



54ème colloque
ASRDLF

5-7 juillet 2017, Athènes, Grèce



15th conference
ERSA-GR



Les défis de développement pour les villes et les régions dans une Europe en mutation

Creativity and Metropolitan Areas: The case of London

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Référence à la session / reference to the session

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Résumé / Summary

The goal of the paper is the investigation of the pattern regarding the spatial concentration of the creative industries using specific statistical and spatial methods of analysis. The research in question is conducted on “wards” level (according to local administrative division of London’s authority) during the period 2009-2015 that has coincided with sluggish economic growth stemming from the eruption of financial crisis in 2008.

In the light of globalization the topic of creative cities has become quite important as a functional mean of development and qualitative upgrade of the quality of life. As Hall (2000) points out the major creative cities in the past were cities with rapid social and economic transformations, a strong presence of high culture and widespread counter-conservative sentiments. In contemporary terms technology, talent and tolerance are the key factors in attracting the creative class as a source of development and technological innovation (Florida, 2002).

Metropolitan areas, like London, in the context of the market economy, get used to pursue the attraction of human capital with high quality knowledge, specialization and talent that in fact constitutes the so-called creative class. Cases of urban development like the Street Market, the Lower Marsh Market and the Victoria Area in Westminster are implemented in the greatest part of London, trying to increase the gravity of the area (creative milieu) attracting artists, scientists and other members of the creative class, as well as firms of higher specialization, innovation and technology.

As far as the data is concerned it is extracted by a two basic datasets NOMIS (Official Labor Market Statistic) and the London Dataset (Mayor of London).

As to the methodology per se, we initially put forward the mapping of spatial distribution regarding the employment in the creative industries as a share of the total employment. Secondly, the Global Morans’ I and

Anselin Local Morans' I indices are estimated, in order to investigate the pattern of spatial distribution of the employment in the creative industries. The results, on the basis of the statistical significance of the indices, seem to support a specific pattern as to the concentration of the employment in the creative industries. The findings in question show that the creativity is concentrated in areas with specific characteristics. Usually these areas are diverse regions reflecting the so-called four important terms: talent-technology-tolerance-territory (Florida, 1995). It is undoubtedly true, that London is one of the most creative cities globally because it combines those characteristics.

Besides, we estimate the Global Morans' I as well as the coefficient of variation of the share of employment in the creative industries for each year finding a diachronic increase of the value Morans I and dispersion indicating a co-movement of the values in question. That means that, the diachronic increase of spatial concentration of the creative activities is associated with gradually higher spatial dispersion of the share of employment in the creative industries indicating the gradual increase of significance of the creative milieu and the innovation networks (Harmaakorpi and Melkas, 2005).

Finally, we run a spatial lag regression model (Anselin, 1988) using as a dependent variable the employment in the creative industries, as a share of the total employment, and specific explanatory variables regarding the number of highly educated employees and the number of employees in specific R&D functions both as a share of total employment. It is generally agreed that productivity and innovation due to knowledge-sharing among companies and talents in the same location can promote and foster the concentration of the creative industries (Flew, 2013; Lash and Lury, 2007). Moreover, the innovative patterns are fully determined by the structure of industry and the knowledge spill overs (Pavitt, 1984; Klepper, 1996). In that sense proximity to other innovative companies provides innovating firms with indirect synergies, commonalities, through better access to employees, specialized information, research infrastructure and other facilities (Porter, 1998).

To account for spatial lag dependence, the dependent variable, spatially-lagged by a distance decay function (either linear or quadratic), is incorporated into the model as an additional explanatory variable next to the other explanatory variables. The results support indeed the positive relationship between the explained variable and the explaining variables under consideration indicating that the creative industries are associated with highly educated employees and R&D functions breaking hence certain types of traditional lock-ins and making the local knowledge globally competitive.

Moreover, the correction factor β_1 is positive and statistically significant relegating to the impact of the employment share in the creative industries in the surrounding locations (Wards) on the employment share of creative industries in the location under consideration. Hence, the factor in question indicates the presence of externalities associated with the spatial co-location of the creative industries that in turn raises the matter of fostering specific policies regarding the creative industries.

Key Words: Creative industries, human capital, innovation, networks, spatial lag model

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