

Diversity and Creativity as Seedbeds for Urban and Regional Dynamics

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Abstract

The present study investigates whether, why, and how diversity affects the creative capacity of cities and regions, under which conditions diversity can be the source of urban and regional competitive advantage in knowledge intensive activities and what are the key assets, infrastructure, and policy tools required to foster the development of creative, competitive and cohesive places. Diversity and creativity are complex and multi-faceted issues and to understand their roles and effects requires contributions from various social sciences. Therefore, the study examines the dynamics of diversity and creativity at different levels from individual to group and society, at different scales from team or organization to cities and regions, and from different perspectives including the disciplines of psychology, sociology and economics. While underlying the interconnection between diversity and creativity, the study specifically focuses on the direct economic, social and spatial implications of diversity and creativity in cities and regions. Why some places (cities and regions) are more attractive than some others for diverse and creative people and innovative and creative activities? The paper aims to put current debates about diversity and creative cities in context and perspective. The discussion considers the policy roadmap to the creative city and challenges for governments.

Key words: creativity, creative cities, diversity, dynamics, perspectives.

JEL Classification: O10, R00.

1. Introduction

One of the most important challenges facing modern societies is the increase in their social and cultural diversity. Diversity has increased in most advanced countries, driven mostly by sharp increases in immigration and cities, especially metropolitan areas in many countries have increasingly turned into pluriform and multicultural societies with different socio-cultural and ethnic origins. The impacts of migration on welfare in receiving countries and cities have become an important debate in both migration studies and socioeconomic policies (Alesina and La Ferrara, 2005; Alesina et al., 2001; Angrist and Kugler, 2003; Bellini et al., 2008; Borjas, 1994, 1995 and 2003; Borjas et al., 1997; Boeri and Brücker, 2005; Collier, 2001; D'Amuri et al., 2008; Manacorda et al., 2006; Ottaviano and Peri, 2006 a and b; Stalker, 2002). In this debate, the three interrelated and complementary concepts viz. plurality, diversity and multiculturalism have gained an increasing social and political interest (Baycan-Levent, 2007).

Multiculturalism as an official national policy was adopted from the 1970s onward in several nations such as Canada, Australia and in most of the member states of the European Union. Although official policy often states that cultural diversity enriches a society, history has shown that newcomers or minority groups have not always been regarded in this positive

way. In recent years, a reverse trend in the national policy and a return to an official monoculturalism has been observed in several European countries. Therefore, diversity and multiculturalism have become the most critical issues in the social and political debate. The critical questions in this debate are: (i) whether diversity is ‘good’ or ‘bad’ for economic growth and productivity from an economic perspective and for social capital and social cohesion from a sociological perspective, and (ii) whether a culturally diversified society is more or less efficient than a culturally homogeneous one. Both positive and negative implications of diversity have been investigated by many scholars from different perspectives (Alesina and La Ferrara, 2005; Bellini et al., 2008; Collier, 2001; Grillo, 2004; Herring, 2009; Hooghe et al., 2006; O’Really et al., 1998; Ottaviano and Peri, 2006 a and b; Putnam, 2007; Quigley, 1998; Vertovec, 2007), however these studies provide contradictory empirical results; the answer is not obvious and equally ‘double faced’. On the one hand, diversity creates potential benefits for production and innovation (Lazear, 1999; O’Really et al., 1998; Ottaviano and Peri, 2006 a and b) and on the other hand, diversity generates potential costs (Abadie and Gardeazabal, 2003; Alesina et al., 1999; Alesina et al., 2004). However, most recent studies increasingly offer some new evidences on the positive implications of diversity. The results of these studies demonstrate that diversity is associated with increased sales revenue, more customers, greater market share and greater relative profits in many companies (Herring, 2009); positively correlated with productivity in many countries (Bellini et al., 2008; D’Amuri et al., 2008; Manacorda et al., 2007; Ottaviano and Peri, 2006 a and b); contributes to job creation and economic growth in many countries (GEM, 2004; OECD, 2006); provides useful resources to creative industries and stimulates new ideas and crosscultural cooperations for cultural production (Bagwell, 2008; Evans, 2009; GLA, 2007; Merkel, 2008; Musterd and Deurloo, 2006; Smallbone et al., 2005).

An overall evaluation demonstrates that diversity rather than homogenization appears to characterize both cultural vitality and economic success. Diversity has a positive effect on creativity, innovation and performance at different scales from company or organization to city, region or country; as being linked to creative activities offers a major source of competitiveness for multicultural cities; and not only stimulates creative ideas and facilitates creative activities, but also assists the cities’ efforts to boost their international profile, attracting investment and a well-educated, creative workforce; therefore, contributes to the improvement of the creative capacities of cities and regions.

The present study investigates whether, why, and how diversity affects the creative capacity of cities and regions, under which conditions diversity can be the source of urban and regional competitive advantage in knowledge intensive activities and what are the key assets, infrastructure, and policy tools required to foster the development of creative, competitive and cohesive places. Diversity and creativity are complex and multi-faceted issues and to understand their roles and effects requires contributions from various social sciences. Therefore, the study examines the dynamics of diversity and creativity at different levels from individual to group and society, at different scales from team or organization to cities and regions, and from different perspectives including the disciplines of psychology, sociology and economics. While underlying the interconnection between diversity and creativity, the study specifically focuses on the direct economic and social implications of diversity and creativity on urban space. Why some places (cities and regions) are more attractive than some others for diverse and creative people and innovative and creative activities? The paper aims to put current debates about diversity and creative cities in context and perspective. The discussion proceeds in six parts. Next section examines diversity from different perspectives and addresses in particular measuring and managing diversity. Section 3 evaluates economic

and social implications of diversity and offers an overview of positive and negative effects of diversity. Section 4 investigates the relationship between diversity and creativity from socio-economic, cultural and psychological perspectives and evaluates the contributions of diversity to creative activities in different fields from art to science and technology. Section 5 focuses on diversity and the creative capacity of cities and regions; examines in particular the development of creative industries in cities and regions, necessary conditions and essential locational factors to attract creative activities; and evaluates the direct economic, social and spatial implications of diversity and creativity in cities and regions. The last section offers a general evaluation which considers the policy roadmap to the creative city and challenges for governments.

2. Diversity: Context and Perspectives

Tom Geddie (1999) in his article titled *Moving Communication Across Cultures* stated "If we could shrink the earth's population to a village of precisely 100 people, with all the existing human ratios remaining the same, it would look like this:" There would be:

- 57 Asians
- 21 Europeans
- 14 from the Western Hemisphere, both north and south
- 8 Africans
- 52 would be female
- 48 would be male
- 70 would be non-white
- 30 would be white
- 70 would be non-Christian
- 30 would be Christian
- 89 would be heterosexual
- 11 would be homosexual
- 6 people would possess 59% of the entire world's wealth and all 6 would be from the US
- 80 would live in substandard housing
- 70 would be unable to read
- 50 would die of famine
- 1 would be near death
- 1 would be near birth
- 1 would have a college education
- 1 would own a computer

Tom Geddie's 'village' shows the diversity of the world. But, what is diversity? Diversity can be defined as difference and the differences can be observed both in nature and society. From an ecological perspective, diversity refers to the variation of life forms within a given ecosystem (biodiversity) whereas from a social and cultural perspective to the differences in life styles and behaviors within a society (cultural diversity). Society is diverse and people's differences can be many and varied in terms of race, culture, national origin, gender, sexual orientation, age, marital status, religion, ethnicity, disability, socio-economic differences, family structure, values, and more. As well as the more obvious cultural differences that exist between peoples, such as language, dress and traditions, there are also significant variations in the way societies organize themselves, in their shared conception of morality, and in the ways they interact with their environment.

By analogy with biodiversity, which is thought to be essential to the long-term survival of life on earth, it can be argued that cultural diversity may be vital for the long-term survival of humanity; and that the conservation of indigenous cultures may be as important to humankind as the conservation of species and ecosystems is to life in general. The UNESCO Universal Declaration on Cultural Diversity (2001) states that "cultural diversity is as necessary for

humankind as biodiversity is for nature”. In this vision, cultural diversity becomes a new form of capital, embodied in both material (monuments, historical sites) and immaterial cultural assets (languages, traditions and lifestyles). It is accumulated through generations and provides services for economic growth and human welfare. To move beyond the dichotomy nature/culture is to understand that the environment we inherited and that we will transmit to future generations is indeed a combination of nature and culture. Therefore, to achieve a sustainable development is to ensure that we transmit to future generations a quantity and quality of ‘diversity heritage’ embodied in material and immaterial cultural assets. In recent years, ‘sustainable diversity’ has gained an increasing interest among both academia and policy-makers (SUSDIV, 2009). The main interest is to better understand the cultural assets and how their diversity contributes to human welfare and knowledge creation, the dynamics of cultural diversity in relation to the processes of globalisation and integration, and cultural dialogue as a key mechanism through which cultural diversity can lead to knowledge creation and social capital.

The phenomenon of cultural diversity has been extensively investigated by many scholars from different perspectives (see Alesina and La Ferrara, 2005; Bellini et al., 2008; Collier, 2001; Hooghe et al., 2006; Hofstede, 1991 and 2001; Ottaviano and Peri, 2006a; Putnam, 2007; Sahin et al., 2007; Vertovec and Wessendorf, 2004). In this investigation two questions ‘How to measure diversity?’ and ‘How to manage diversity?’ have been the most important research questions. Studies on measuring diversity have focused on how to construct relevant indices to measure diversity. Various indices have been developed by different scholars in different disciplines with different purposes in order to measure diversity; in biology the concept has been widely investigated and a rich body of literature has been produced, however in socio-economic studies, on the contrary, neither a consensus on measurement issues -especially among economists- nor a unique index can be provided. Nevertheless, in recent years interestingly some parallels and similarities have been found between biodiversity and economic diversity indices and the contributions in biology have turned out to be very helpful to study also the topic in a socio-economic perspective (see for further explanations about these indices Bellini et al., 2008). For example, the widely used ‘Fractionalization Index’ in socio-economic studies is derived from the ‘Simpson Index’ of diversity that is widely used in biology. Fractionalization index has been deployed by many scholars to measure ethnic-linguistic diversity as well as cultural diversity (Alesina et al., 2003; Alesina et al., 2004; Bellini et al., 2008; Collier, 2001; Easterly and Levine, 1997; Ottaviano and Peri, 2006a).

Managing diversity, in dealing with migration, migrant groups, and cultural diversity, has produced mainly four approaches: (i) *monoculturalism* (culture is very closely linked to nationalism, and the host countries have policies, that aim at the social integration of migrant groups in the national culture); (ii) *leading culture* (communities within a country can have an identity of their own, but they should at least support the core concepts of the culture on which that country’s society is based); (iii) *melting pot* (all the migrant cultures are mixed and amalgamated without state intervention); (iv) *multiculturalism* (a policy whereby migrants and others should preserve their cultures, with the different cultures interacting peacefully within one nation (Wikipedia, 2009). Managing diversity effectively follows on equal opportunities and incorporates the principle that everybody should receive equal rights but, rather than ignoring the differences between people, this diversity should be recognized and respected. Thus, multiculturalism is the ideology of including people of diverse cultural and religious background and the social policy of encouraging tolerance for people of different backgrounds. However, it is difficult to define multiculturalism, as there are several aspects to

this ideology, as well as a myriad of views and perceptions concerning it. There are four basic aspects to multiculturalism: (i) *demographic (descriptive) multiculturalism* refers to people from different background; (ii) *perspective multiculturalism* is the aspect of the ideology which provides assertions about an ideal type of society to be achieved some time in the future; (iii) *holistic multiculturalism* stresses the idea of cultural pluralism; and (iv) *political multiculturalism* is the active promotion of cultural pluralism (Wikipedia, 2009).

This phenomenon can also be divided in ‘weak’ and ‘strong’ multiculturalism (Grillo, 2004; Vertovec and Wessendorf, 2004). In ‘weak’ multiculturalism, cultural diversity is recognized in the private sphere, while a high degree of assimilation is expected of immigrants and ethnic minorities in the public sphere of law and government, the market, education and employment. In ‘strong’ multiculturalism (group approach), the acknowledgement and institutionalized recognition of cultural differences in the public sphere including political representation is promoted (Entzinger, 2000; Grillo, 2004).

The term multiculturalism is invoked differentially to describe a number of discrete phenomena. In this way multiculturalism can variously be understood as: (i) a way of describing the actual make-up of a society; (ii) a general vision of the way government and society should orient itself; (iii) a specific set of policy tools for accommodating minority cultural practices; (iv) specially created frameworks of governance allowing for the representation of immigrant and ethnic minority interests; and (v) a variety of support mechanisms and funds for assisting ethnic minority communities to celebrate and reproduce their traditions (Vertovec and Wessendorf, 2004).

Recently, a new concept so-called ‘superdiversity’ has been suggested by Vertovec (2007) in order to define the changing demographic and social patterns or a transformative ‘diversification of diversity’. Superdiversity refers to a condition that is distinguished by a dynamic interplay of variables among “an increased number of new, small and scattered, multiple-origin, transnationally connected, socio-economically differentiated and legally stratified immigrants who have arrived over the last decade” (Vertovec, 2007, p.1024). Vertovec argues that diversification of diversity is not just in terms of bringing more ethnicities and countries of origin, but also with respect to a multiplication of significant variables such as differential immigration statuses including workers, students, spouses and family members, asylum-seekers and refugees, irregular, illegal and undocumented migrants and their concomitant entitlements and restrictions of rights, divergent labor market experiences, discrete gender and age profiles, patterns of spatial distribution, and mixed local area responses by service providers and residents that affect where, how and with whom people live. The interplay of these factors is proposed as a summary term of ‘superdiversity’.

Over the past ten to fifteen years, immigration, and consequently the nature of diversity has changed dramatically. Since the early 1990s there has been a marked rise in net immigration and a diversification of countries of origin. Although the main destination countries continue to receive the bulk of their immigrants from traditional sources, they are also seeing people arrive from a broader array of countries. Therefore, recent migration flows have become more diverse. It is expected that in the future immigration to the EU is likely to increase, both as a result of the demand for labor and because of low birth rates in the EU. In the short and medium term many of these requirements are likely to be met by flows from Eastern Europe and the new member states (NMS), particularly following the eastward expansion of the EU (Boeri and Brücker, 2005; Stalker, 2002). But, the longer term picture will probably involve greater immigration from developing countries (Stalker, 2002). Therefore, EU countries will

become more heterogeneous and the issue of ‘diversification of diversity’ or in other words ‘superdiversity’ will be one of the major challenges for Europe in the near future.

3. Diversity: Economic and Social Implications

Diversity and its economic implications

The impact of migration in receiving and sending countries is an important debate in migration studies. The migration literature has addressed in particular the following questions from the perspective of economics: What is the impact of migration on welfare in the receiving and sending countries? Under which circumstances the recipient or the sender lose or benefit from migration? Is migration a substitute or a complement for trade and capital flows?

The literature shows that the impact of migration on welfare in the receiving and sending countries depends heavily on the flexibility of labour markets. The labour market impact of migration has been examined in a large number of econometric studies in Europe. These studies rely on a cross-section of either regions or branches, and use variations in the migrant density in order to identify the impact of migration on wages and employment. The results of these studies show that migration is neutral for wages and employment of natives in the receiving countries.

The recent study by Boeri and Brücker (2005) shows that international migration can significantly increase income per capita in Europe. They have estimated that at the given wage and productivity gap between Western and Eastern Europe, migration of 3 per cent of the Eastern population to the West could increase total EU GDP by up to 0.5 per cent. Other studies show that immigration from the South to the North greatly enhances development in the South, partly because of remittances from immigrants to their families back home and partly because of the transfer of technology and new ideas through immigrant networks (Pritchett, 2006; World Bank, 2005). In short, immigration and multicultural diversity have powerful advantages for both sending and receiving countries.

From an economic point of view, the key question is whether a culturally diversified society is more or less efficient than a culturally homogenous one. The answer is not obvious and equally ‘double faced’. On the one hand, cultural diversity creates potential benefits by increasing the variety of goods, services and skills available for consumption, production and innovation (Lazear 1999; O’Reilly et al., 1998; Ottaviano and Peri 2006 a, b). On the other hand, cultural diversity generates potential costs as it may entail racism and prejudices resulting in open clashes and riots (Abadie and Gardeazabal 2003), as well as conflicts of preferences leading to a suboptimal provisions of public goods (Alesina, Baqir and Easterly 1999; Alesina, Baqir and Hoxby 2004). Table 1 offers a review of the literature on the positive and negative effects of diversity on economic policies and outcomes.

Table 1 Positive and negative economic effects of diversity

	Negative economic effects of diversity
Borjas (1995 and 2003)	• a negative impact of immigrants on the wages of natives
Borjas (1994 and 2003) Borjas, Freeman and Katz (1997)	• a negative impact of immigrants on the relative wages of less educated workers
Easterly and Levine (1997)	• richer diversity is associated with slower economic growth

Alesina, Glaeser and Sacerdote (2001)	<ul style="list-style-type: none"> • higher diversity is associated with lower levels of social spending and social transfers by the government
Collier (2001)	<ul style="list-style-type: none"> • diversity has negative effects on productivity and growth only in non-democratic regimes
Angrist and Kugler (2002)	<ul style="list-style-type: none"> • negative impact of migration on employment levels in the EU
Alesina, Devleschawuer, Easterly, Kurlat and Wacziarg (2003)	<ul style="list-style-type: none"> • diversity is negatively correlated with measures of infrastructure quality, illiteracy and school attainment, and positively correlated with infant mortality • higher levels of diversity might result in suboptimal decisions on public good provisions, consequently damaging the growth performance in the long-run
Alesina and La Ferrara (2005)	<ul style="list-style-type: none"> • increases in ethnic diversity are associated with lower growth rates • going from perfect homogeneity to complete heterogeneity would reduce a country yearly growth performance by 2 per cent • diversity has a more negative effect at lower levels of income

Positive economic effects of diversity

Jacobs (1961)	<ul style="list-style-type: none"> • diversity is the key factor of success of a city: the variety of commercial activities, cultural occasions, aspects, inhabitants, visitors as well as the variety of tastes, abilities, needs and even obsessions are the engine of urban development
Quigley (1998) Glaeser, Kolko and Saiz (2001)	<ul style="list-style-type: none"> • the diversity of available consumption goods and services is one of the attractive features of cities
Sassen (1994)	<ul style="list-style-type: none"> • A key characteristic of ‘global cities’ is the cultural diversity of their population.
Glaeser, Scheinkman and Shleifer (1995)	<ul style="list-style-type: none"> • racial composition and segregation are basically uncorrelated with urban growth
Florida (2002) Gertler, Florida, Gates and Vinodrai (2002)	<ul style="list-style-type: none"> • diversity contributes to attract knowledge workers thereby increasing the creative capital of cities and the long-term prospect of knowledge-based growth
Alesina and La Ferrara (2005)	<ul style="list-style-type: none"> • diversity has a negative effect on population growth in initially poor counties and a less negative (or positive) effect for initially richer counties
Ottaviano and Peri (2006 a, b)	<ul style="list-style-type: none"> • on average, US-born citizens are more productive in a culturally diversified environment • the effects of immigration on the average wages of natives turn positive and rather large • the effect is particularly strong for the most educated (college graduates) and negative for the least educated (high-school drop-outs) • richer diversity is indeed associated with higher wages and productivity of natives
Manacorda, Manning and Wadsworth (2007)	<ul style="list-style-type: none"> • diversity is positively correlated with productivity in the UK
Putnam (2007)	<ul style="list-style-type: none"> • young immigrant workers (documented and undocumented) contribute financially to the Social Security system in the US
D’Amuri, Ottaviano and Peri (2008)	<ul style="list-style-type: none"> • diversity is positively correlated with productivity in Germany
Bellini, Ottaviano, Pinelli and Prarolo (2008)	<ul style="list-style-type: none"> • diversity is positively correlated with productivity across EU countries

Although the results of some studies demonstrate some negative economic effects of diversity, in many cases, as can be also seen in Table 1, it is observed that these negative effects depend largely on some features such as education and income level of people as well as the political regime of the country. In a competitive labour market, people have less education and income would suffer more negatively from diversity. However, the results of recent studies offer new evidences about the positive economic effects of diversity on productivity in many European countries as well as in the United States.

Diversity and its social implications

A major research question from a social point of view is the consequences of rising diversity for social cohesion. The effects of diversity on social connections, in general, have been described by two opposite perspectives: ‘contact hypothesis’ and ‘conflict theory’ (see for a general evaluation of these perspectives Putnam, 2007). Contact hypothesis argues that

diversity fosters interethnic tolerance and social solidarity, in other words, diversity reduces ethnocentric attitudes and fosters out-group trust or bridging social capital. Conflict theory, on the other hand, argues that diversity fosters out-group distrust and in-group solidarity or bonding social capital, thus increasing ethnocentrism. Conflict and contact theories share only one assumption that in-group trust and out-group trust are negatively correlated. However, Putnam (2007) suggests another theory so-called ‘constrict theory’ for the possibility that diversity might actually reduce both in-group and out-group solidarity – that is, both bonding and bridging social capital.

Diversity might cause feelings of threat and increased negative out-group orientations. A number of studies suggest that increasing social diversity could have detrimental effects on social cohesion in Western societies (Alesina and Ferrara, 2002). The main argument here is that in more diverse societies generalized trust is more difficult to foster, resulting in a loss of sense of community and togetherness.

This view is also reflected in the results of some surveys at the EU level such as the European Social Survey¹ and the Public Opinion Survey/Eurobarometer², by perceptions of different groups for migration policies. While combining these two surveys, Boeri and Brücker (2005) have evaluated the nature and evolution over time of attitudes towards migrants in the EU-15. The results of their evaluation demonstrate that migration is perceived as a threat mainly among those with primary or lower educational attainments, low incomes and the prime-aged employees (Table 2).

However, recent studies from the US and Europe (Putnam, 2007 and Hooghe et al., 2006) offer some opposite evidences about how diversity affects social capital and social cohesion. How diversity (and by implication, immigration) affects social capital? The results of a large nationwide survey, the Social Capital Community Benchmark Survey (carried out in 2000, with a total sample size of roughly 30,000) in the US (Putnam, 2007), support the above-mentioned constrict theory. According to the results of this survey:

- The more ethnically diverse the people we live around, the less we trust them.
- In more diverse communities, people trust their neighbors less.
- In more diverse settings, Americans distrust not merely people who do not look like them, but even people who do.
- Ethnocentric trust is completely uncorrelated with ethnic diversity. Thus neither conflict theory nor contact theory corresponds to social reality in contemporary America.
- Diversity seems to trigger not in-group/out-group division, but anomie or social isolation.
- People living in ethnically diverse settings appear to ‘hunker down’ – that is, to pull in like a turtle.

¹ The European Social Survey (ESS) is an academically-driven social survey designed to chart and explain the interaction between Europe’s changing institutions and the attitudes, beliefs and behaviour patterns of its diverse population. ESS was first carried out in 2002-2003 in 22 countries of the EU and contains a large section (about 50 questions) on attitudes towards migrants.

² The Eurobarometer is a public opinion survey carried out by Gallup for the European Commission since 1970, involving the members of the EU at any date and including at broadly three-year intervals a number of questions on migration.

Table 2 The role played by personal characteristics in shaping preferences for migration policies (Boeri and Brücker, 2005)

	Eurobarometer, 2000			European Social Survey, 2002		
	Too many ^a	Increase unemployment ^b	Abuse welfare ^c	Take jobs away ^d	Bad for economy ^e	Fiscal burden ^f
Male						
15-24	-	-	-	-	-	-
25-34			-	+	++	
55-64						+
Over 65						++
Head of the household			++			
Low education	++	+		++	++	++
High education	-	-	-	-	-	-
Left-wing	-	-	-	-	-	-
Right-wing	++	++	++	++	++	++
Christian	.	.	.			
Employed			++		+	
Self-employed						+
Retired	++	++	++			
Income	-		-	-	-	
% of variance explained by country dummies	4.1	4.1	2.1	10.2	2.1	10.0

Questions: ^aSpeaking generally about people from minority groups in term of race, religion or culture, do you think there are not many or too many of them living in your country?

^bThe presence of people of these minority groups increases unemployment in your country?

^cPeople of these minority groups abuse the system of social benefits?

^dWould you say that people who come to live here generally take jobs away from workers in your country, or generally help to create new jobs?

^eMost people who come to live here work and pay taxes. They also use health and welfare services. On balance, do you think people who come here take out more than they put in or put in more than they take out?

^fWould you say it is generally bad or good for your country's economy that people come to live here from other countries?

In areas of greater diversity, the respondents of the above-mentioned survey demonstrate also:

- Lower confidence in local government, local leaders and the local news media.
- Lower political efficacy – that is, confidence in their own influence.
- Lower frequency of registering to vote, but more interest and knowledge about politics and more participation in protest marches and social reform groups.
- Less expectation that others will cooperate to solve dilemmas of collective action
- Less likelihood of working on a community project
- Lower likelihood of giving to charity or volunteering
- Fewer close friends and confidants
- Less happiness and lower perceived quality of life
- More time spent watching television and more agreement that ‘television is my most important form of entertainment’

The results of the survey demonstrate that age (younger people are less trusting), ethnicity (blacks and Hispanics are less trusting) and economic class (the educated, the well-off, and homeowners are most trusting) are important variables at the individual level. Several contextual variables such as poverty (less trust among inhabitants of poorer neighborhoods), crime (less trust in high-crime areas) and ethnic diversity (less trust among inhabitants of ethnically heterogeneous neighborhoods) are also of importance. The results also demonstrate that poverty, crime and diversity are themselves intercorrelated in the US. Thus, new evidence from the US suggests that in ethnically diverse neighborhoods residents of all races tend to ‘hunker down’. Trust (even of one's own race) is lower, altruism and community cooperation rarer, friends fewer. These results show that diversity does not produce ‘bad race relations’, rather inhabitants of diverse communities tend to withdraw from collective life. On the basis

of these results, as Putnam highlights, diversity, at least in the short run, seems to bring out the turtle in all of us.

How diversity affects social cohesion? According to the results of a recent study on the impact of ethnic diversity on social cohesion in 21 European countries (Hooghe et al., 2006): at the individual level; most of the familiar relations between individual characteristics and trust and ethnocentrism were confirmed across Europe: men, older people, lowly educated and unemployed are more ethnocentric and less trusting while at the country level hardly any indicators for migration or diversity proved to be significantly related to social cohesion. According to the results of this study, the more static diversity variables do not affect generalized trust in Europe in any significant way: whereas citizens of ethnically heterogeneous countries are less trustful than those in homogeneous places, this difference is statistically insignificant. Contrary to earlier studies, the results of this study cannot conclude that (increasing) ethnic diversity has a negative impact on generalized trust. The analysis of the diversity indicators on ethnocentrism revealed the same conclusion as for generalized trust: it is difficult to sustain the theory that ethnic diversity affects social cohesion negatively, at least within Europe. The overall conclusion of the study highlights that for Europe ethnic diversity cannot be considered as a threat for the maintenance of social cohesion.

An overall evaluation shows that the negative effects of diversity observed in both economic and social arena largely depend on individual characteristics such as age, education, and income level. Lower educational attainments, low incomes and unemployment are associated with the perception of negative implications of diversity. However at the country level, diversity is associated with higher productivity and economic growth and there is no clear evidence that diversity has a negative impact on social cohesion.

4. Diversity and Creativity

The relationship between diversity and creativity has been investigated by many scholars in different disciplines from socio-economic, cultural and psychological perspectives. In these studies, diversity has been analyzed in terms of demographic attributes (age, sex, ethnicity) and cognitive (knowledge, skills, abilities) aspects in order to explain whether it has a positive or negative effect on performance, creativity and innovation (Bechtoldt et al., 2007; Herring, 2009). Many studies of collective creativity (teams, organizations) find that diversity fosters creativity. The results of research on heterogeneity in groups suggest that diversity offers a great opportunity for organizations and an enormous challenge. More diverse groups have the potential to consider a greater range of perspectives –people with different backgrounds have more diverse and novel ideas as well as different points of view- and to generate more high quality and innovative solutions –in order to solve group conflicts and to consider all aspects- than do less diverse groups. In brief, while diversity leads to contestation of different ideas, more creativity, and superior solutions to problems, in contrast, homogeneity may lead to greater group cohesion but less adaptability and innovation. A recent research by Herring (2009) suggests that diversity is linked to positive outcomes in business organizations. The results of the study based on obtained data from 250 representative companies in the United States show that diversity (racial and gender) is associated with increased sales revenue, more customers, greater market share, and greater relative profits.

Creativity in general seems to be enhanced by immigration and cultural diversity. Diversity and different impressions in the working and living environment of people stimulates innovation and economic growth (Florida, 2002). According to the ‘International Migration

Outlook' published by OECD (2006), there was a relatively sharp increase in employment in several OECD countries and immigrants have contributed to job creations in many countries. Net job creation were over 5 million in Spain, 2.5 million in France, 2.1 million in Italy, 1.9 million in the UK and 1.3 million in the Netherlands. In the United States, net job creation over the period of 1999-2004 was over 15.5 million jobs, of which 9 million are occupied by persons born abroad. Immigrants contributed to and benefited from over 30 per cent of net job creation in the UK, whereas the percentage was 20 per cent in Spain, the Netherlands, Portugal, Italy and Sweden. According to another report, 'Global Entrepreneurship Monitor United Kingdom' (GEM, 2004), UK ethnic minorities lead on entrepreneurship. The report states that the UK forms Europe's most entrepreneurial economy and that people from ethnic minorities make a large and important contribution to the success of the UK economy. On the other hand, the contributions of immigrants to job creation have not remained limited in ethnic niches and markets, but they have enlarged their market, oriented to new sectors other than traditional ones and become more active in producer services and creative industries. The results of recent studies show that a growing number of second-generation migrant entrepreneurs and an orientation to non-traditional sectors have become the new trends in migrant entrepreneurship (Baycan-Levent et al., 2009; Ram and Smallbone, 2001; Rusinovic, 2006; Smallbone et al., 2005). Generational change is also contributing to this transformation and second generation has contributed to the emergence of new areas of immigrant business activity such as business and professional services, Information and Communication Technologies (ICT) and the creative industries.

Cultural diversity provides sources for creative expression that are increasingly being harnessed by players in the creative industries. According to the creative industries report by Americans for the Art (2005), a majority of New York's designated creative and cultural industry workers originated from outside the state. A large migrant population in the US (37 per cent foreign-born), including first- and second-generation hispanic (25 per cent of the population) and Vietnamese service the knowledge economy in Silicon Valley (Cohen and Fields, 1999; Evans, 2009; Saxenian, 2002). The results of a case study in London (Evans, 2006) show that the proportion of Black and ethnic minority workers employed in London's creative sector is half of their share of the city population as a whole and according to London's Creative Sector Report (GLA, 2007), 15 per cent of creative employees are from Black and minority ethnic communities. The results of another study conducted in London (Smallbone et al., 2005) show that notably Asians tend to move from the less profitable sectors such as retail and clothing with which they have traditionally been associated to higher value-added areas in creative industries. In Amsterdam, migrants from other Western countries are often linked to the increasing internationalisation of the economy and they have a prominent role in 'cultural industries', particularly in advertising sector (Musterd and Deurloo, 2006). In Berlin, four per cent of all ethnic businesses are supposed to be in culture industries - in the field of culture, sport and entertainment - and the results of a recent study indicates a growing participation of Turkish entrepreneurs in Berlin's creative industries as hiphop singers and productions that developed over the last 10 years. The results of the study show that they build up their their own record labels and distribution structures, promote new talents, and finally, have become professional music businesses (Merkel, 2008). As can be seen from these examples, ethnic diversity can provide useful resources to creative industries and stimulate new ideas and crosscultural cooperations for cultural production, however, the results of many studies show also that ethnic minorities are heavily underrepresented in creative industries and the same structural patterns of inequality by gender, age and ethnicity in other labor markets are also observed in creative industries sector (Bagwell, 2008; Evans, 2009; Merkel, 2008).

Another interesting fact has been observed in the composition of Nobel Laureates and winners of awards in different fields. In the US, immigrants have accounted for three to four times as many of America's Nobel Laureates, National Academy of Science members, Academy Award film directors and winners of Kennedy Center awards in the performing arts as native-born Americans (Putnam, 2007). In the last ten years, out of the 47 US-based Nobel Laureates in Chemistry, Physics and Medicine, 25 per cent (14 laureates) were not US-born. During the same time period the share of foreign-born in the general population was on average only 10 per cent (Ottaviano and Peri, 2006a).

These facts and figures demonstrate that diversity has a positive effect on creativity, innovation and performance at different scales -from team or organization to city/region and society- and in different fields -from art to science and technology-. It is obvious that innovation is enabled by a different form of imported (social) capital in terms of tacit knowledge transfer and the 'brain gain' (Bathelt et al., 2004; Evans, 2009; Saxenian, 2002) and immigration plays a crucial role in this process.

5. Diversity and the Creative Capacity of Cities and Regions

Creativity has found many reflections in urban and regional studies and has offered some new and very popular concepts such as 'creative class', 'creative industries', 'creative milieu', 'creative city' and 'creative capacity' to urban literature. The international debate in the past few years has been dominated by these popular concepts (Florida, 2002; Helbrecht, 2004; Howkins, 2002; Landry, 2000; Scott, 2006). In this debate, the interconnection between creativity and (urban) space as well as essential locational factors to attract the new and creative activities has been the main issues in order to answer the critical question of why some places (cities and regions) are more attractive than some others for new and creative activities (Hall, 1998 and 2000; Jones, 2007; Kalandides and Lange, 2007; Landry, 2000; Musterd et al., 2007; Wu, 2005). The outstanding role of creativity plays in urban and regional development has been widely recognized by scholars and international institutions from the World Bank to UNESCO have also recognized creativity as a central driver of growth and change and the key to solving problems in every imaginable field.

The rise of 'creative class'

In his book 'The Rise of Creative Class' Richard Florida (2002) has argued that creative people are a key driver of urban and regional growth and the 'creative class' is not evenly distributed among cities and regions. This class is especially attracted to places that are characterized by an urban climate of tolerance that is open to new ideas and new people. According to Florida, regions with a high share of creative people will perform economically better because they generate more innovations, have a higher level of entrepreneurship, and attract creative businesses. Analysing the role of creativity in economic development and urban and regional success Florida describes that Talent, Technology and Tolerance (3Ts) are important conditions. In his 3T model he argued that growth is powered by creative people (Talent), who prefer places that are culturally diverse and open to new ideas (Tolerant), and the concentration of 'cultural capital' wedded to new products (Technology). All these together result in business formation, job generation, and economic growth.

Florida's 'creative class' has had a great influence on analysing the effects of creative class on employment growth and new business formation in different countries. The empirical

evidence of a recent study on mapping and analysis of the Danish creative class (Andersen and Lorenzen, 2005) supports the relevance of Florida's theory in a Danish context. According to the findings of the study, the creative class tends to locate in city regions with major cities with a high quality of place, the localization of the creative class correlates with a tolerant environment, as well as a high level of cultural and recreational opportunities, public provision and employment, the localization of the creative class also correlates with general measure of prosperity, indicators of having a technological profile and development in number of firms.

The empirical evidence of another recent study (Boschma and Fritsch, 2007) on regional distribution and the effect of people in creative occupations in more than 450 regions in eight European countries (Denmark, Finland, Germany, Netherlands, Norway, Sweden, Switzerland and United Kingdom) demonstrates that the creative class has a positive and significant effect on employment growth and new business formation at the regional level. However, the geographic distribution of the creative class is highly uneven and the creative class is not attracted to highly urbanized regions but rather a climate of tolerance and openness seem to be rather important factors. The results of this study show also that the creative class comprises about 38 per cent of the total work force in the eight European countries and about 16 per cent of the total population. The results show that some regions in Europe have considerably higher shares of the creative class employment than other regions. There is a close relationship between the presence of bohemians and the other categories of the creative class at the regional level in Europe. A regional climate of culture and openness tends to attract members of the creative class. The results indicate that a location's atmosphere that is characterized by factors such as openness, cultural opportunity, and presence of bohemians is of higher importance. In a number of European countries the creative class has a significantly positive effect on regional employment growth and on new firm formation. A high share of the creative class in a region is associated with regional growth.

Florida's ideas have meanwhile met with increasing criticism. Glaeser (2004) has argued that creative capital is closely corresponds to human capital and that it is no use to include creative capital in a growth model and running regressions using Florida's data, has shown that human capital takes away the positive effect of the creative class on urban growth in the US in the 1990s. There have been some other critiques on Florida's work that mainly concern empirical issues such as how to distinguish which occupations are creative and which are not (Markusen, 2006). Many geographers and economists (Hall, 2004; Glaeser, 2004; Markusen, 2006; Musterd and Ostendorf, 2004; Musterd et al, 2007) have argued that the existing research evidence is far from convincing. They mentioned that although there are impressive examples of growth of the share of creative industries in cities, it is still not known whether the rise of the 'creative class' and the 'creative industries' is a long term trend or rather the next 'hype' in the footsteps of the 'new economy' of the late 1990s. On the other hand, from a historical point of view, it is also questioned that to what extend the current focus on clusters of creativity is new, as the world's great cities throughout history have always been centres of creativity and innovation (Hall, 1998; Simmie, 2005). While criticising Florida's suggestion that urban transformation can be realised almost 'overnight', Hall (2004) argues that building innovative and creative cities is a long and slow process and creating the necessary preconditions (see also Musterd and Deurloo, 2006) is itself can be very time consuming. He emphasises that European cities or capitals of culture have been precisely places that had a long and rich cultural tradition.

Creative industries

In parallel to the rise of creative class, in recent years, a subset of knowledge-intensive industries so-called ‘creative industries’ have received increasing attention. The concepts ‘creative industries’, ‘knowledge intensive industries’ and ‘cultural industries’ deserve some elaboration; as they are often used interchangeably and this overlap leads to a confusion and also there is a big debate about what is and what is not included in the creative industries (Florida, 2002; Markusen, 2006). There is neither a precise definition nor a consensus yet about the concept.

The term ‘creative industries’ was first used in Australia in the early 1990s (Cunningham, 2002; UNCTAD, 2004) and the term was extended in the UK to highlight the economic contribution of cultural production and activities in the late 1990s when the Department of Culture, Media and Sport (DCMS) set up its Creative Industries Unit and Task Force (DCMS, 1998). Creative industries are defined, in general, as a profit-oriented segment and thus cover all enterprises, entrepreneurs, and self-employed persons producing, marketing, distributing, and trading profit-oriented cultural and symbolic goods (Kalandides and Lange, 2007). Britain’s Creative Task Force defined the creative industries as “those activities which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, 2001: 3). On the basis of this definition, creative industries include the following activities: advertising, architecture, arts and antiques, crafts, design, designer fashion, film and video, interactive leisure software, television and radio, performing arts, music and software and related computer services. Creative industries are defined by UNCTAD (2008: 4) as “the cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs”. They comprise a set of knowledge-based activities that produce tangible goods and intangible intellectual or artistic services with creative content, economic value and market objectives. Creativity is also seen as another labour distribution in intelligent era, regarded as the ‘fourth industry’ firmly combining with other three traditional industries promotes the integration among them (Jing and Rong, 2007). Hartley (2005) provides an interesting summary of the debate in terms of definitions and operationalisation of creative industries concept (see Table 3). Table 3 shows different definitions of creative industries classified by Hartley.

Table 3 Creative industries – Different definitions

Creative industries	Copyright industries	Content industries	Cultural industries	Digital content
Largely characterized by nature of labour inputs: ‘creative individual’	Defined by nature of asset and industry output	Defined by focus of industry production	Defined by public policy function and funding	Defined by combination of technology and focus of industry production
Advertising	Commercial art	Pre-recorded music	Museums and galleries	Commercial arts
Architecture	Creative arts	Recorder music	Visual arts and crafts	Film and video
Design	Film and Video	Music retailing	Arts education	Photography
Interactive	Music	Broadcasting and film	Broadcasting and film	Electronic games
Software	Publishing	Software	Music	Recorded media
Film and TV	Recorded media	Multimedia services	Performing Arts	Sound recording
Music	Data-processing		Literature	Information storage and retrieval
Publishing	Software		Libraries	
Performing Arts				

Source: Hartley (2005, p.30)

Although there is no precise definition about creative industries, a shift from a more traditional concept of culture and cultural industries as linked to the classical fine arts towards an understanding of creative industries that centres on the productive and innovative capacity

of knowledge and information is observed (Askerud, 2007; Cunningham, 2002; Cooke and Lazeretti, 2008; Evans, 2009; UNCTAD, 2004). In this sense, creative industries are more open to trade and exchange and positioning at the crossroads between the arts, business and technology (UNCTAD, 2004). Following the global trade regime, the most significant creative industries are software, multimedia, video games, industrial design, fashion, publishing and research and development (World Bank, 2003).

Today, creative industries are among the most dynamic sectors in world trade. Globally, creative industries are estimated to represent 7 per cent of employment, more than 7 per cent of the world's gross domestic product (GDP) and forecast to grow on average by 10 per cent annually (UNCTAD, 2004; UNESCO, 2005; World Bank, 2003; Wu, 2005). According to the statistics from UNESCO (2005), the international trade volume of creativity products accounted for 7.16 per cent of total globe trade volume. Trade in cultural goods has increased from \$39.3 billion in 1994 to \$59.2 billion in 2002. The market value of cultural and creative industries is estimated as \$1.7 trillion. Over the period 2000-2005, international trade in creative goods and services experienced an unprecedented average annual growth rate of 8.7 per cent and the value of world exports of creative goods and services reached \$424.4 billion in 2005, with a growth rate of 6.4 per cent over the decade, representing 3.4 per cent of total world trade (UNCTAD, 2008). This positive trend occurred in all regions and countries (see Table 4) and is expected to continue into the next decade, assuming that the global demand for creative goods and services continues to rise.

Table 4 Development of creative industries in countries and regions

Creative industries and their contributions to regional and national economies	
World	
(UNCTAD, 2004):	Growth of the creative industries: 10% p.a.
(UNCTAD, 2008):	Growth of international trade in creative goods and services: 8.7% p.a. (2000-2005) Value of world export of creative goods and services: \$424.4 billion (2005) (3.4% of total world trade)
(UNESCO, 2005):	Growth of developing-country exports of creative goods: from \$51 billion to \$274 billion Value added to economy: \$1.7 trillion (2005) International trade volume of creativity products: 7.16% (of total globe trade volume)
(World Bank, 2003):	Growth of trade in cultural goods: from \$38.3 billion in 1994 to \$59.2 billion in 2002 Creative industry employment: 7%
(Yip, 2007):	Share of the GDP by creative industries: 7% Growth of the creative industries: 5% p.a.
Europe	
(KEA, 2006):	Creative industry employment: 2.5%
(Marcus, 2005):	Cultural market: \$131 billion (2000) (second after US)
EU	
(KEA, 2006):	EU-30 Number of employees: 5.8 million (2004) Creative industry employment: 3.1% (EU-25) (2004) Value added to economy: € 654 billion (2003) Share of the GDP by creative industries: 2.6% (2003)
(UNESCO, 2005):	Growth of the creative industries' value added: 19.7% (1999-2003) Exports: 51.8% (of world exports in cultural goods)
OECD	
(EESC, 2003)	Growth of the creative industries: 5-20% p.a.
Austria	
(Foord, 2008):	Creative industry employment: 4%
Australia	
(Evans, 2009):	Creative industry employment: 3.8% Share of the GDP by creative industries: 2%
Brazil	
(UNCTAD, 2004):	Share of the GNP by copyright industries: 6.7% (1998) Copyright industries' value added to economy: \$53 billion (1998) Copyright industry employment: 5% (1998)
Canada	

(Evans, 2009):	Creative industry employment: 3.1%
China	
(Yip, 2007):	Share of the GDP by creative industries: 3% (2005)
Denmark	
(Andersen and Lorenzen, 2005):	Creative industry employment: 40%
(Bayliss, 2007):	Number of employees (cultural industry): 170,000 (2001)
	Value added to economy: DKK 175 billion (2000-2001)
	Export: DKK 68 billion
	Growth of the cultural industries' value added: 29% (1992-1998)
(Evans, 2009):	Creative industry employment: 3.1%
	Growth of the creative industries: 29% (1992-1998)
Germany	
(Berlin Senate, 2005):	Share of the GDP by creative industries: 3.6% (2005)
(Florida and Tinagli, 2004):	Creative industry employment: 18%
(Foord, 2008):	Creative industry employment: 3%
Finland	
(Florida and Tinagli, 2004):	Creative industry employment: 25-30%
(Foord, 2008):	Creative industry employment: 4%
(NORDEN, 2007):	Value added to economy: € 2.4 billion (2000)
	Share of the GDP by creative industries: 1.5% (2005)
	Growth of the creative industries: 10%
France	
(Evans, 2009):	Creative industry employment: 3.5%
	Share of the GDP by creative industries: 3.4%
Netherlands	
(Foord, 2008):	Creative industry employment: 3.9%
(MEA, 2006):	Creative industry employment: 3.2%
	Growth of the creative industries: 34% (1996-2004) (more than 50% in some cities like Amsterdam, Utrecht, Hilversum)
	Number of jobs: 240,000
	Creative industries' value added to economy: € 8.4billion (2004)
Norway	
(NORDEN, 2007):	Cultural industry employment: 3.5% (1996-2001)
	Share of the GDP by cultural industries: 3.5% (1996-2001)
Sweden	
(NORDEN, 2007):	Number of employees: 280,000
	Share of the GDP by creative industries: 5%
US	
(Crane, 2007):	Arts' value added to economy: \$729 million (1999)
	Arts' tax revenue: \$27 million (1999)
	Number of jobs: 17,330
(Florida and Tinagli, 2004):	Creative industry employment: 25-30%
(Foord, 2008):	Creative industry employment: 2.2%
(Marcus, 2005):	Cultural market: \$207 billion (2000)
(Yip, 2007):	Growth of the creative industries: 14% p.a.
	Share of the GDP by creative industries: 5.24% (2002)
UK	
(Creative London, 2006):	Number of employees: 1.8 million (2004)
	Value added to economy: 8% (2004)
	Growth of the creative industries: 8% p.a. (1997-2002)
(Florida and Tinagli, 2004):	Creative industry employment: 25-30%
(Foord, 2008):	Creative industry employment: 5%
(DCMS, 2003):	Number of employees: 1.3 million
	Value added to economy: £110 billion
(Murray, 2007)	Value added to economy: 8% (2003)
(NESTA, 2003)	Value added to economy: £11.5 billion (2001)
	Growth of the creative industries: 8% p.a. (1997-2001)
(Yip, 2007):	Growth of the creative industries: 12% p.a.

Creative industries represent a leading sector in the OECD economies with annual growth rates of 5 to 20 per cent (EESC, 2003). In Europe (EU-25), the cultural and creative sector is conservatively estimated at 2.5 per cent of all employed (KEA, 2006). In the EU countries, creative industries generate revenues of over € 654 billion, contribute to 2.6 per cent of EU

GDP and employ 5.8 million people equivalent to 3.1 per cent of total employment. While total employment in the EU decreased in 2002-2004 employment in creative industries increased (+1.85 per cent) (KEA, 2006). In the UK, the creative industries contributed 8 per cent of gross domestic product (GDP) and generated nearly 2 million jobs in 2004. Creative industries represent one of the leading assets and opportunity areas for the Nordic Region of Sweden, Norway, Finland, Denmark and Iceland (NORDEN, 2007). Denmark is another remarkable example where the creative economy accounted for 5.3 per cent of GDP, providing 12 per cent of total jobs and 16 per cent of total exports (UNCTAD, 2008). Creative industries produce employment shares of 25-30 per cent of total workforces in the US, Belgium, Finland and the UK, 18 per cent in Germany and 13 per cent in Italy and Portugal (Florida and Tinagli, 2004). A recent review of the cultural economy in the Netherlands estimated that creative occupations represented as much as 47 per cent of all employment – this is a higher figure than in many other European countries and the United States- (MEA, 2006) and 40 per cent in Denmark (Andersen and Lorenzen, 2005).

The importance of creative industries is most evident in East Asian countries such as Korea, Singapore, Hong Kong (China) and increasingly China (Chang, 2000; HKTD, 2003; Jing and Rong, 2007; UNCTAD, 2004 and 2008; Yi-lun and Xiao-hui, 2007). The creative economy in general and the creative industries in particular are opening up new opportunities for developing countries to increase their participation in global trade. Export of creative goods from developing economies accounted for 29 per cent of world exports of creative goods in 1996 and reached 41 per cent in 2005 (UNCTAD, 2008). In the same period, developing-country exports increased from \$51 billion to \$274 billion. China became the world's leading exporting country of creative goods in 2005 with an impressive market share of 19 per cent of total world exports of creative goods. India, Turkey, Thailand and Mexico are developing economies that ranked among the top 20 exporters of creative goods in 2005. However, exports of creative industry products during the period 1996-2005 were led by Europe. Europe (EU-27) is the leading regional economic group in exports of creative goods, dominating the market with 43 per cent of world exports of these goods (UNCTAD, 2008).

The results of many studies suggest that creative firms and employment are growing fast. Measured in terms of employment change and gross domestic product (GDP)/gross value added (GVA) growth rates, creative industries are presented as important both in absolute terms and as a rising proportion of national and regional economies. However, the importance of creative industries is more remarkable when examined at city level (see Table 5). The available statistics and the results of many studies show that creative employment is identified as most significant at city level and for some cities the stated level of creative employment is higher than national levels of creative employment. According to Foord (2008), the level of creative industry employment in Austria was 4 per cent but 14 per cent in Vienna; 3 per cent in Germany but 8 per cent in Berlin; 4 per cent in Finland but 8.5 per cent in Helsinki; 3.9 per cent in the Netherlands but 6.9 per cent in Amsterdam; 5 per cent in the UK but 8 per cent in London; 2.2 per cent in the US but 8.1 per cent in New York. Creative employment growth rates also varied widely: 5.7 per cent (1996-2003) for Amsterdam; 6 per cent (1999-2003) for Vienna; 7 per cent (1998-2002) for Berlin; 13 per cent (1998-2002) for New York; 5 per cent p.a. (1995-2000) for London; 13.4 per cent (1986-2000) for Singapore; 17 per cent (1999-2003) for Shanghai; and 22 per cent (1999-2001) for Glasgow. Although different countries' statistical offices classify the creative industries in different way and it is very difficult to make a comparison across the world, the high growth rates clearly show the importance of creative industries for cities and regions.

Creative milieu

In general, creative industries tend to cluster in large cities and regions that offer a variety of economic opportunities, a stimulating environment and amenities for different lifestyles. Creative industry development is often considered part of the inherent dynamic of urban spaces and urban environments provide ideal conditions –a creative milieu- for cluster development (Landry, 2000; Porter, 1998; Porter and Stern, 2001). A creative milieu can be defined as ‘a locational hub combining hard and soft infrastructure, acting as a crucible for creative people and enterprises’ (Landry, 2000). Creative milieu is similar to what historians have termed as a ‘moral temperature’ allowing a particular kind of talent to develop in one place at one time (Hall, 2000). A creative milieu, a notion similar to that of the ‘innovative milieu’, has four key features: information transmitted among people, knowledge or the storage of information, competence in certain activities, and creation of something new out of these three activities (Hall, 2000; Wu, 2005). A creative milieu and the characteristics of the social and economic networks are considered to be important in fostering creativity. The crucial factors for creative industry development are defined by Landry (2000) as:

- personal qualities, including a motivation and capability to innovate
- will and leadership, both moral and intellectual , to guide and mentor others
- human diversity and access to varied talent, in age and outlook, from the available urban pool
- organisational capacity, both to learn and also to follow through and deliver
- local identity, an awareness of people and place
- urban places and facilities, a combination of public spaces and more private venues
- networking dynamics, embedded both within and between sectors

Creative industry development requires a creative milieu which is based on highly developed ‘hard’ and ‘soft’ infrastructures. Hard infrastructure refers to classic location factors and includes the labour force, rent levels, availability of office space, accessibility, local and national tax regimes, and other regulations and laws affecting the functioning of companies. Nearness to global financial centres, a major international airport, telecommunication services and other service suppliers and clients, and the availability of an international labour pool are also important considerations (Sassen, 1991; Musterd et al., 2007). Soft infrastructure, on the other hand, includes a highly skilled and flexible labour force, a culture of entrepreneurship, a high quality and attractive living environment, cultural richness and tolerance of alternative lifestyles and/or diversity, a lively cultural scene, the creation of meeting places for business and leisure purposes, education and social support systems, research resources and the support of networks and marketing (Evans, 2009; Foord, 2008; Musterd et al, 2007; UNCTAD, 2008; Yip, 2007). While the ‘hard’ infrastructure or classic location factors are still very important in explaining the location patterns of companies, the emergence of the creative industries and the supposed rise of creative class suggest a new type of creativity and knowledge-based economy, in which ‘soft’ location factors play an increasingly prominent role. In this new creative economy, culture has become an important soft location factor and a key factor for boosting local and regional attractiveness.

Table 5 Development of creative industries in cities

Creative industries and their contributions to urban economies	
Amsterdam (Foord, 2008):	Creative industry employment: 6.9% Creative employment growth rate: 5.7% (1996-2003)
(Kloosterman, 2004):	Cultural industry employment: 12.7% (of the Dutch workforce in selected cultural Industries)

Berlin	
(Berlin Senate, 2005):	Share of the GDP by creative industries: 11% (2005)
(Foord, 2008):	Creative industry employment: 8%
	Creative employment growth rate: 7% (1998-2002)
(Kalandides and Lange, 2007):	Share of the GDP by creative industries: 11% (2005)
	Value added to economy: €8 billion (2005)
	Number of firms: 21,000 (2005)
	Number of jobs: 100,000 (2005)
(Merkel, 2008):	Growth rate in revenues: 23% (since 2000)
	Growth rates in new enterprises: 30% (2000-2005)
	One in ten new jobs in the creative industries
Copenhagen	
(Bayliss, 2007):	Number of employees (cultural industry): 83,915 (1999)
	Cultural industry employment: 32% (of the nation's total cultural industries employment) (1999)
(Evans, 2009):	Creative industry employment: 16%
Glasgow	
(Foord, 2008):	Creative employment growth rate: 22% (1999-2001)
Helsinki	
(Foord, 2008):	Creative industry employment: 8.5%
Hong Kong	
(HKTDC, 2003):	Contributions of the two largest creative industries: publishing and architecture
	Value added to economy: 2%
	Total employment: 3.7%
(Yip, 2007):	Share of the GDP by creative industries: 3.8% (2001)
	Value added to economy: HK\$ 46 billion (US\$ 5.8 billion) (2001)
	Number of firms: 30,000
	Number of jobs: 170,000
London	
(Creative London, 2006):	Share of the GVA by creative industries: 15.9%
	One in five new jobs in the creative industries
	Number of employees: 450,000
(Foord, 2008):	Creative industry employment: 8%
	Creative employment growth rate: 5% p.a. (1995-2000)
(Jing and Rong, 2007):	Total employment: 14%
New York	
(Foord, 2008):	Creative industry employment: 8.1%
	Creative employment growth rate: 13% (1998-2002)
(Jing and Rong, 2007):	Total employment: 12%
Oslo	
(NORDEN, 2007):	Cultural industry employment: 37% (of the sector)
	Cultural industry firms: 33% (of all firms in the cultural industries)
Paris	
(Evans, 2009):	Creative industry employment: 6.3%
Shanghai	
(Evans, 2009):	Creative employment growth rate: 17% (1999-2003)
	Share of the GDP by creative industries: 6.6%
(Foord, 2008):	Creative employment growth rate: 17% (1999-2003)
(Jing and Rong, 2007):	Value added to economy: CNY 49.3 billion (2004)
	Share of the GDP by creative industries: 6%
	Total employment: 1%
(Yi-lun and Xiao-hui, 2007):	Number of creative industry clusters: 75
(Yip, 2007):	Share of the GDP by creative industries: 7.5% (2005)
Sidney	
(Evans, 2009):	Creative industry employment: 3.9%
Singapore	
(Evans, 2009):	Creative industry employment: 3.4%
	Share of the GDP by creative industries: 3.3%
(Foord, 2008):	Creative employment growth rate: 13.4% (1986-2000)
(Yip, 2007):	Share of the GDP by creative industries: 3.2% (2002)
Tokyo	
(Jing and Rong, 2007):	Total employment: 15%
Toronto	
(Evans, 2009):	Creative industry employment: 4.4%
	Creative employment growth rate: 6% (1991-2004)
Vienna	

(Foord, 2008):

Creative industry employment: 14%
Creative employment growth rate: 6% (1999-2003)

Creative cities:

There is a growing interest in the role of cultural activities and creative and cultural industries in supporting urban creativity. Increasingly, creative industries or creative economy is seen as a platform for developing economy and also the city. On the other hand, cities represent the ideal scale for the intensive, face to face interactions that generate the new ideas that power knowledge-based innovation. According to the ‘Creative Economy Report’ (UNCTAD, 2008), today, over 60 cities worldwide called themselves ‘creative city’ from London to Toronto and from Brisbane to Yokohama. Creative cities are defined by Bradford (2004: 1) as “dynamic locales of experimentation and innovation, where new ideas flourish and people from all walks of life come together to make their communities better places to live, work and play”. According to UNCTAD (2008: 16) creative city describes “an urban complex where cultural activities of various sorts are an integral component of the city’s economic and social functioning”. The key features of creative cities are described as ‘uniqueness’ and ‘authenticity’ in three principle settings: arts, commerce and community whereas the other features such as ‘unsettled’ and ‘dynamic’ structures are of importance as well (Bradford, 2004). A creative city is expected to be able to sustain a concentration of artists, creative people, cultural organizations and creative industries within its boundary. A creative city is supposed to develop imaginative and innovative solutions to a range of social, economic and environmental problems: economic stagnancy, urban shrinkage, social segregation, global competition or more (Bradford, 2004; Kalandides and Lange, 2007).

Creative city is in general understood and used in four ways: (i) creative city as arts and cultural infrastructure, (ii) creative city as the creative economy, (iii) creative city as synonymous with a strong creative class, and (iv) creative city as a place that fosters a culture of creativity (UNCTAD, 2008). In creative cities: most of the strategies are concerned with strengthening the arts and cultural fabric; the arts and cultural heritage, the media and entertainment industries, and the creative business-to-business services are the drivers of innovation in the creative economy; there is a competition to attract, keep or grow their own creative class and the factors that contribute to this such as ‘quality of place’ is of high importance; and there is an integrated system of multiple organizations and an amalgam of cultures in the public, private and community sectors. Therefore, three main factors viz. ‘people’ (talented and diverse people who bring ideas, inspiration, and passion to a place), ‘place’ (high quality built and natural places) and ‘investment’ (new investments in the infrastructure of urban creativity, ranging from the physical environment to the social networks, cultural organizations, and knowledge institutions that together drive innovation) make a city creative (Bradford, 2004).

Cities and regions around the world are trying to develop, facilitate or promote concentrations of creative, innovative and/or knowledge intensive industries in order to become more competitive. These places are seeking new strategies to combine economic development with quality of place that will increase economic productivity and encourage growth. Quality of place refers to a unique set of local characteristics – many employment opportunities, attractive natural and built environments, diverse range of people and lifestyle, social interaction, open to diversity, identity and vibrant street life. These places do not just provide one thing, but a range of options (Crane, 2007; Florida, 2002; Wu, 2005).

Quality of place is concerned with the interconnection between creativity and urban space. In this interconnection three factors (Jones, 2007) viz. ‘spacemaking’ (creating affordable space for artists, designer-makers and creative entrepreneurs), ‘placemaking’ (an integrated and transformative process that connects creative and cultural resources in a neighbourhood, district or city to build authentic, dynamic, and resilient places) and ‘building knowledge’ (building and sharing knowledge in culture-led regeneration) are of importance from the planning perspective. Quality of place is often at the forefront of culture-led urban regeneration as a multi-dimensional approach to the re-use, renewal, or revitalization of a place where arts, culture, and creativity plays a leading or crucial role (Bagwell, 2008; Jones, 2007; Miles and Paddison, 2005; Murray et al., 2007). Abandoned workshops, warehouses and other old commercial or residential buildings are the hottest real estate now, what are the ideal spaces for artists or other creative people. A wide spread ambition to encourage cultural or creative quarters has also emerged in recent years (Crane, 2007; Jones, 2007). Quality of place is widely used as one of the main instruments of city marketing besides events and advertising in order to attract creative people and creative activities. Some kind of quality, an ‘air’, ‘atmosphere’ or ‘ambiance’ makes one place more creative than another. The experiences of successful creative places show that besides the other factors; quality of service and infrastructure, and diversity and quality of place are among the important contributors to dynamic cities.

However, the culture-led urban regeneration and city marketing strategies are also questioning and criticised from different perspectives. First, urban regeneration may lead to gentrification which is usually more associated with the negative effects than the positive ones. The negative effects include community resentment and conflict, loss of affordable housing, displacement of lower income households, and loss of social diversity (Musterd et al., 2007). Second, city marketing strategies often attempts to mask social, ethnic, class and gender polarisations by mobilizing every aesthetic power of illusion and image and set in motion a politics of ‘forgetting’ and ‘remembering’, of ‘inclusion’, ‘exclusion’ and ‘revalorization’ (Lee and Yeoh, 2004; Yeoh, 2005), and by-pass anything that does not fit the picture such as the spaces of migrants and the urban poor (Kalandides and Lange, 2007). Third, there is a question mark about where the promotional strategies of cities include cultural activities and international events who participates in these activities and events and whether this includes the total population in general (Musterd et al., 2007). Fourth, another question is how will be the consequences of economic and urban change towards creative economy on the population which are not highly-skilled or skilled. Many people lacking the basic entry skills, experience and social networks might be excluded from the whole process (Musterd et al., 2007).

An overall evaluation shows that creative cities have great potentials for a creative economy. The creative capacity of the cities is key in promoting sustainability, solving problems in every field, and increasing urban competitiveness in the new economy. The challenge is to understand the more sophisticated relationship between creativity and place, and how to translate this sophisticated understanding about creativity as a central driver of growth, change and transformation into urban strategies. The challenge is also to build up a ‘creative urban governance’ which requires shifting mindsets, visioning, building consensus and creating the conditions for people to become agents of change rather than ‘victims of change’.

Why some places (cities and regions) are more attractive than some others for new and creative activities?

In the debate why some places (cities and regions) are more attractive than some others for new and creative activities the concerns are related to ‘path dependence’ in association with ‘cluster formation’ and urban and regional development, and ‘soft location factors’ often associated with the emergence of creative industries and creative class. (Bagwell, 2008; Evans, 2009; Foord, 2008; Hall, 2004; Musterd et. al, 2007; Porter, 1998; Porter and Stern, 2001; Pratt, 2008; Wu, 2005; Yip, 2007)

Path dependency means ‘history matters’ and refers to the historic development paths of cities and regions and the consequences of these paths for recent and future development. The logic of path dependence is that the chance of a city or region specialising in creative and innovative activities and attracting the talent needed are considerably larger where there is a long tradition of creativity and innovation. It is difficult to generate a new and creative cluster where none previously exists, as cluster development often is path dependent (Musterd et al., 2007; Wu, 2005). Therefore, building a ‘creative city’ requires a strong social and cultural infrastructure (Pratt, 2008: 35):

A creative city cannot be founded like a cathedral in the desert: it needs to be linked and be part of an existing cultural environment. We need to appreciate complex interdependencies, and not simply use one to exploit the other.

Creative activities often take place in clusters – geographic concentrations of interconnected firms and institutions in a particular industry or sector (Porter, 1998; Porter and Stern, 2001). Clustering leads to a number of advantages for both firms and the regions in which they operate, including increased competitiveness, higher productivity, new firm formation, growth, profitability, job growth and innovation (Bagwell, 2008). Clustering can be particularly beneficial for creative industries as they tend to have a large number of small firms. They can benefit from competitive advantage could be derived by obtaining efficiency gains that a small firm may not manage on its own (Wu, 2005). However, the results of recent studies (Bagwell, 2008; Evans, 2009; Foord, 2008) show that ‘creative clusters’ are not conventional business clusters, they have distinct characteristics that differentiate them from other types of business clusters and additional factors are critical to their development and form, notably local area regeneration, conservation/heritage, cultural tourism and related visitor economies. Creative clusters differently than conventional business clusters have social objectives such as goals of inclusion and cultural development.

Currently, ‘creative clusters’ are among the ‘most wanted’ targets of cities, regions and countries, and ‘cluster policy’ is one of the most common instruments to transform an urban or regional economy into a creative and knowledge-intensive economy. Policy makers have supported clusters as an economic development strategy and clusters have become a prominent element of many national, regional and urban development strategies.

This comprehensive and multidimensional evaluation of creative cities show that the more attractive cities for new and creative activities have some common characteristics: these cities are authentic and unique and have a local identity; they have human diversity as well as a diversity of cultural heritage; they have a ‘history’ and a long tradition of creativity, innovation and cluster development; they provide a creative milieu including highly developed ‘hard’ and ‘soft’ infrastructure; and they are ‘open’ and ‘cool’ to new ideas and different life styles. Therefore, ‘creative cities’ are ‘open cities’ and ‘cool cities’ at the same time.

6. Challenges for Diverse and Creative Cities and Societies

Modern societies have increasingly become more diverse and heterogeneous, and culturally diverse societies have become more attractive for diverse people and lifestyles as well as creativity- and innovation-driven new economy on the one hand, and more efficient in terms of cultural vitality and economic success than culturally homogeneous societies on the other hand. Diversity fosters creativity and innovation, contributes to entrepreneurship, enhances productivity, and promotes economic growth. The results of many studies demonstrate that diversity is associated with increased sales revenue, more customers, greater market share and greater relative profits in many companies; contributes to productivity, job creation and economic growth in many countries; and provides useful resources to creative industries, stimulates new ideas and crosscultural cooperations for cultural production, and therefore fosters social cohesion. As being linked to creative activities, diversity offers a major source of competitiveness for multicultural cities; and assists the cities' efforts to boost their international profile, attracting investment and a well-educated, creative workforce; therefore, contributes to the improvement of the creative capacities of cities and regions.

However, economic, social and spatial implications of diversity and creativity and the sophisticated relationship between diversity, creativity and urban space require a more sophisticated understanding of this interconnection and the conditions necessary to foster the development of creative, competitive and cohesive cities. Therefore the first challenge for cities and societies is to understand how to translate this sophisticated understanding as a central driver of growth, change and transformation into integrated and comprehensive urban strategies. Being a creative city, on the other hand, requires taking some measured risks, widespread leadership, strategic principles and flexible tactics. The second challenge for cities is building a 'creative urban governance' which requires shifting mindsets, breaking down silos, re-balancing risks, visioning, building consensus and creating the conditions for people to become agents of change rather than 'victims of change'. Thus, the third challenge for creative cities and governments is to develop a 'mental infrastructure' besides a 'hard' and 'soft' infrastructure. A creative urban governance system and a new mental infrastructure call for another challenge, the fourth challenge for cities and governments is to develop a wealth of tools, strategies, policies and frameworks designed to build a culture of creativity and innovation.

There are also some other challenges for the research community. In order to better understand the sophisticated interconnection between diversity, creativity and space the first challenge is to develop a more strategic kind of thinking. The second challenge for the research community is related to empirical issues and operationalisation and suggests: (i) to provide a consensus about accurate data collection and classification which enables a systematic research that allows to make comparison across the world; (ii) to develop appropriate statistical tools, for example an index to measure and monitor diversity and the degree of creativity and innovation; and therefore (iii) to provide a strong quantitative evidence base for policy making.

What are the challenges for diverse and creative European cities and societies? European cities and societies will become more diverse and heterogeneous with the opening of borders within the European Union and its expansion to the East, in addition to increasing migration from other neighbouring areas. It is obvious that the responsible representatives, stakeholders and other actors of creative cities will increasingly face an increasingly diverse and heterogeneous, fractionated and volatile environment for decision making and policy delivery.

Therefore, the issue of ‘diversification of diversity’ or in other words ‘superdiversity’ will be one of the major challenges for Europe in the near future. The questions of what will be the implications of ‘diversification of diversity’ on European cities and societies and how creativity will be enhanced by ‘superdiversity’ will be the critical debate for the next decades. In the long run successful multicultural societies will create new forms of social solidarity and dampen the negative effects of diversity by constructing new, more encompassing identities and they will become superdiverse and innovative societies.

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