

One Size Fits All?

Applying the Creative Class thesis onto a Nordic Context

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Abstract

The creative class thesis put forward by Florida (2002a) has in recent years been subject to vivid debate and criticism. This article applies the creative class thesis onto a Nordic context in order to examine whether Florida's theory proves fruitful in a context different from the US. Based on qualitative data, the paper analyses the role of people climate and business climate for the location of the creative class and firms in three different kinds of regions in four Nordic countries. The analyses demonstrate that the people climate tends to be of secondary importance to the business climate in explaining the location of the Nordic creative class. This should be seen as a result of the urban hierarchy within the Nordic countries as well as a strong welfare policy, which ensures an equal distribution of public provision and supports dual career households. Together these factors diminish the role of people climate for location choices. The study also finds that the notion of people climate has different meanings in various places, and what attracts or repels the creative class depends on the life phases of the members of the creative class. The study raises concerns about the potential for applying the creative class approach beyond large city regions which limits its usability in regional planning.

Keywords: creative class, quality of place, people climate, business climate, regional development

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Introduction

Throughout the last years the creative class thesis put forward by Florida (2002a) has aroused much interest as well as debate. As the primary reactions have calmed, it is time to systematically examine if and how Florida's causal relations actually work in various empirical settings. This paper seeks to apply the creative class thesis onto a Nordic context, aiming to see whether and how Florida's thesis proves fruitful in a different geographical context than it was developed.

Theories on regional development have traditionally been based on the assumption that people follow jobs, and policy has focused on nurturing the business climate to attract investments and stimulate the competitiveness of industries. Florida represents an alternative approach to theorising on regional development by arguing that specific qualities of place has become a crucial factor for explaining the location pattern of knowledge intensive firms. Central to his approach is the claim that *jobs follow people* rather than *people follow jobs*. An important analytical pair of concept in this thesis is *people climate* and *business climate*. Business climate refers to the traditional production and location dynamics for industries, such as labour, knowledge resources, capital, infrastructure and physical resources (e.g. Porter, 1990). People climate refers to specific qualities of place that attract and retain knowledgeable people to particular places.

Former studies of the authors of this article demonstrate statistical correlations between indicators of people climate and the creative class, and between the creative class and economic growth in the Nordic countries (Andersen and Lorenzen, 2005; Isaksen, 2005; Raunio and Sotarauta, 2005; Hansen, 2007). The creative class is in these papers and this article defined as the working population within specific occupations that include a high degree of problem solving and decision-making responsibility, more exactly many academic occupations, administrative managers and artists (e.g. Florida 2002a, p. 328; Andersen and Lorenzen 2005, p. 17;). However, the statistical analyses referred to above are only significant for the largest Nordic city regions (Hansen 2008). This suggests that Florida's 3T's of technology, talent and tolerance may only be a relevant analytical concept in some Nordic regions. Our objective in this paper is therefore to test the relevance of the concepts of people climate and business climate in three types of city regions; Capital regions, Regional centres and Semi-peripheral regions, in each of the four Nordic countries. The paper is based on semi-structured interviews with 114 informants from 14 regions in Denmark, Finland, Norway and Sweden, and it analyses how people climate and business climate affect location dynamics of firms and the creative class in the three types of city regions. Furthermore, the study aims to examine the causality of the creative class approach. Florida's work (2002b) has proven statistical correlations between aspects of people climate and the creative class, and between the creative class and high-technology industry and economic growth. Other statistical exercises also demonstrate strong independent influence on regional employment growth from the share of creative class occupations and its growth in regions (e.g. Marlet and van

Woerkens 2007; McGranahan and Wojan 2007). This article supplements such studies by drawing on interviews and focus groups, and by asking whether the creative class thesis and related policy formulations apply in three quite different types of Nordic city regions.

The paper is structured as follows: Section two presents the main arguments behind the creative class thesis and provides a theoretical framework for the current empirical exercise. Section three describes the method, information sources and the regions that are included in the study. Section four presents the empirical analysis and compares the importance of people climate and business climate for the location of firms and the creative class. Finally, section five concludes on the relevance of people climate and business climate in different spatial settings, and discusses how the empirical evidence relates to policy initiatives in various types of city regions.

Theoretical framework

Florida's theorizing needs to be seen in a wider theoretical context that seeks to improve our understanding of the driving forces and mechanisms of regional development and economic growth.

Traditionally theorising on regional development has often been based on the assumption that people follow jobs, and policy has focused on nurturing the business climate to attract investments and increase the competitiveness of firm, industries and clusters. Many studies within economic geography and beyond have thus tended to focus on the capabilities and the organisation of the firms, networks and organisations that constitute these industries, and on the institutional set-up surrounding industries. Studies have conceptualised the industrial landscape in terms of clusters and innovation systems. Parts of this literature have been focusing upon how different countries or groups of countries hold different features and characteristics and how they may be described in terms of national innovation systems (NIS) (Freeman 1987, Lundvall 1992, Nelson 1993) or varieties of capitalism (Hall and Soskice 2001). Related and supplementing approaches include technological innovation systems (TIS) (Carlsson 1995), sectoral innovation systems (SIS) (Breschi and Malerba 1997) and regional innovation systems (RIS) (Cooke 1992, Asheim and Isaksen, 1997). Common to these approaches is that they apply a systemic understanding of economic development and industrial dynamics. The focus is often on how organizations like firms, research institutes and public agencies interact with each other in knowledge production and distribution. Individual actors and individual location choices have been far less emphasised. To the degree that these studies have dealt with policy formulation they have often focused on how policy may support (infrastructure for) given industries, networks of firms or industry organisations, and also interlinkages between industry, public sector and universities (Etzkowitz and Leydesdorff 2000).

One of the recent trends within the innovation systems literature questions generic policies (Miller and Floricel 2004) and the one size fits all approach (Tödting and Trippel 2005, Cooke et al 2007). This literature emphasises that the validity of best practice is limited and relative to various regional and innovation contexts. This questioning of a one size fits all approach likewise underpins the present study, as this seeks to examine how Florida's thesis works in a different spatial context than in which it was initially developed. The findings by McGranahan and Wojan (2007) that the urban creative class in the US is different from the rural creative class make such a focus no less relevant.

According to Florida, most theorizing within economic geography and beyond has until now been preoccupied with the notion of business climate. Without rejecting the impact of business climate altogether, Florida stresses the notion of people climate as a complementary viewpoint to the business climate perspective. It is maintained that creative workers are attracted to exciting firms and to jobs with autonomy, responsibility and challenges (Florida 2002a), but the argument that specific qualities of place have become a crucial factor for explaining the location patterns of knowledge intensive firms represents a new approach to theorising on regional development.

Creative people are assumed to have similar preferences and are thus expected to be attracted to places holding specific qualities (Florida 2002a). The qualities in question are openness, tolerance and heterogeneity. The cultural diversity of these places is seen as an indication of low entry barriers which enables many kinds of people to settle down and become part of the local community (Florida 2002a: 294). Besides cultural diversity, a variety of sporting, leisure and entertainment opportunities, authentic places and vibrant street life are also seen as central elements of an attractive people climate for the creative class (Florida 2002a: 228, 259). These arguments are supported by results from a survey of the consumption of cultural offers by the Danish creative class (Bille, 2009). The creative class is comparatively eager consumers of very specialised cultural offers, such as concerts, exhibitions, museums, performing art and city architecture, and, thus, supposed to prefer large cities having such offers rather than smaller cities.

Florida (2002b) demonstrates correlations between indicators of people climate and high-tech jobs in US city regions. Similar correlations are found in empirical data from Canada (Gertler *et al.*, 2002), European countries (Boschma and Fritsch, 2007) and the Nordic countries (Andersen and Lorenzen 2005; Isaksen, 2005; Raunio and Sotarauta, 2005; Hansen, 2007). Larger Nordic cities with a high share of artists (bohemians) and cultural jobs have a relatively large creative class and a high share of high-tech jobs. These correlations are positive and significant as regards large Nordic city regions (with more than 100,000 inhabitants), but not in small and medium sized regions (with 10,000 to 49,999; 50,000 to 99,999 inhabitants)¹. This observation forms some of the background for the current study and the wish to test Florida's thesis in various spatial contexts.

By putting emphasis on people climate and quality of place the *individual*, its *location choice*, and its *occupation* supplement the industry and the firm as the prime objects of study. In this sense Florida intends to expand the prevailing understanding of economic growth as being promoted by regional clusters of firms. The growth of clusters is traditionally explained by the upgrading mechanisms and competitive advantages accruing to collocated similar and related firms, for example the possibility for firms to benefit from a pool of experienced labour and specialised suppliers, and to pick up ideas and knowledge simply by being located in an information intense industrial milieu (Marshall, 1890; Asheim, 1996; Malmberg and Maskell, 1997; Maskell and Malmberg, 1999; Bathelt *et al.*, 2004). But according to Florida these are 'only partial answers... the real force behind this clustering is people. Companies cluster in order to draw from concentrations of talented people who power innovation and economic growth' (Florida 2002a:220). Florida's contribution is to highlight the importance of creative persons and how their choice of place to live triggers regional industrial growth. Then, 'the

¹ In the Nordic countries, correlations between the share of creative workers and high-tech growth are negative for city regions with 10,000 to 49,999 and insignificant for regions with 50,000 to 99,999 inhabitants (Hansen 2008, p. 179).

bottom line is that cities need a *people climate* even more than they need a business climate' (Florida 2002a: 283, original italics).

Since the publication of "The Rise of the Creative Class" (Florida 2002a) the creative class thesis has gained significant impact both within economic geography and beyond. But parallel to the public acclaim and policy implementation of the creative class thesis, the theory has also been widely criticized.

First, it has been criticized for its method and inability to address the causal relations between the presence of the creative class in a city region and the city's economic performance. Storper and Scott (2009) thus argue that Florida fails to explain how local concentrations of talented people emerge in the first place, and preserves the importance of production as locational determinant. Peck (2005) criticizes Florida for implicitly suggesting that there is a causal relationship between the presence of the creative class and economic growth, whereas his quantitative method only suggests a statistical correlation between the two. Markusen (2006) criticizes Florida's method of using occupational groups as an indicator for measuring creativity. However, occupational groups or educational level are the most suitable and international comparable indicators of job creativity when using census and registered data.

Second, the theory has been criticized for its notion of the creative class. Markusen (2006) discusses the fact that the creative class constitutes one third of the American population and problematizes the grouping of all their values and preferences under one heading. Asheim and Hansen (2009) have elaborated on this by introducing the knowledge base approach to point to the diversity of priorities of the creative class according to the knowledge bases that different segments of the creative class draw upon. Kotkin (2003), Malanga (2004) and Glaeser (2005) do not share the belief that the creative class seeks towards urban areas and state that instead the middle class wants affordable and safe suburban lives. Glaeser (2005) questions the relevance of the creative class concept by arguing that human capital has almost the exact same effect on regional growth as the creative class. Glaeser thus stresses that the creative class category only reproduces the well-established concept of human capital which consists of highly skilled people. This may be debated, as data from Sweden indicates that less than half of the creative class holds a higher education (Hansen, 2007). Marlet and van Woerkens (2007) also found that the creative class is a better predictor of employment growth in Dutch cities and towns, and these authors maintain that 'Richard Florida has found better standards for measuring human capital than the often used education level' (p. 2617).

Third, the theory has been criticized for its policy implications. Lehmann (2003) criticizes Florida for not evaluating the inequality generated by the economic importance of the creative class, and Markusen (2006) criticizes the creative class for not playing any political role. Peck (2005) condemns Florida's theory for ignoring the class polarization that exists between those that are included in the creative class and those that are not, for glorifying the creative class and for lacking a critical attitude towards the class perspective he presents. Peck (2005) also points to the problems associated with the 'one size fits all' policy recipe for all cities which Florida prescribes. Most of these leftist critics point to the lack of a class perspective, a lack of solutions for the ordinary region and a tendency to blame the victim when the approach does not pay off. On the other hand, conservatives and market liberals such as Kotkin (2003) and Malanga (2004) criticise Florida for using the people climate perspective as an excuse to legitimise an active state and public policy interventions.

Much of the critique directed at Florida's theorizing is legitimate and opportune, and many of the points raised highlight important weaknesses. There are many aspects of the creative class thesis that surely need further debate and refinement. Yet, Florida's conceptualisation of the creative class and people climate is highly interesting and deserves to be treated as a serious contribution to our understanding of the dynamics of the knowledge economy. When trying to pin down the present overall socio-economic picture in a highly accessible jargon and format, which may be Florida's principal achievement, there will always be elements that can be further nuanced and developed. As in any broad assertion and overarching theory, there is an imminent risk of oversimplification and unfortunate generalisation. We see Florida's contribution to the analysis of regional growth as an approach in the making. The following sections examine and discuss the validity of the approach in different contextual settings. In this effort we discuss the relevance of Florida's theory on the relatively small job markets in different types of Nordic city regions. The main research question is:

- To what extent and how does the impact of people climate and business climate vary across different types of city regions?

This research question is underpinned and specified by the following sub questions:

- What factors are important for attraction and retention of the creative class and businesses in the Nordic countries, and how do these vary in different types of city regions?
- What is the (potential) causal relationship between people climate and the creative class?
- How are people climate and business climate implemented in regional strategies and policies in different types of city regions?

Design and method

Florida focuses on metropolitan areas, particularly the largest ones. Due to a quite different Nordic regional hierarchy, this paper examines the impact of people climate and business climate from a wider sample of city regions (see also McGranahan and Wojan, 2007). While North America and especially the US is characterised by numerous metropolitan areas, each of the four Nordic countries has only one region with more than one million inhabitants. Consequently, the urban hierarchy is fundamentally different from the one constituting the empirical basis for Florida's development of the creative class approach. The capital regions of the Nordic countries, Copenhagen, Helsinki, Oslo and Stockholm, dominate within the national economy and urban hierarchy. Further, each of the Nordic countries has only three to four city regions that can be termed regional centres, but which are considerably smaller than the capital regions. Except for Gothenburg, which has half the population of Stockholm, these secondary cities typically have from one third to one fifth of the population of the capital regions.

This paper divides the studied regions into three groups, based on a combination of geography, scale and power: 1) Capital cities, 2) Regional centres and 3) Semi-peripheral regions (cf. Table 1). All *capital regions* are centres of economic and political power in their countries. The *regional centres* have a secondary position in the urban hierarchy. The four regional centres studied in this paper all have universities and knowledge based industries, and they also have a vibrant cultural supply. The *semi-peripheral regions* are located on the fringe of more dominating regions. These regions often hold a combination of traditional industrial production mixed with more knowledge intensive industries.

The difference in population size between the various types of regions may affect the significance of people climate and business climate in different ways. We understand people climate as factors related to quality of place, e.g. cultural amenities, attractive public spaces and public provision such as schools, health care or public transport. People climate is a common denominator of elements that affect the attractiveness of a certain location. Though people climate differs between a dynamic capital region and a quiet, semi-peripheral region, both deviations might still attract the creative class, but probably different parts and age groups (McGranahan and Wojan, 2007).

Business climate involves factors that more directly influence the competitiveness of businesses, such as infrastructure, government support, educational institutions, and network building between organisations. A vital business climate will stimulate existing industries and attract new businesses to a region and hopefully pay off by an increasing number of jobs. Consequently, a job market with many and varied high skilled jobs become an indicator of an attractive and well functioning business climate. The business climate and its resulting job opportunities are most often affected by the population size. There are more career opportunities in big cities, which is important for the dual career families of the Nordic countries².

Interviews and informants

The empirical material consists of individual and group interviews with 110 informants in 14 city regions in the Nordic countries of Denmark, Finland, Norway, and Sweden as seen in Table 1. The informants in each region include government officials, business leaders, civic leaders, representatives of marginalized and minority groups, and were supplemented by focus group interviews with representatives of the creative class. The selection of informants should illustrate different aspects of the people and business climate in the regions. Thus, lifestyle preferences of the creative class have been gathered through 19 group interviews with four to six representatives of the creative class. The creative class respondents represented a broad variety of professions stretching from artists to university researchers and from librarians to ICT professionals.

The perspective on the local tolerance level has been covered through interviews with at least one representative of marginalized or minority groups. Perspectives on if and how the creative class influences upon the local business climate and location decisions have been achieved through interviews with at least two local business leaders in each region; including at least one knowledge-intensive company, and when possible one company with a recent history of relocation. Views on strategies to attract the creative class have been gathered through interviews with at least one key person in the local government in each city region, and through interviews with at least two civic leaders, e.g. local politicians.

The data collection was carried out by the authors. Very few informants refused to take part in the interviews. We tried to provide for a high reliability of the data in different ways (Berg 2007). We carried out semi-structured interviews by use of the same interview guides in each region. We prepared a specific interview guide adapted to each target group of informants, i.e. to representatives of minority groups, private firm, politicians, local authorities, and the creative class. In the interviews we deliberately avoided to use the 'creative class language' in

² The income levels, social systems and national cultures of the Nordic countries are often based on both man and wife's involvement on the labour market, as opposed to e.g. Germany, where the income taxation system supports a situation where one parent stays home with children.

order to get the informants 'real' opinion, and not what they thought would be 'the right answer' according to the creative class thesis. Instead of using, for example, the concept of the creative class we used labels such as 'knowledge workers', 'artists', 'engineers', and 'professionals'. The primary data material consists of texts from the informant interviews. The texts have been condensed and restructured and made into case descriptions of each region (Yin 2008). The case descriptions were sent to the informants for evaluation, which sometimes led to correction of factual faults and new information. Lastly, we provided for reliability by gathering information about the same subject from several informants in each region and by cross-checking information through focus group discussions.

The study has been part of a larger comparative European study³ on applying the creative class thesis onto a European context which has included discussing and defining central concepts and indicators, such as tolerance, talent, creative class, knowledge intensive industries etc. Thus, the validity of the concepts used has been closely emphasised and examined. The external validity or transferability of the results includes first of all the Nordic countries. The study included the same type of regions in the four Nordic countries, and the authors find similarities and differences in the results within similar types of regions across the four countries. This indicates that the results are transferable across the Nordic countries.

Table 1 about here

People climate, business climate and the many faces of attractiveness

Capital regions: Skewed spatial structure of job and educational markets

The spatial urban structure of the Nordic countries constitutes a rather different starting point in competition for talent than in the US. The US has a thick job market for the creative class with more than fifty metropolitan areas of more than one million inhabitants. These agglomerations differ remarkably from each other in terms of their people climate, i.e. by their natural climate, social atmosphere, cultural offerings, physical appearance, diversity and social cohesion. In contrast, each Nordic country has only one region with more than one million people (the capital regions) and three or four regional centres with notably smaller populations and thinner job markets. In terms of the physical environment, even the Nordic capitals are more 'small town like', 'close to nature' and less urban than many of their European counterparts.

The key feature that differentiates the Nordic capital city regions from the remaining Nordic regions is the relative size of their labour markets and educational opportunities. In addition they serve as political and administrative centres. The attractive factors that pull people to the capital regions are most often related to work or studies. In the case of Finland, 50% of all jobs in the information sector are found in Helsinki and less than 9% in the second biggest city region of Tampere. The same applies in terms of university students, of which 36% are located in Helsinki and less than 15% in Tampere (Finnish Ministry of the Interior, 2006). The biographies of the respondents reveal that especially for newcomers starting their job

³ 'Technology, Talent and Tolerance in European Cities: A Comparative Analysis'. The project was accomplished between 2004 and 2007 by partners from Denmark, Finland, Germany, the Netherlands, Norway, Sweden, Switzerland and the UK. The study was financed by the European Science Foundation and National Research Councils.

careers, the best opportunities are generally found in the thick job markets of the Nordic capital city regions. This particularly applies to dual career couples.

The importance of the large job market in capital city regions is related to general changes in the labour market, in particular regarding 'creative jobs'. In the Fordist economy until the 1970s job security was rather high, or was at least an aim in economic policy (Piore and Sabel, 1984). Employers often offered long-term vertical career paths, which are less usual in the 'new knowledge economy'. Now job circulation is higher, careers are more horizontal than vertical, and advancement requires increased expertise rather than promotions based on seniority (Miles and Snow, 1996). Due to these altered dynamics on the labour market, people with high-expertise careers tend to seek thick local job markets in large cities in which they may accumulate knowledge and experience from specialized niches or across various firms, industries and sectors. A former deputy mayor of Copenhagen puts it this way:

I think Copenhagen is the only international brand this country has. It's the only place where you can place knowledge institutions and attract big international companies.

The high living standards, public services and cultural amenities are highlighted as strengths of the capital city regions. However, not all of these qualities provide strong competitive advantages for the capital city regions at a national level due to a rather uniform quality of services across all types of city regions. An intentional national policy aiming to lower regional differences in welfare and economic growth is important in the Nordic countries, and has succeeded in producing comparatively small regional differences compared to e.g. USA. Nordic respondents assume that basic services like schools and health care work rather well also in more peripheral regions. In short, Nordic capital city regions are clearly different from other Nordic city regions as regards their job markets, but less so in terms of public services. A comment from a representative of the creative class in Sweden seems to capture the general view:

Maybe you would think about the public service level if you have children, but it is not a big issue.

Respondents frequently report that the capital city regions are regarded as modern cities with a vibrant cultural supply and a rich selection of restaurants and cafés. According to creative class respondents in the Nordic capital cities, one does not necessarily make much use of the cultural offer, but there is an option value of easy access to a variety of cultural activities. The capital city regions are clearly the most diverse locations in the Nordic countries. Diversity and tolerance are often mentioned and discussed by the respondents, but these factors do not seem to have a strong impact on actual moving decisions, if the persons in question do not belong to minority groups themselves. A creative class member in Stockholm puts it this way:

My child does not meet other cultures which I find very unfortunate but the alternative is to move my child to another school and that I'm not prepared to do.

In terms of ethnicity the Nordic countries are rather homogenous (with the exception of Sweden⁴), and diversity is not an important pull factor in moving decisions. Florida states that tolerance and diversity are crucial factors of attractiveness, but in the Nordic case these values

⁴ Sweden has traditionally had the most liberal policy towards immigration, people seeking asylum and refugees among the Nordic countries. Especially in the last decade refugee and asylum policy in Sweden have been significantly less strict than in Denmark, Finland and Norway.

seem to be appreciated when they are present but they are not factors of attractiveness as such. Diversity in cultural offer seems to be more important to the creative class than tolerance.

The attraction of the capital city regions as places to study and to find a first job seems to be especially related to early life phases when people tend to be most mobile, not just because they rarely have established their own families but also due to more “mobile mind-sets”. However, it seems that the attractiveness of the capital city regions is also related to a lack of job opportunities in less urban areas. Thus, moves are not always voluntary but rather forced solutions when people want to start or proceed with their careers (see also Raunio, 2001; Raunio and Linnamaa, 2000).

The factors that push members of the creative class away from capital city regions or prevent them from moving there are mostly housing prices, congestion, or lack of integration or a sense of community. These factors are thus channelling people to regional centres or other regions. A common problem is that adequate housing at reasonable prices and in reasonable distance from the work place is not available. Within the last decade all four Nordic countries have experienced an explosive increase in real estate prices in the capital regions. In Finland the average price of an apartment was 2634 €/sqm² in the capital region a few years ago whereas it was 1599 €/sqm² in the second largest and fastest growing city region of Tampere (Finnish Ministry of Interior, 2006). A result of this is that commuting distances and the number of commuters have grown substantially in the capital city regions from the 1960s and onwards. More than 150,000 employees commute to central Helsinki every day; more than 36,000 of them come from outside the Helsinki region, and the commuting area is continuously expanding. In Denmark the number of commuters into the greater metropolitan area of Copenhagen has increased by 33% from 1995 to 2005 from approximately 100,000 to 133,000 (Statistics Denmark, 2007). This pattern is concurrent throughout the Nordic countries. This applies even if the current crises has led to somewhat lower housing prices, since it has also become more difficult to get loans for newcomers on the housing market. Throughout recent years this has not only led to an increasing number of commuters but also a growing commuting distance. On the one side this has opened for a more diverse set of alternatives of living environments within the same labour market region, especially with well functioning public transport. On the other hand increasing housing prices lead to problems of obtaining a labour force holding the right composition of skills. The head of strategic planning in Stockholm addresses the problem of expensive housing this way:

It is important that the city does not become too expensive to live in to secure the fundamental services.

The Nordic capital city regions lead the transition towards more knowledge based economies in their countries. All capital city regions have an international focus, and to some extent Stockholm, Copenhagen, Helsinki and Oslo see each other as competitors. This concerns both recruitment of highly skilled workers and attraction of firms in knowledge intensive industries. In terms of international competition for knowledge, a factor that may affect the attractiveness of the Nordic capitals is that wage disparities in the Nordic countries are the lowest in the world (OECD, 2002). The income level for highly educated people is thus not notably higher compared to blue collar workers or craftsmen.

In general the capital city regions have changed the focus in industrial policy from attracting and retaining businesses towards developing appealing public spaces and other attractions for human capital. All capital cities refer to a growing competition for talent and try to approach

this by planning for attractive housing areas and a rich and multifaceted cultural supply, which seems to be the new strategy of industrial policy in the Nordic capital cities. One example is the Danish focus on creative industries and on the significance of creativity for the attractiveness and economic future of cities. The municipality of Copenhagen has thus initiated an analysis of how to improve the conditions for the creative industries (Mathiasen *et al.*, 2006). Another example of educational innovation is the new 'Aalto University' in Finland, which is a merger of three existing universities in Helsinki: the University of Technology, Helsinki Business School and the University of Industrial Design and Art.

Knowledge intensive companies interviewed argue that capital cities are the place to be due to their knowledge generating institutions, a constant talent flow and not least because the capital cities are centres of power. A recently established Stockholm office of a Danish consultancy argued that it is important to be where political decisions are taken in order to win projects. A saying in some local government offices in Southern Sweden is:

What doesn't happen in Stockholm doesn't happen at all.

The same is the case of Copenhagen, Helsinki and Oslo. The respondents in the companies state that if they do not look for highly specialised, local competencies, the capital region often provides the best mix of talent, infrastructure and power. However, start-up firms, in particular outside the central city areas, often base their locations on social relations rather than on economic rationality; a finding which is in line with entrepreneurship research (Stam, 2007) and which has also been identified in a study on Copenhagen (Winther and Hansen, 2006).

Regional centres: Affordable alternatives to capital city regions

The attractiveness of the regional centres is partly based on the qualities that push people away from capital city regions or prevent them from moving there, i.e. more affordable housing, a stronger sense of community and a local identity and authenticity.

Although thinner job markets may prevent these regions from being attractive alternatives to capital regions, the four regional centres studied have both large universities and a considerable pool of jobs for highly educated people. Nevertheless, regional centres have more specialised job markets compared to the capital city regions, for example Trondheim houses the national technical university and Tampere are specialised within jobs for engineers.

The term *right size*, often used by respondents, refers to the regional centres. In particular, it refers to their social atmosphere which is still rather small town like where people 'are not too alienated from each other', but still 'everybody does not know what everybody is doing'. Certain groups of people tend to avoid the 'hectic and alienated' capital city regions and instead prefer the smaller regional centres, especially if these are close to their region of origin. Regional centres do not actually have to offer more high-quality living environments than the capital city regions since their key attractive factors are their smaller size: namely, low congestion, local social cohesion and affordable housing prices. If reasonable job opportunities are available, regional centres offer attractive alternatives for the creative class. A member of the creative class in Malmö-Lund puts it this way:

You have all the convenience of a capital city within commuting range but you avoid the inconveniences like high housing prices, pollution etc.

An attractive people climate is, however, also of importance. Interviews indicate that the creative class often look for qualities of place that may provide other inputs and inspirations than those related to their jobs. These may be found in a diverse cultural life (concerts, exhibitions, theatre, sport), urbanity (street life, public spaces, meeting places) and professional communities outside the place of work. A creative environment, in terms of a place where one can meet many people in different professions is regarded as important. Regional centres with their educational opportunities and relatively large job markets often include such creative milieus.

The regional centres are preferred by people in certain life phases, in particular families who may experience that apartments or houses are too expensive in the capital city regions. Such a life phase pattern corresponds with recent results from studies in the US where ‘the rural creative class is older and more likely to be married than the urban creative class’ (McGranahan and Wojan 2007, p. 205). It should be noticed that generally people with children of school age are quite immobile, whereas students and young single people (in their 20s and early 30s) are the most mobile. Thus, as regards the number of ‘stable inhabitants’, the typical life phase of the members of the creative class settling in certain regions is of importance.

Firms that have relocated from other regions to regional centres often want proximity to universities or other knowledge creating institutions. However, personal networks also play a central role in location decisions – small scale entrepreneurs tend to start up businesses where they live and thus pay more attention to social relations than to more business oriented location factors (Winther and Hansen, 2006). While personal networks play a role for small enterprises, the university plays a major role for many medium and large enterprises located in the regional centres. A director of innovation in a larger company in Aarhus puts it this way:

It is an advantage to us that there is an academic environment in Aarhus – the university and the other companies. It provides opportunities for cooperation and recruiting.

In contrast to the capital cities, regional centres often have a more national focus in their industrial policies, although international competition is also recognized. Regional centres focus to some extent more on poorly defined, national competitors than on capital regions. However, Tampere created, for example, development programmes already at the beginning of the 2000 with the aim of becoming the world leader in some areas of business, technology and information society’s services (e-Tampere program). Similarly other regional centres like Aarhus and Malmö address the issue of a well-equipped infrastructure that will enable the cities to tap into international pipelines of knowledge flows. Improvement of infrastructure and active participation in international networks tend to be an explicit strategy in regions below the capital level whereas it is more implicit in the capital city regions.

Semi-peripheral regions: Entrepreneurship and place identity

Many smaller Nordic towns make efforts to strengthen their people climate; the town centres are being revitalised and they arrange a broad range of festivals. At the same time the number of cafés has increased and many cities experience growing cultural supply. Still, many smaller towns lack the urban qualities to attract people who look for urbanity and a vibrant city life. Thus, they experience problems in retaining or attracting the young members of the creative class looking for a greater variety of leisure opportunities and a larger professional

community. This is strengthened by the fact that smaller towns in more peripheral areas also have a comparatively thin job market.

People climate factors have, however, played an important role for the economic growth of some semi-peripheral regions. The Danish region of Svendborg exemplifies how an exceptionally high quality of living environment may support job growth. Svendborg has lost many jobs in traditional industries, but local entrepreneurship and commitment have prevented an economic recession. Svendborg is known for its natural beauty, cultural amenities and tolerance due to its history as a port city. Comments like ‘you can’t discharge the beauty of the nature – this region is so beautiful’ or ‘that might be the trademark of our town – broad and rich music life’ are not rare in Svendborg and reflect a strong local pride. People are commuting to surrounding city regions or are self employed in order to stay. However, Svendborg experiences difficulties in attracting people with highly specialized skills. Thus, it is the *retaining* effect rather than the attracting effect that has ensured Svendborg the position as the Danish town with the third largest share of the creative class. The head of Svendborg business council enhances the regions’ qualities in this way:

Svendborg is an attractive place to be for creative people because of both the cultural life of the city and the nature surrounding it.

A parallel example is found in the case of Oulu in Finland. Parts of Oulu’s success as a high-tech town seem to derive from its people climate, or more precisely from its social environment and local place identity. Oulu has gained a substantial net migration compared to the rest of Northern Finland due to its relatively thick job market and a social environment which is more ‘Northern’ than other alternative job markets in southern Finland. This quality cannot be replicated since it is based on the authenticity of the city. Consequently, Oulu is also known for its entrepreneurial spirit building on historical roots⁵.

The two examples illustrate that the ‘right’ people climate combined with an entrepreneurial milieu may benefit the economic growth of semi-peripheral regions. Local identity helps retaining people in these regions. Alongside, long-term commitment to a particular region ensures social capital. Contrary to ‘transient people’ who come to a place merely due to careers and jobs and move further if other interesting possibilities arise, people committed to a community will be more motivated to seek or create jobs in order to be able to stay in a place they appreciate (see Martin and Sunley, 2006).

Semi-peripheral regions generally have a thinner industrial milieu than more central parts of the countries. However, being small brings along advantages different from the larger city regions. An ICT entrepreneur in a semi-peripheral town in Sweden stressed that:

Karlskrona is small, so there are not many jobs here. On the other hand, it is easier for firms to help each other. This is not possible to the same degree in larger cities.

This view resembles the role attributed to social capital in stimulating the competitiveness of Italian industrial districts as described by e.g. Brusco (1982), Piore and Sabel (1984), Asheim (1996) and Markusen (1996). In line with this, Putnam (1993) also emphasises how social capital stimulates collaboration and economic development. Contrary to this view Florida asserts that social capital restrains innovation and progress as entry barriers rise. The role of

⁵ It should be noticed that Oulu is the regional center of Northern Finland, but due to its rather small size, it may be seen here as a semi-peripheral region.

social capital may in fact be an important division between small, semi-peripheral regions and larger regions. Large regions have a large number of companies, knowledge organisations and ‘meeting places’. Here weak ties between large numbers of economic actors may stimulate the generation and diffusion of new ideas and increase innovation activities. In contrast, economic development in semi-peripheral regions may rely more on joint action among a smaller number of relevant actors stimulated by socially embedded networks. This illustrates the need to unpack and diversify the creative class approach, as the approach is rarely directly applicable to all types of regions (Asheim and Hansen, 2009).

In each of the four Nordic countries, the capital city region stands out due to the combination of an appealing business climate and an attractive people climate. While some people are attracted to the vibrant life of the Nordic capital regions, the creative class primarily locates in these regions because of the thick job market with promising career opportunities. In contrast, the main appeal of the regional centres is the *combination* of a somewhat thick job market, rich cultural opportunities and a small-town feeling which the capital regions lack. People are drawn to the peripheral regions especially because of this small town feeling of community and local identity in spite of thin or narrow job markets and limited cultural opportunities.

Table 2 about here

The semi-peripheral regions tend to struggle more than the larger regions in the quest for highly skilled labour and knowledge intensive firms. Thus a more hands-on policy is needed to attract highly skilled labour and knowledge intensive firms in semi-peripheral regions compared to more urbanised regions. Consequently, the business policy perspective of attracting and retaining businesses is more explicit in the semi-peripheral regions, including actively establishing networks between businesses and strengthening education, research and government on a local level.

Conclusions and implications for theory and policy formulation

This paper has analysed aspects of people climate and business climate of 14 regions in four Nordic countries. A main objective has been to critically examine what roles people climate and business climate play for the location of the creative class, for the location of businesses and for policy formulation in the different types of regions. So to what extent and how can the creative class thesis be applied onto a Nordic context, and how can the findings from this study help develop the creative class approach?

Two main findings can be derived from the present study. The first finding is that people climate is generally considered to be important for the creative class, but it is still secondary to attractive job markets when making actual decisions about moving. The second finding is that what attracts or repels the creative class varies between types of regions, and the notion of people climate is perceived differently in different places.

The secondary role of people climate to business climate may be explained by the urban structure and hierarchy in the Nordic countries and by the role of the Nordic welfare states. First, the opportunities of getting an attractive job and a subsequent career are vital for the location of the creative class. The uneven spatial distribution of relevant jobs for creative class members in the Nordic countries, especially for highly skilled people, implies that the capital city regions possess a much thicker labour market than the regional centres. The capital regions are the only cities that offer a really thick labour market and a great variety in career

opportunities for many members of the creative class. Then, these cannot actually choose between several cities to live in, and consequently people climate is valued but is not decisive for location decisions. However, to the degree that the capital regions compete on an international level with other large cities, a prime focus on people climate may be justified.

Secondly, the welfare state policies in all Nordic countries ensures a fairly equal distribution of goods and services, which in Florida's study of USA is considered a competitive aspect of people climate. Public schools, eldercare, kindergartens, higher education, infrastructure and public transportation are all regulated by national laws. The Nordic welfare states highly subsidise the cultural industries which enables a relatively equal distribution of cultural amenities such as libraries, theatres and museums between regions. Service levels are also rather equal across different regions, and therefore local governments face difficulties in marketing their city regions by focusing on the level of their welfare goods. These aspects of the Nordic welfare states greatly diminish the effect of people climate as an attractive force. The welfare system also supports and encourages dual-career families which further strengthen the need for thick labour markets. An implication of this is that individual Nordic regions will experience difficulties in creating competitive advantages by merely focusing on people climate. Consequently, regions will face difficulties in marketing themselves on people climate parameters only. The finding that people climate is secondary to business climate is in line with results from a large scale survey carried out by Hansen and Niedomysl (2009), who conclude that employment opportunities and social relations are the main reasons why creative people migrate.

The second major finding of the study is that what attracts or repels the creative class varies between types of regions, by different parts of the creative class and by people in different phases of life. The notion of people climate is perceived differently in different places. The capital city regions score highest on Florida's original indicators of people climate, such as diversity, tolerance, cultural opportunities and vibrant street life (Hansen, 2007). However, the capital city regions often struggle with expensive housing, congestion and a lack of social cohesion which have a push-effect on some people, especially families with children, towards the outer parts of the capital region or to other parts of the countries. Therefore the people climate of capital city regions primarily appeals to young creative workers, often without children. At the same time, educational opportunities and thick job markets are highly important for these groups. Semi-peripheral regions, on the other hand, cannot compete on qualities like diversity and cultural offers. But social relations and local identity may attract the creative class to semi-peripheral regions. The same applies for regional centres which furthermore offer thicker job markets and educational opportunities along with larger cultural supply than the average semi-peripheral region. An additional advantage of the regional centres is that they offer both "large cities and small towns" environments at the same time – a characteristic by which they may distinguish themselves from the capital city regions. However, it seems that both semi-peripheral regions and regional centres first of all attract creative class members because of job opportunities, but that these regions retain people because of specific aspects of quality of life.

Both people climate and business climate are implemented in regional strategies in the studied regions, but to a varying degree. Attracting and retaining creative and talented people is emphasised in all types of regions, but the traditional strategies of strengthening the business climate are increasingly employed the less densely populated the regions are. Whereas capital cities, and to some extent also regional centres, mainly focus on attracting the creative class, semi-peripheral regions try to attract qualified labour *as well as* to provide a beneficial

business climate. According to our findings, there seems to be a mismatch between economic development strategies and the actual key drivers of economic development in the different types of regions. Capital city regions may overstate the focus on people climate compared to the actual significance of this factor for the location of the creative class and businesses in these regions. As regards semi-peripheral regions, a more feasible strategy may be to strengthen their originality and authenticity rather than trying to ‘become more global’ in their people climate, as they cannot compete on that playground with larger city regions anyway.

Regions should consider various combinations of and approaches to people climate and business climate in regional planning and strategy development. A viable strategy for capital city regions which would help attracting creative workers globally is focusing on the housing market in order to make it more affordable for the creative class to live in the city region throughout different phases of life. Due to an often well-developed people climate, regional centres will gain from focusing on their job markets in order to offer alternatives to the capital city regions. Trying to appear as equally international and hectic as the capital cities will, however, probably hinder creative class families from moving to the regional centres. The same applies to semi-peripheral regions; however, here entrepreneurial spirits should be supported and combined with a socially integrated small town environment and hands-on policy to increase networks between firms and to nurture firms with quick and efficient bureaucracy.

These considerations testify an analytical approach that does not suit all types of regions. Our findings point to the fact that an attractive people climate in a Nordic context to some extent differ from the one that Florida emphasises - particularly for city regions other than the capitals. Consequently, when comparing the Nordic findings to Florida’s creative class thesis we will argue that Florida has an exaggerated focus on people climate parameters such as vibrant street life, music scenes and cultural diversity. These factors are less important to job and career opportunities for ‘creative class families’ in a Nordic context. In this respect the priorities linked to young and single members of the creative class seem to be overrepresented in Florida’s (2002a) research. In this sense the study raises concerns about the potential for applying the creative class approach beyond large city regions which strongly limits the usability of the approach in regional planning. Consequently, more studies of perceptions of the people climate for people in different places and life phases and at more detailed regional levels would further help improve our understanding of the location patterns of highly skilled people.

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Tables and figures

Table 1: Overview of the studied regions and number of interviews conducted

	Capital city regions (>1 000 000 inhabitants)	Regional centres (250 000-1 000 000 inhabitants)	Semi -peripheral regions (<250 000 inhabitants)
Denmark	Copenhagen (10 informants + 2 group interviews)	Aarhus (9 informants + 2 group interviews)	Svendborg (11 informants + 2 group interviews) Sønderborg ⁶ (8 informants) Esbjerg (12 informants + 2 group interviews)
Finland⁷	Helsinki (5 informants)	Tampere (13 informants)	Oulu (5 informants)
Norway	Oslo (6 informants + 2 group interviews)	Trondheim (8 informants + 1 group interview) ⁸	Grenland (8 informants + 2 group interviews)
Sweden	Stockholm (6 informants + 2 group interviews)	Malmö/Lund (6 informants + 2 group interviews)	Karlskrona (7 informants + 2 group interviews)

Table 2: Main characteristics of the three types of regions

	Capital city regions	Regional centres	Semi-peripheral regions
Business climate	Thick job markets and promising career opportunities	Somewhat thick job markets but limited career opportunities	Narrow job markets
People climate	Abundance and variety of cultural opportunities	Variety of cultural opportunities	Community activities and local identity
Attractive factor	People are ‘forced’ to the city regions because of jobs and careers	People are attracted to both jobs and people climate	People are attracted to people climate and local focus/clusters

⁶ No group interviews were conducted in Sønderborg.

⁷ Finnish data is based on three preceding studies concerning the same questions and the same target group as this paper. These studies, conducted between 2001 and 2004, include hundreds of personal interviews and thousands of responses to questionnaires in the same city regions as are subjects to this analysis. To control for the usability of those previously conducted interviews, 5 new interviews were made in both Helsinki and Oulu. When no systematic deviations between these new and the previously conducted interviews were found, 10 interviews from the previous study were used for detailed analyses.

⁸ One planned group interview in Trondheim was cancelled.

