

1. Introduction

1.1 The Economics of Creative Industries and its meaning for structural changes in the economy.

Over the last decade, the concepts in the Creative Industry (CI) have assumed great importance. This analysis finds that creative milieus are of particular importance, as they perform the role of being the driving force in developing the field of CIs.

Therefore the focus of the observation is a matter of creativity, innovative milieus and their positioning in the city.

Furthermore, evidence has been found through the use of economic and socio-cultural indicators, that the intra-regional heterogeneity influences companies' choice of location. With their inter-sectoral integration and cross-sector stimulus for the settlement and formation of companies, urbanization economies become especially apparent for the region in the examination of Berlin's CI. I focus on an empirical analysis of the milieu, imperative in the forming of a sustainable organizational and spatial structure of CIs.

In consideration of the *organizational* aspect, the importance of – mostly temporary- co-operations and networks increases in these industries, so that the spatial nearness and inter-company division of labour are important for small companies in particular. The linkages and synergies between the sectors are consequently increasing because of collaboration in respect of content and organization of CIs. Based on these considerations, 'the notion of creative industries' should be elaborated on, and the difficulties in the ambivalent association with this concept should be illuminated. The discussion on creative, in contrast to cultural, industries is avoided. Does it make sense in this context to subsume, for fashion's sake, these industries into one overarching term? In order to bring clarity into this debate, the different concepts of CIs will be elaborated on in the following chapters.

The *spatial* aspect elicits a different consideration. In addition to a distinct regional concentration of industrial districts in a few, large metropolitan areas in Germany, Berlin shows inner-regional concentrations of the Creative Industry and its players linked in the value chain as well as industry-relevant institutions.

A process of re-organization and re-structuring of specific socio-cultural and urban-spatial requirements is associated with this. The geographical dimension of knowledge and information and its exchange in newly-defined communication areas thereby acquires a new meaning. Work and life spheres are increasingly amalgamated.

Especially the artists take on a key role as spearheads of the creative process in stimulating and generating creativity. In particular in their contribution to visual development, they offer other performing sectors (or cultural-products industries¹) inspiration and help to design new aesthetic, symbolic and expressive images and forms.

It should also be investigated how far the demand for agents in CIs is rising and their role in origination, production and distribution of knowledge-based, creative and design-intensive innovative approaches, goods and services in continuously shortening cycles.

Creativity is an important source for change, innovation, sustainable development, visions, future prospects and successful re-structuring. Creative processes in the generation of a product are increasingly essential in order to successfully position oneself as a player in the market. Against this background, the importance of nationwide innovation and creative-intensive services for the value-added for cities and regions grows. But the awareness of the value of the creative industries and its regional economic effects seem to be more present in big cities particularly characterized by extensive infrastructure and a significant mass of agents.

The external effects of CIs play an especially large role. Creativity, as a location factor, is explicitly connected to urban areas (agglomeration areas), because an urban context does not only represent a spatial

¹ See also SCOTT 1996, 2000; POWER 2002.

accumulation of physical capital but also a variety of human abilities, talents and capabilities. They function as an important framework for cultural and material reproduction from urbanity and images. The search for innovative growth industries for the positioning of the region in the national location competition has meanwhile become an omnipresent component of the political debate. The CIs have hence fallen into the limelight of regional and international economic development.

1.2 Objective of the study

Creative Industries have, along with a socio-cultural importance, an increasing economic importance for the capital region. They are not only of interest for the development of a knowledge society; rather their success can make a statement about the innovative and creative performance of a location.

In addition to the analysis of positive externalities, the gain in employment, and the generated local as well as regional economic growth, the study attempts to assess art and culture according to their (in this case economic) value and their interdependencies and synergies with other industries as well as to point out their socio-economic, socio-cultural and spatial embedding in the regional context.

By means of a written survey of artists and of companies in CIs plus personal and expert interviews, an analysis of Berlin's creative industries, regarding its spatial as well as organizational concentration and how this concentration is perceived by companies, has been carried out. In 2004 companies in the media and IT industries, among others, in Berlin and Brandenburg were surveyed in written form, in 2005 and 2006 agents in a cultural-economic innovation centre in Berlin. Between 2004 and 2006 agents in the advertising and music industry and immediate institutions, representing the organizational and institutional milieu of Berlin were interviewed. In 2006 visual artists in Berlin as well as private and publicly-funded agents in the CI,

with company and context knowledge in a Berlin district², were surveyed in written form and interviewed in a cultural industries study. The agents in the music and advertisement industries as well as visual artists serve as reference industries for the analysis of the operation of CIs in Berlin.

The final part of the study (chapter 4) will be a synthesis of the theoretical part of the creative industries and the creative milieu along with the empirical part. The hypothesis of a developed spatial concentration of the creative industries in connection with networks, creative and innovative environments is verified with the help of empirical results.

In the empirical analysis (chapter 3) these conjectures will be examined on account of their applicability.

Hypotheses presented here state that the CIs, particularly referring to related fields³, prefer and allocate special importance to spatial concentration and locational factors like networks, creative and innovative environments. For each specific industry type, I have formulated conjectures that are presented in the corresponding chapter of this work. Here, I make explicit the conjectures that are industry-overlapping. Firms sort themselves in space, with those for whom networking is especially important residing in the central districts of Berlin (hypothesis 1). They tend to operate based on different strategies dependent on their preferred location in the city (hypothesis 2). Firms with more employees have more opportunities for utilizing different sources of innovation and inspiration, hence the impact of the number of employees (hypothesis 3). Firms in CI branches are likely to be found close to artists from other industries (hypothesis 4). Since small firms and start-ups have stronger affinities to specific milieus to be closer to the pulse of creativity, information and knowledge, the dependence of firms on other agents in CIs is stronger for smaller firms (hypothesis 5). Sub-cultural event locations,

² Pankow is meant here, which is composed of the precincts Pankow, Weißensee and Prenzlauer Berg. District in following will be understood as administrative unit.

³ Related fields here refers to visual and performing artists, publishing and newsmen, advertising, film, radio and television and software / multimedia, photography, architecture and design.

clubs and other live performance venues take function as potent frameworks of cultural reproduction and arenas of socialization and places for communication (hypothesis 6). To be creative and gain experience, artists and agents in CIs need open spaces without the pressure of commercial land use (hypothesis 7). Despite the increasing meaning of soft locational factors for the firms, the hard location factors play an important role in the decision making about the place to be (hypotheses 8). In spite of cost minimizing behaviour of firms, small firms especially are more dependent on restricting costs (hypotheses 9). Because of the gap of evidence of the relationship between firm settlement performance and their embedding in a social environment I formulate that the social and status indices are important for attracting music firms (hypotheses 10).

In the empirical analysis these conjectures will be examined on account of their applicability.

On the basis of the analyses in Berlin, the paradigm shift, which was induced by the CIs, should be alluded to. Consequently, the creative economy and its special innovation ability, in an urban context, can be seen as the motor and carrier of structural change in Berlin's knowledge and information society. Not only will the labour, consumer, education and real estate market need to be newly defined but also the rising importance of non-pecuniary transfers and with that a connected re-definition of the relationship of the interdependent pillars culture and economy must be determined.

The final chapter provides a critical discussion of some difficulties, conclusions and a future outlook.