Those companies showing bigger sizes in these sectors frequently turn out to be only affiliates from head-offices and companies in other cities in West Germany. The small and micro-sized companies still show difficulties to penetrate Western European markets, though this expanding towards external markets is crucial to their growth in Leipzig. Especially the design market suffers from the quasi absence of business experienced companies. With its slow overall economic growth and small production sector, the Leipzig Metropolitan Region presents a difficult context for the four studied service sectors.

Nonetheless the city of Leipzig with its high proportion of students and positive in-migration rates attracts a lot of talent. Several small business start-ups evolve from this human capital and try to stabilise and grow. The atmosphere in the four sectors thus could be described as “self-reliant”. People are not waiting until economic policy “might” succeed and big companies provide jobs; they start their own businesses to not be unemployed.

4.3.2 Emergence of new trajectories – Unintended formations of creative and entrepreneurial agents as an expression of path dependencies

Apart from formally organised and politically induced crisis-solving policies, mainly cluster policies, Leipzig’s cultural scenes contain numerous modes of self-organising formations. Even though the formal labour market has to be considered weak, inaccessible or unattractive, many cultural activists launched their own rather unusual entrepreneurial start-up businesses in the midst of a substantial structural crisis. Informal networks provided an important backbone in order to cope with minimal financial income, hardly any venture capital, or any other similar formal and ‘known’ support structures (Bismarck and Koch, 2005; Steets, 2005).

In combination with existing cultural capital which had survived the GDR times (such as painting, photography, design etc.), cultural scenes became more and more visible and so regained importance not only for the heterogeneity of cultural life and cultural consumption, but also as professional opportunities. In due course, architectural firms (such as L 21, KARO, URBIKOM etc.), artistic collectives (such as NIKO 31), a gallery agglomeration in the former cotton mill in Plagwitz in east Leipzig, the leading cultural centre known as naTo in Südvorstadt, as well as a prospering media and film-related experimental creative scene emerged in the course of the harsh transformation processes in the mid-1990s (Bismarck and Koch, 2005).

The structural crisis thus led to creative actions by different agents and also informed and stimulated various knowledge institutions, e.g. the Academy of Visual Arts, to react to this professional situation of its alumni and thus reposition their curriculum, urban involvement, and their institutional role in the process of urban transformation (Bismarck and Koch, 2005).

Nevertheless, relatively little socio-spatial research has been conducted so far in order to understand the value of these formations for the city.

Furthermore, institutionalised cultural and creative capital has been neglected for a long time from the view of Leipzig's cluster policy. The dominant policies have targeted mainly media and publishing branches which have a long tradition in Leipzig but which have basically no strong economic basis today. The media cluster – apart from the state-run Mitteldeutscher Rundfunk (MDR) – is constituted by mainly SME and misses other big players. It is even more obvious when looking at the field of literature and publishing, where string players are missing and where the field is constituted by micro enterprises, often stemming from a non-Leipzig origin (West Germany) so that a transfer of knowledge is hard to image. The same is relevant in formalised institutions of these markets, where a younger generation is aiming at dealing rather progressive with the institutionalised past.

4.3.3 Conclusion: Attractiveness of Leipzig as an international labour market

It has to be stated that Leipzig's current economic structure – in contrast to its past – has to be characterised by its small share of industrial production, and a large proportion of the public sector. Thus, the attractiveness of Leipzig for incoming foreigners is not primarily characterised by international companies as pull-factors. Especially, for low-skilled workers, Leipzig is not attractive as a migration destination. The production plants of BMW, Porsche, and the logistic district around DHL and the airport of Leipzig might offer some jobs for low-skilled workforce. But there is already a strong competition for these positions among the large population of native low-skilled workers, who suffer from long-term unemployment. According to the Leipzig Chamber of Commerce, there are several small and medium sized enterprises in the industrial sector, which are successfully operating in international markets (export base of 43.5 per cent in 2006), especially selling casting products, plant engineering, electrical engineering and print-publishing technology. Yet, the industrial sector, consisting of 168 companies, in the city could only account for 15,967 jobs and a total turnover of 5.428 billion € in 2006 (IHK-Leipzig, 2007)³.

By contrast, the high share of public sector in Leipzig and the high density of research institutions offer an attractive labour market for incoming high-skilled knowledge-intensive workers. The four large public German scientific research organisations run research labs in the city: Max-Planck-Institutes (Evolutionary Anthropology, Human Cognitive and Brain Science, and Mathematics in Sciences); Fraunhofer-Institutes (Cell Therapy and Immunology, and Centre for Central and Eastern Europe); Leibniz-Institutes (Regional Geography, Tropospheric Research, and Surface Modification); and Helmholtz-Centre for Environmental Research. In addition, the academic institutions such as the University of Leipzig, University of Applied Sciences in Technology, Economy, and Culture, the private Leipzig Graduate School of Management, the private University of Applied Sciences in Communications Engineering and Technology, Saxon Academy of Sciences, and a lot of

³ See:

http://www.leipzig.ihk.de/Portaldata/1/Resources/dokumente/01_sop/wipo/konjunktur/statistikportal/Entw_Stadt_Leipzig2006_Farbe.pdf, (last visited: January 10th, 2009).

other institutions of academic education attract students and young researchers to come to Leipzig. Especially life sciences and biotechnology are expanding around the facilities of BioCity Leipzig, offering German and foreign scientists' assistance in research and business planning.

In the creative industries sectors, Leipzig is dominated by media industries. The regional public broadcasting station MDR is the predominant producer of media formats and movies in the city region, supporting a media sector of 30,200 media workers with an annual turnover of 2.780 billion € in 2006 (Bentele, Liebert et al., 2006).

Academic education in the creative sectors is offered by the Master Programme Media Leipzig (MML), by the German Literature Institute (DLL), the Academy of Visual Arts (HGB), and the University of Music and Theatre (HMT).

So, the city of Leipzig is rather characterised by knowledge and creative sectors than industrial production, and thus it is more attractive to incoming migrants from these sectors. The traditional 'expatriate', sent abroad by a large company within the companies' career schedule, might not be the predominant type of transnational migrant found in Leipzig. The industrial sector, which uses this type of transnational labour rotation, is underdeveloped in Leipzig. It has to be mentioned here that, the city's creative and knowledge-intensive industries largely dependent on public funding. Especially around the large academic and scientific institutions groups of researchers and artists have developed, who are financed by public programs. So, the infrastructure for creative and knowledge-intensive working in the city is attractive, but incoming workers can not rely on a regional private market to provide them with a decent income.

Recently, some Leipzig-based companies were quite successful. These companies are mostly operating in the IT sector, and were founded as university spin-offs or public start-ups, basically not referring to institutionalised knowledge that will allow us to speak about path dependency.

The biggest company is Spreadshirt, a producer of creative apparels, distributed by an online platform. The company was founded in 2001 by graduates of Leipzig's Graduate School of Management and developed until 2007 to an international company with more than 250 employees in Europe (Leipzig, Berlin, Utrecht, Paris, and Legnica) and the USA (Boston and Greensburg). The current CEO is the US-American Jana Eggers. The company won different prizes in categories like employment, start-up, and online company⁴.

Another important IT company is the university spin-off IT Campus Group. Founded in 1999 by an informatics engineering professor from the University of Halle, the Leipzig-based company aimed at stopping the brain-drain of IT graduates from the Halle-Leipzig region. His idea was, to found a modern IT company, which could retain graduates from the Universities of Leipzig and Halle within the region. The company grew to an international group with presences in the UK, Switzerland, Italy, Austria, and Slovakia⁵.

⁴ <http://www.spreadshirt.net/de/DE/Das-Unternehmen/Ueber-uns-68/>, (last visited: January 10th, 2009).

⁵ <http://www.itcampus.eu/de/main/company/>, (last visited: January 10th, 2009).

A third example of successful IT start-ups in Leipzig is PC Ware, which was founded in 1990, immediately after reunification. The company could develop to a large international IT group, employing 1,485 employees worldwide in 2007. Running branches all over Europe, in South Africa, China, and North America, the company offers services mainly oriented on software licensing⁶.

So, the field of IT activities, in combination with creative industries, seems to be more dynamic than traditional industrial production. The IT companies of the city – as part of knowledge-intensive industries – accounts for a significant part of Leipzig's attractiveness for firm-related transnational migration.

To conclude, the Saxon regions, and especially the city region Leipzig, are still struggling with the heavy structural re-orientation caused by post-socialist transition and increasing global integration. The lack of long-tradition companies marks a disadvantage on the financial markets. Equity stocks of regional companies are small, and global operation thus is either difficult to finance or too risky. Yet, since 1989, some important investments of national and international global players had been done in the region. In Leipzig, these investments primarily concerned the automotive and the logistics sectors, rather secondary the metallurgy and machine construction. The city region is still looking for a new economic profile, and large scale attraction of transnational work migrants could not be observed in relation to a specific economic sector.

The creative industries are an emerging economy in the City region Leipzig. There are also lively alternative scenes and professional and academic education infrastructure. In combination with vacant and cheap space, public project funding, and an open-minded City Council, a lot of young Creatives are attracted to the city. Yet, it has to be stated that the regional private sales market is still too small to provide decent earnings for all creative workers.

Export-oriented cultural and artist products are necessary for a further development and internationalisation. The knowledge-intensive sector – especially scientific research – has a long tradition in Leipzig. It did sustain through socialist time, and with large public funding it is offering an important share of the regional labour market, that attracts a lot of international scientists and is well-connected into global knowledge transfer. In addition, in biotechnology, environmental engineering, and IT disciplines a series of research spin-offs are growing in Leipzig. They show first forms of the use of scientific knowledge in private market applications and value-adding.

4.3.4 Leipzig and its position in Germany and Europe

Germany is one of the countries with the highest global integration when it comes to trade relations. It is evident that the country has a strong export base. The export surplus is largely achieved in the other Western markets, especially within the European Union and the United States. Due to the scarcity of natural resources, the country imports gas, petrol, and other

⁶ <http://www.pc-ware.com/pcw/com/en/main.htm>, (last visited: January 10th, 2009).

important natural resources in large quantities. Thus, strong trade relations also exist with Russia. The rising Asian countries, mainly China, provide mass production consumer goods, as these goods' production is more expensive in Germany. Germany's manufacturing sector rather produces high-tech and R&D-intensive machinery and technology in the sector of investment goods for export. When it comes to the integration into global financial flows, other countries, namely France and the UK, outperform Germany, having higher volumes of inflow and outflow in recent times. In addition, Germany attracts less investment than German companies invest abroad. The same accounts for migration flows. Especially the UK generates a higher attraction power – more inflow, less outflow, more international students arriving. So, Germany might be well integrated on the level of trade relations, but taking the rather long-term foreign direct investments and the inflow of (highly skilled) migrants into consideration, a weakness of attraction must be stated for recent years.

Leipzig has to be interpreted in the context of its Eastern German past. After the collapse of the Leipzig manufacturing sector after the reunification, only few exportable goods are produced anymore. Nonetheless, the traditional trade relations with the near Czech and Polish markets seem to persist and found one base of Leipzig integration into Eastern markets. Reliable data on foreign direct investments could not be found for Leipzig. It might be suggested that the only important, recent large-scale investments comes rather from (German) multinational corporations (BMW, DHL, and Porsche). Any other remarkable economic development is based on endogenous developments. Hence, Leipzig still suffers from a rather marginal position on the German landscape of foreign direct investments – not only in industrial production but even more in knowledge-intensive industries. Concerning the migration flows, Leipzig shows an Eastern German pattern, which is distinct from Western German immigrant groups first of all in the origins of foreigners. Leipzig did not experience a lot of *Gastarbeiter* immigration, although the GDR also had contracts with other (socialist) countries in order to obtain foreign human capital. A certain percentage of the contract workers stayed in Leipzig after the collapse of the GDR, over all Vietnam people. But in comparison to Western Germany their number is much smaller.

Additionally, traditional ex-communist bloc relations show up again. A high share of the foreigners consists of Russians, Ukrainians, and Polish, who show a strong tendency to good performances in Germany's education system (high degrees, better results than Germans). However, also French, US-Americans, Italians, and British immigrants mark a large share of Leipzig immigrant population. Nonetheless, Leipzig is still a city with below average percentage of foreigners, and the regional (Saxon) decrease of immigration flow does not seem to support the image of an ongoing internationalisation of the population (Lange, Burdack et al., 2009, p. 32).

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

From a broader perspective, the city of Leipzig faces several challenges in order to position itself again as an innovative, prospering, and future-oriented place to live and work on the global scale. First of all, the transformation process after unification has led to large quantities

of long-term unemployed people. Social welfare, lack of qualification, inflexible (or inaccessible) regional labour markets, and growing second or even third labour markets have to be considered as the major obstacles to solve urban transformation.

Nevertheless, the city has reacted strategically and installed several tools in order to regain its traditional competitiveness. The City has implemented various forms of policy-guided interventions in order to improve local living conditions. Thereby, a great deal of work has been addressed to the civil forces on the local level. Agencies such as “Pro Leipzig” are facing the challenge of bridging locally oriented social networks with the forces and the dynamics of global capital.

On the regional level, the implementation of the metropolitan region *Mitteldeutschland* is the most notable approach to pool disparate and different regional potentials. Just recently – due to the efforts and impulses of the Leibniz-Institute for Regional Geography – the metropolitan region as well as the city of Leipzig has opted for improving its profile by referring to creative industries and creative capital in the near future.

Nevertheless, on both levels, creative and knowledge-intensive industries have to be seen first of all as a new field of actions. Expectations for incubation and generating new jobs are high as well as the future role of creative and knowledge-intensive industries as integrative tools for strengthening the local as well as the regional competitive basis. Therefore first efforts will target to gain substantial and robust knowledge about the status of creative and knowledge-intensive industries on various scales (e.g. by independent reports on the factual status of creative and knowledge-intensive industries).

Apart from building new infrastructures (houses, library, technical facilities etc) a comprehensive knowledge about the size, scale, and numbers of creative industries in the city of Leipzig as basis for a suitable policy does not exist so far. Ironically, the shrinking demographic structures and the empty, abandoned houses as well as a not yet totally institutionalised art, culture, and media scenes within the city of Leipzig might have led to flourishing creative scenes and the creation of a “creative biotope”. This was also stimulated by relatively low rents, accessible work spaces, short distances to partners and potential collaborators within thick social networks in Leipzig. The absence of a clear agenda by the public administration might have stimulated more creativity than any other “master plan for creative industries” could have done.

On the other side, the city of Leipzig has integrated the sub segment “media industry” in its strategy to improve and upgrade new emerging clusters. Large amounts of investments have been injected into the region in order to provide the infrastructural and technical basis for innovative technologies, international standards in the field of mobility, fair business, and distribution of goods. The city is aiming at (re-) positioning itself (again) on the international scale, although the overall population with approximately 500,000 inhabitants might be too small and the existing negative circumstances (i.e. unemployment) too strong.

Regional cooperation in the institutionalised framework of formulating the metropolitan region *Mitteldeutschland* has to be seen as a major challenge where the status of creative industries has only recently being mentioned. The creation of the metropolitan region “Saxony triangle” in classic terms, with high rates of population, work, and density rates,

tradition, and a distinct cultural life of the metropolitan region, poses new demands and challenges. It is an objective that this emerging metropolitan region will not only be a conglomerate of smaller spatial units, but also represent a place with a distinct identity. The necessary self-description as a larger spatial unit is still missing, but might be stimulated by the potential of the creative and knowledge-intensive industries. Their abilities to invent symbolic and immaterial products might then be connected to the idea of a “Saxony triangle”, with a distinct identity, which – from our perspective – could not yet be detected. It might be needed in order to invent future-oriented communicative and marketing strategies for this region.

In regard of the situation of Leipzig, it might be concluded that the formulation of a distinct cluster policy, embedded in an attractive affordable urban space, has changed the formerly unattractive city. The effects of repositioning the city on a national and even international scale have to be seen in its different economic fields and its variations as well as in respect to the national context with other spatial profiles.

5.1 Overall evaluation of the city-region

5.1.1 First level conclusion: overall results of the degree of Leipzig's ability to accommodate and to attract foreign migrants

Recalling historic practices

During the socialist period, the iron curtain prevented labour migration on a large scale. Only twice a year, Leipzig 'opened' its doors and awaited traders, visitors, and guests during its trading fairs. Nevertheless, this imposed hospitality two times each year turned the city into an international place. Apart from this forced internationality, the citizens did not have the opportunity to get acquainted with other cultures, languages, and other habits on an every day basis in Leipzig. It can be assumed that the low degree of every day experience with foreigners did not enable the population of Leipzig to get used to transnational situations. In the course of such constellations, institutions had to install new strategies to interact with and to accommodate foreigners in Leipzig.

Civil society and bottom-up policies

Leipzig is worldwide known as the starting point for the German revolution in 1989. A strong and durable civil society has been responsible for forming the opposition bottom-up. Although there is a strong believe in the integrative power of civil society, current debates have highlighted that the former heterogeneity of civil society transforms to a reservoir of deprived and underprivileged. Within these social groupings a strong sound of being among similar and known subjects exists, in the same as a fine sound silently excludes others. This process of 'othering' has been described e.g. by anthropologist Michael Taussig (Taussig, 1993).

Othering is a way of defining and securing one's own positive identity through the stigmatisation of an 'other'. Whatever the markers of social differentiation that shape the meaning of 'us' and 'them', whether they are racial, geographic, ethnic, economic, or ideological, there is always the danger that they will become the basis for a self-affirmation that depends upon the denigration of the other group. The concept of 'otherness' is closely related to the term 'alterity'. Alterity is a philosophical term meaning 'otherness'. It is generally now taken as the philosophical principle of exchanging ones own perspective for that of the 'other'. The term is also deployed outside of philosophy, notably in anthropology by scholars such as Michael Taussig to refer to the construction of cultural others.

In the case of Leipzig, quite a dual articulation of the way the city deals with 'cultural others' can be detected. On the one hand, the city promotes its historical openness as a traditionally friendly and open-minded place. This goes along with the strong Leipzig based narrative of an

important civil society. On the other hand, growing socio-economic deprivation caused by the ongoing economic changes, have led to long-term unemployment and so called ‘losers’ of the political changes after 1989. They have started to raise their voices when confronted with international competitors for the few existing jobs. When being asked in the interviews, many interviewees relegated issue of racism, right-wing problems, xenophobia, and other related problems spatially to the surrounding area and to the outskirts of Leipzig. The core city, as well as the related boroughs has been whitewashed from any of these problems. The city of Leipzig appears as an island of social harmony in a turbulent sea, whereas all problems (exclusion, racism, xenophobia) hindering foreigners to become fully integrated are delegated out of Leipzig.

5.1.2 Second level conclusion: Evaluation of the institutional landscape of Leipzig

The following aspects allow discussing the basic assumption, presented mainly by regional economist Richard Florida that a tolerant and open-minded urban climate has to be considered as a central prerequisite for attracting those targeted high-qualified knowledge and creative oriented workers in their urban realm. The normative dimension allows asking how the interviewees have explicitly and implicitly related their personal, professional, and social situation to the distinct context of Leipzig. The following aspects allow a first interpretation of the current institutional landscape as well as its capacity to integrate transnational workers:

Existing social and leisure opportunities - low utilisation

The empirical phases of WP5, 6, and 7 showed clearly that a rich and diverse institutional landscape of social and leisure opportunities, e.g. also learning options in the field of language course is available to many interviewees in knowledge-intensive industries. These opportunities, e.g. sport courses in universities, are important fields for engaging with the city and its inhabitants in a non-working environment. Many transnational workers are aware and know of these extra amenities although they demonstrate low orientation how to practically engage in. Linking opportunities with the demands and the individual situation of transnational workers, who are only temporarily in Leipzig, appears to be rather undeveloped. It seems that the ‘hardware’ exists (like facilities, courses, technical infrastructure) although the software (like adequate communications tools, man power), that means how to bring and invite transnational workers in these opportunities are not very well developed.

The inner-directedness of transnational workers in knowledge-intensive industries

This observation also led to the conclusion that especially transnational knowledge-intensive workers are ‘inner directed’ that means, they operate on a clear and determined firm-based or individual professional trajectory and are thus not explicitly working to fully engage in the social fabric of their temporary place of work, in this case the city of Leipzig. Especially transnational companies very often provide multiple inner-firm based opportunities to engage, and to socialise next to work. That is why a high degree of inner-directed trajectories leads to different interactions with the institutional fabric of the city of Leipzig.

The outer-directedness of transnational workers in creative industries

When looking at the case of transnational creative workers, a clear contrast can be detected: these transnational agents interact in quite a different way with the institutional fabric of Leipzig. Looking at the working conditions of transnational workers in core creative actions fields, most of them operate on individual motives. Their degree of professional stability is definitely lower, compared to transnational workers in knowledge-intensive industries. These creative workers operate mainly in highly self-organised and less institutionalised context with less official support and opportunities. Their professional trajectories as well as their professional career opportunities depend to a high degree on personal networks. These networks are informal and instable per se, depending on trust, sympathy, but not on formalised contracts. That is why it can be assumed that transnational workers have to engage in a rather different way with representatives of cultural, creative, and intermediary institutions when being in a foreign context such as Leipzig. They have to present themselves, their work as well as their world-view to these representatives, as well as to leading local agents of creative milieus. Apart from this outer orientation, it can be assumed that creative and artistic practices tend to interact to a large degree with the social, economic, urban, as well as political environment. What we consider as symbolic ‘products’ is often a reaction to a distinct perception of the outer world (although it may be very personal).

Linking the professional argument with the production process of creative workers, generally speaking, core creative workers very often demonstrate a higher interest as well as a sensitive perception in the respective context they live in. Therefore a major difference to the transnational worker in knowledge-intensive industries is the degree of outer-directedness of creative workers in respect to the inner-directedness of transnational knowledge-workers. This basic pattern separates the two types (Lange, Burdack et al., 2009, p. 86-88).

5.2 Importance of personal networks, business contacts, and the quality of the city of Leipzig

Within our research we have focussed on categories such as networks as well as networking practices because they have been mentioned previously in the interview sequences. When dealing with changing production processes and new forms of working routines, various forms of interaction are considered as very important in order to fulfil production processes.

The networking of the transnational migrants of the knowledge-intensive industries can be related to the theory of transnationalism which assumes that transnational social spaces emerge inter-nationally. In this field, universities, the sciences, transnational institutions, and corporations take over the function of providing information and support for the incoming transnational migrants (Pries, 2001).

According to the logic of transnational movements, at least one part of the transnational migrants of the knowledge-intensive industries will not stay for a long time in one place and thus will only link with a city occasionally. Only those who have economic capital or/and build up strong networks (social capital), might decide to settle and engage in the further development of a city where they decide to stay and live.

In comparison to the transnational migrants of the knowledge-intensive industries who are integrated into a network, which mainly is shaped by their employer or qualification institution, the transnational migrants of the creative industries are integrated into a creative-artistic milieu of a distinct local place. When moving to a new place they mostly settle in specific urban sub-districts and connect themselves with concrete spaces. They are not integrated into transnational social spaces as described above due to their linkage to certain aesthetic-creative themes and non-integration into international companies or organisations. They are building up their networks both on a local as well as on a global level. That means that the transnational migrants of the creative industries are much more related to concrete social spaces and networking partners who they meet in concrete social spaces providing information and support for the incoming transnational migrants. This approach is also connected to the concept of a ‘cultural milieu’, used by Florida (2002) and Landry (2000). Both formulate the importance of public and semi-public spaces to attract and stimulate creative workers living in a city.

Key motives building networks by transnational knowledge-intensive workers

Concerning the issue of networking, the established migrants of the knowledge-intensive industries build up their networks around economical and political themes. They tend to be active participants of the city and present a new type of post-socialist citizenship. The limited-staying migrants of the knowledge-intensive industries are less engaged in the city and establish their networks mainly around working themes. Nevertheless they expect the locals to show interest and integrate them into the city. This might be a result of their previous experiences in other countries. They can be described as passive participants of the city.

Key motives building networks by transnational creative workers

The established migrants of the creative industries can also be described as active participants of the city, but their focus lies more on social and cultural themes. They have been establishing their networks along private and artistic themes and participate in the international community of Leipzig.

The limited-staying migrants of the creative industries tend to participate at least in their city district they are living in. Their engagement is mainly focussed on cultural and social themes. Due to their insecure working situation they are a lot concerned with their individual living and working situation and depend a lot from their private network in order to establish new creative and artistic projects. They establish their networks mainly around artistic themes.

5.3 Reflection on existing literature referring to the case-study area

When reflecting on existing literature which refers to the city region of Leipzig we can state the following:

- For the art context we can assume a certain level of continuity. The sector has a long tradition in the city and could keep its identity giving and image shaping function for the city. See (Bismarck and Koch, 2005; Kaiser, 2005)
- The same holds true for the publishing and media sector although this path was ruptured during the post-1989 transition. The political decision to locate the public broadcasting station MDR in Leipzig is connected to media tradition especially in press and printing. Especially Bathelt has been dealing with the media sector and its evaluation in Leipzig (Bathelt, 2001; Bathelt, 2002; Bathelt and Boggs, 2003; Bathelt, Malmberg et al., 2004; Bathelt, 2005)
- The situation for the design is completely different because it presents a new phenomenon and has not been evaluated yet.
- The Fair of Leipzig which has been shaping the image of Leipzig being an important place of trade, internationalisation, and innovation can also look back on a long tradition and therefore has been the subject of literature in different ways. See (Burdack, 2005).
- Job opportunities and the general economic development in the different transformation phases as well as the issue of brain drain is also an often discussed subject in the literature, often referring to Eastern Germany in general. See (Pfeiffer and Reuß, 2008; Schultz, 2008)
- The complex of urban transformation, chances and risks of shrinking cities, especially in the eastern German context and possible solutions are often subject to the literature that also includes Leipzig and its pathway of development. See (Aring, 1999; Aring, 2001; Wiest and Hill, 2004; Wiest and Zischner, 2006; Wiest, 2007)
- Closely connected to the latter mentioned aspect, the issue of demographic development is discussed in the literature. See (Laux, 2001; Laux, 2001; Heiland, 2004; Kubis and Schneider, 2007)
- Finally we shall mention the issue of right-wing violence and xenophobia and its threat to the future development of Leipzig. The issue has been discussed with different approaches, not only referring to Leipzig but also to Eastern Germany in general. Mostly the literature is concerned with explaining its existence and development and discussing possibilities of solving the problem. See (Bugiel, 2002; Grumke and Wagner, 2002; Korgel and Borstel, 2002; Döring, 2006; Grumke and Klärner, 2006).

5.4 Reflection on existing local development strategies and policies

When reflecting on existing local development strategies we can state on the one hand several positive aspects and actions the city of Leipzig has considered; on the other hand we also find several negative aspects which should be addressed.

The positive aspects include the spatial dimension for example which is addressed by different place-making and agenda setting programmes for example in the design and the art sector as well as in the scientific sector. The media segment is been evaluated broadly and annually (Bathelt, 2001; Bathelt, 2002; Bathelt and Boggs, 2003; Bathelt, 2005).

The aspect of networking is also on the agenda for example with the installation of the *Medientreffpunkt Mitteldeutschland*, an annual meeting of the media branch in Leipzig, with broad media coverage and networking character.

Negative aspects include amongst others a missing overall strategy for the city and its future development.

Then there is no clear legitimacy for the Creative Industries or cluster-oriented policies. Policies are strongly separated by sectors which lead to separated sites of action.

Here we can perceive a paradox: on the one hand we have strong self-organisation and – governance in the creative industries (Pop-Up Fair, Designer’s Open), on the other hand we have to state an absence of local development strategies which include these self-organisation initiatives.

As a result of this reflection of positive and negative aspects of local development strategies we would recommend a profound discussion about what to do, where to go, and trying to better understand these economies and their agents.

5.5 Possible recommendations

The possible (policy) recommendations in WP 8 are related to the different needs and problems of the three researched target groups workers/graduates, managers/freelancers, and transnational migrants.

In chapter 5.4 we will thus discuss some recommendations related to the target groups and their branches:

WP5: Workers/Graduates

Social welfare, lack of qualification, inflexible (or inaccessible) regional labour markets, and growing second or even third labour markets have to be considered as the major obstacles to solve urban transformation. Nevertheless, the city has reacted strategically and installed several tools in order to regain its traditional competitiveness. We would recommend keeping and using those tools and, additionally, installing new ones:

- The city has implemented various forms of policy-guided interventions in order to improve local living conditions. Thereby, a great deal of work has been addressed to the civil forces on the local level which try to bridge locally oriented social networks with the forces and the dynamics of global capital.
- On the regional level, the implementation of the metropolitan region Sachsendreieck (“Saxony triangle”) is the most notable approach to pool disparate and different regional potentials.
- Apart from building new infrastructures (houses, library, technical facilities...) a comprehensive knowledge about the size, scale, and numbers of creative industries in the city of Leipzig as basis for a suitable policy should be developed.
- The necessary self-description as a larger spatial unit is still missing, but might be stimulated by the potential of the creative and knowledge-intensive industries. Their abilities to invent symbolic and immaterial products might then be connected to the idea of a “Saxony triangle”, with a distinct identity. It might be needed in order to invent future-oriented communicative and marketing strategies for this region.

In regard of the situation of Leipzig, it can be concluded that the formulation of a distinct cluster policy, embedded in an attractive affordable urban space, has changed the formerly unattractive city. The effects of repositioning the city on a national and even international scale have to be seen in its different economic fields and its variations as well as in respect to the national context with other spatial profiles (Lange, Burdack et al., 2008a, p. 87-88).

WP6: Managers/Freelancers

The research on creative and knowledge intensive entrepreneurial activity showed that these different businesses could not be regarded as a homogeneous industrial sector. When talking to the managers and freelancers it became obvious that with all these different small firms a large variety of historical development paths and business plans are hiding under the label of creative industries. The fast changing and instable market situation leads to flexible organisational business models. In addition, low development levels of institutional frameworks for regulating risk in this fast changing environment demand flexibility even more as a reaction to a risky business environment. The organisational answer of many companies in creative knowledge markets is to keep the firm size small and to prevent hiring too many employees. Furthermore, employment is characterised by temporary contracting. Another solution to risky situations is to share risk which is commonly done in creative knowledge markets by extensive use of freelance working as an organisational model.

Taking these structures into consideration one has to point out that creative knowledge industries are very fragile in their relational assets among market participants as well as in their economic stability and need special attention and programmes:

- A stabilisation of the income situation of these businesses could help to promote growth. As long as entrepreneurs do not have at least a stable basic income they cannot develop strategies of expansion, they will not employ new workers, and they will not enter into situation of trial and error and further business risk.

- The overall economic development has to be promoted with the aid of political and established economic stakeholders. If creative and knowledge intensive entrepreneurs would have enough potential clients in the region, their services and products could better be sold.
- For a better integration of these new economic activities into regional business cycles a shift of attention in regional economic development policy is important.
- Promotion of direct contacting systems could be helpful for small creative knowledge intensive entrepreneurs to target big lucrative clients.
- Development of new modes of short term factor mobility. Regions have to look for service providers who offer the accessibility of places with their services. Here, Leipzig faces serious problems when it comes to airway connections.
- Leipzig should maintain its potential of places and spaces which are open for occupation and experimental using. Not only vacancy is a basic condition, but also the possibility of occupation of vacant buildings and spaces, even if only for temporary use without development strategies, is important (Lange, Burdack et al., 2008b, p.83-85).

WP7: Transnational Migrants

The recommendation of actions and guidelines for this fluid and mobile working class is a rather new field of action. In this context the city of Leipzig faces the following problems:

- No trained and learned interaction practices of creative, civic, and knowledge institutions engaging with transnational agents. This is caused by a distinct political as well as historical situation
- Strong perception of the ‘cultural foreign’ as a way to articulate the ‘other’.

Yet there is already a large amount of existing opportunities to integrate transnational workers although only used seldom by transnational workers. In this context the city of Leipzig offers different chances:

Knowledge-intensive industries

In Leipzig exists an open-minded, local-regional scientific community that becomes more and more internationally oriented. With the rising transnationalisation of the scientific community in this world, Leipzig based research facilities integrate into global knowledge networks. This does not automatically mean that Leipzig becomes a hotspot of the international scientific community, attracting large populations of knowledge-intensive workers. In addition to work-related networking, also the living-related amenities are a still underestimated factor of attraction and retention.

Creative industries

In Leipzig we find very accessible creative milieus and scenes. Some of these branches are very internationally oriented (design, art, music). First local developments should be pushed forward into global markets. The local market cannot economically maintain the Leipzig-based creative sector, which still, to a large degree, depends on public support. Yet, the locally developed brands and ideas have good chances to economically succeed by exporting them. Existing international networks are a promising starting point.

Out of these problems and chances we can formulate some policy recommendations:

- More investment into ‘soft’-ware (manpower) trying to combine transnational workers with existing opportunities to engage with the city, especially in the field of community engagement, leisure, and culture.
- Clear political and civic engagement against any kind of discrimination of foreigners and right-wing propaganda.
- Stronger engagement in transnational city-networks, in order to better link the city with other European places.
- Enhancing the number of exchange programs for scholars, Creatives etc.
- Placing transnational creative workers in various cultural fairs.
- Integrating transnational in the local and regional policy (Lange, Burdack et al., 2009, p. 90-92).

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