CREATIVE-BASED STRATEGIES IN SMALL AND MEDIUM-SIZED CITIES: KEY DIMENSIONS OF ANALYSIS

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ABSTRACT. The present article intends to contribute to the literature and research agenda regarding the importance of the creative economy as a driver for the revitalisation and development of small and medium-sized cities in Europe. Several studies argue that these territorial areas are necessarily doomed to failure and decline due to the lack of critical mass and density in terms of economic and institutional resources. However, some small towns are changing their development path towards a new ‘urban’ paradigm. The present research aims to identify and analyse a set of dimensions that have to be taken into consideration in the implementation of creative-based strategies in small and medium-sized cities, namely: governance factors, endogenous factors, and territorial embeddedness.

KEY WORDS: small and medium-sized cities, creative economy, creative-based strategies, local development

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1. Introduction

During the last decades, creative-based strategies have been implemented all over the world as key drivers for the revitalisation and development of small and medium-sized cities (SMSC). However, the research literature tends to focus mainly on big cities and metropolises, not recognising the potential of smaller towns to modify their trajectories of development through specific approaches.

The article has four main parts. After the introduction, the second part gives a review of the literature on creative-based strategies with special focus on the large cities/small and medium-sized towns dichotomy. Then, we identify and analyse a set of key factors in the design and implementation of creative-based strategies of SMSC through
the construction of a conceptual model and the presentation of some evidence derived from a large set of case studies analysed in our recent work. The research started within the Creative Clusters in Low Density Urban Areas network, supported by the URBACT II Programme of the European Commission. The initiative was coordinated by the Municipality of Óbidos (Portugal) in partnership with INTELI – Intelligence in Innovation (Portugal) and six other cities and towns of the European Union from Spain, Italy, Hungary, Romania, the United Kingdom, and Finland. Finally, some conclusions are extracted in order to contribute to further reflection and new lines of investigation.

2. Creative-based strategies beyond large cities: an emerging literature

In the literature, there are several models exploring the relation between creativity and territorial development which can be systematised in two different approaches: a creative industries approach and a creative class approach.

The first, creative industries approach, is based on the literature on clusters that date back to the seminal work of Alfred Marshall (1919) on industrial districts in the late 19th century, followed by several authors, such as Bagnasco (1977), Becattini (1990) and Porter (1998). This model is centred on the creative industries as generators of innovation and territorial development, emphasising the role of firms and systems of firms, and has been further developed in terms of the cultural economy of cities by Scott (2001, 2007).

Localisation economies are considered to explain the clustering of businesses which benefit from being located in the same place due to dense input-output relations, a skilled labour pool and knowledge spillovers, with urban growth associated directly with the geography of production – “people follow jobs” (Storper & Scott 2009). In this context, there is evidence to advocate that creative industries cluster geographically (Lazzaretti et al. 2008, 2009, NESTA 2009).

By contrast, the creative class approach is focused on the concept of the creative class and highly skilled people, being based on the contributions by Florida (2002), Glaeser et al. (2001), and Clark (2004). The location choices of individuals are made principally in response to features of the urban environment, shifting the focus from the creative industries to the human factor and its creative habitat – “jobs follow people”.

Besides considering also the role of localisation economies in the clustering of creative people and businesses, this approach is more linked to the analytical framework of urbanisation economies. This concept is related with the density and diversity of cities based on a cross-pollination of ideas, technologies and knowledge, as postulated by Jacobs (1969).

Meanwhile, different studies have been presented in order to confirm both approaches trying to understand what factors are crucial for the development of regions and places in an increasingly knowledge-based economy. However, many of them focus on large cities and metropolises with their bigger labour markets, strong agglomeration economies, and larger networks (van Heur 2010b). Also, it is generally emphasised that the creative class tends to concentrate in larger cities as a result of their distinguishing features, such as a more vibrant cultural life and entertainment facilities as well as their levels of critical mass, density, diversity and tolerance.

In addition, indicators and measurement techniques used and consequent rankings of creative cities emphasise the position of big cities (techpole index, bohemian index, etc.) to the disadvantage of small ones. Therefore, the dichotomy between large and creative versus small and disadvantaged cities has been perpetuated (Lewis & Donald 2009).

According to van Heur (2010a), this geographical bias of the creative economy research leads to a geographical bias of creative economy policy. In fact, in recent years policy-makers worldwide, including those involved in public policies of small towns, have followed ‘metropolitan imaginaries’. These policies are often ineffective and without the expected results because the preconditions and resources of small towns differ considerably from those of larger ones. Public policies should reflect the specificity and reality of different territories, and similarly urban creativity has its basis in particular features and assets of a city (Munoz 2010).

Some small cities and towns in non-metropolitan areas are trying to demonstrate that they have a role to play in the creative economy and they could benefit from specific policy measures to attract the creative class, although in different forms and to a different degree than metropolitan centres (Petrov 2007, Huggins & Clifton 2010).

Different factors are highlighted of the attraction and retention of creative workers in small communities, although there are variations between countries because of differences in their institutional and political frameworks and urban hierarchies (Selada et al. 2011, Clifton et al. 2012). The quality of life and the quality of place, the so-called amenities (in a revision of the concept proposed by Florida’s creative capital model), are seen largely as key relocation factors in a growing counter-urbanisation or urban-exodus phenomenon (see for example ESPON 2002, Lewis & Donald 2009). But, as suggested by Huggins & Clifton (2010), despite the growing rhetoric concerning sustainability and environmental issues, national and regional economic development policy-makers overlooked the benefit of integrating the potential of more ruralised areas to maximise the competitiveness of regions.

On the other hand, the entrepreneurial spirit of the creative class can induce the development of creative businesses in such fields as arts, design, software, etc. To quote NESTA (2007: 10), “many in-migrants tend to be entrepreneurial; they arrive with new ideas and seek to implement them”. Entrepreneurship may be the mechanism through which knowledge and talent of the creative class is assimilated into the local economy (McGranahan et al. 2011). Moreover, the presence of creative activities tends to attract more innovative companies and projects – “places with a higher concentration of creative occupations actually have more creative activities” (McGranahan & Wojan 2007b: 20).

Furthermore, creative industries provide innovative inputs for other areas of activity in local economies, such as agriculture, handicrafts, furniture, textiles, tourism and gastronomy, promoting their development and prosperity. The effects of knowledge spillover derived from geographical proximity induce the transfer of information, technologies, innovative business models and organisational forms to the overall economy.

3. Creative-based strategies of small and medium-sized cities (SMSC)

3.1. A conceptual model

Following some theoretical insights and empirical studies that have revealed the existence of several creative initiatives in SMSC, this review was conducted in order to improve knowledge about them and identify key features in their development. The study was based on a conceptual model which distinguishes the following set of dimensions and sub-dimensions that correspond to three levels of analysis as displayed in Fig. 1:

1. **Governance** – This dimension is transversal and central in the promotion of a creative economy in small urban communities. It is related with leadership and place management, but also with the coordination of actors and the involvement of the community.

2. **Endogenous resources** – This second level is split into the following three main sub-dimensions: a) natural and built environment; b) social and symbolic capital; and c) economic activities and cultural facilities.
   a. The sub-dimension of the natural and built environment refers to the natural, architectural and archaeological heritage, which are important components attracting creative people. It encompasses the architecture of the place, the urban landscape, the climate, public spaces, and other tangible and natural assets.
   b. The sub-dimension of social and symbolic capital is strongly linked with the community and its social interactions. It is related to the immaterial component and social atmosphere of the place – the *genius loci*, as well as to the intangible heritage, such
as memories, local identities and the local image.

c. The sub-dimension of economic activities and cultural facilities is associated with the business climate, entrepreneurship level, local economic activities and knowledge, cultural and creative infrastructure (hotels, restaurants, bars, museums, art galleries, events, etc.).

3. Territorial embeddedness – The third level of analysis also encompasses three main sub-dimensions of analysis: a) territorial position; b) urban densities; and c) accessibility of SMSC. This level of analysis is very significant because it strongly influences the development and performance of SMSC.

Then, theoretical issues are discussed for each key element together with some evidence that results from an empirical analysis of a large set of case studies performed in our recent work.

3.2. The importance of the governance dimension in small and medium-sized cities

According to Kooiman (1993), governance is a set of interactions where public and private agents participate with the aim of solving problems or creating societal opportunities. Hierarchical governance is still a characteristic of modern societies, but co-governance is assuming an increasing role in public policy-making processes as “more interdependencies and inter-penetrations in modern societies are recognized”.

This is reinforced by the processes of decentralisation promoted in several countries to increase the quality and effectiveness of government through the sharing of responsibilities, and the delegation of powers and resources to local authorities (Nibbering & Swart 2008).

In the analysis of several SMSC, despite the growing empowerment of local authorities in policy-making, different modes of governance were identified which could be largely related to the level of decentralisation/centralisation of political power.

The emergent model of governance involves new forms of interaction between the state and society, usually materialised in networks. Therefore, governance implicates citizens, non-governmental institutions, companies and other organisations in the definition and implementation of public policies.

Moreover, it seems clear from the analysis of different case studies that the success of creative-based strategies is founded on a strong leadership to coordinate potential collisions between different interest groups and practices, namely the old residents and new inhabitants who have chosen to live in small areas. Besides, also crucial is the involvement of the community in creative initiatives and suitable institutional arrangements. According to Evans et al. (2006: 11), “some of the most forward-looking creative work occurs at the grassroots level where ideas can flourish, experiments can take place, and creative activity is less constrained by institutional bureaucracy and market imperatives”.

The creative class in small cities and towns, as stated by Petrov (2007), “does not contribute to the economic growth merely by knowledge production and high-end consumption, but by delivering new ideas and rebuilding institutional frameworks of economic development”.

The use of open and user-centred innovation methods where an intense science-policy interaction prevails as well as effective citizen participation are also seen as key elements of this model. Face-to-face contacts and the sharing of tacit knowledge, so common in smaller urban places, are complemented by the role of information and
communication technologies and social networks facilitating the participation process.

In the course of creative transformation it is also important to call attention to the role of so-called agents of change. Those can be not only a political authority (for example, the mayor), but also an NGO, a company, local citizens, or a person from outside who believes in the development of the territory and launches a local project to enhance the process of change. Mobilising and forming coalitions within a city and connecting them in a most effective way with the advice, ideas and support from outside is a critical factor in promoting innovation.

In this sense, the city of Jyväskylä (Finland), for example, has a long history of informal and formal networks of cooperation between relevant local stakeholders, which is expressed in the so-called quadruple helix model. This model of collaboration, mostly developed in the Nordic EU countries, calls for the involvement of government, educational bodies, industry and society in policy-making and innovation process. Jyväskylä also promotes multidisciplinary approaches in diverse sectors of activity and open innovation methods in some local regeneration projects in the Lutakko and Kangas areas. Their creative and cultural strategies put special emphasis on encouraging projects that link well-being with culture.

In Reggio Emilia (Italy), where creativity is being placed at the centre of educational practices, collaboration between different stakeholders and open innovation methods have been encouraged by the local authorities. The Reggio approach combines creative learning, community, research institutions, public agencies, and firms. This is the case of the Loris Malaguzzi Centre and Tecnopolo, which are part of the Parco della Conoscenza in the Nord Area regeneration plan.

In the case of Barnsley (UK), the local authorities promote an innovative mode of governance, mainly through Local Strategic Partnerships (LSP) that aims to encourage effective citizen and community consultation and participation. One Barnsley is the LSP responsible for supervising the delivery of the Community Plan that sets out their strategic vision.

Finally, it is important to stress the experimental character of creative strategies in small urban areas. Spaces can function as ‘living labs’ where new policies, measures and instruments can be tested and validated over time. Deviations from initial plans must be seen as a common occurrence in an ongoing strategy that must be kept alive; it is also necessary to have adequate monitoring and evaluation methodologies. Thus, it is crucial to develop evaluating systems in order to measure the results and impacts, comprising not only economic and social dimensions, but also environmental, cultural and human ones. The ultimate aim is always the promotion of well-being and the quality of life for people and the communities where they live, work, learn and interact.

3.3. Creative-based strategies and the value of endogenous resources

The growing competition between cities and the impact of global market forces emphasise the importance of looking for places and their endogenous resources and amenities as key drives to improve sustainable development processes.

Despite the importance of exogenous factors, the valorisation and mobilisation of the qualities and resources of a place that are unique and hard to reproduced in other places as competitive as-sets, combined with the development of facilities, can contribute to improving local and social circumstances as well as stimulating consumption but also production processes.

This strategic differentiation approach based on a city’s image and identity, quality of life and other local resources and amenities is particularly important to small and medium-sized cities as well as rural areas that aim to diversify and re-vitalise their local economies. Unable to compete in terms of agglomeration economies with large metropolises, those cities can develop specific strategies through the creation of value added products and services – creative experiences, creative spaces and innovative products, especially for niche markets (van Heur 2010b).

Further, authentic and unique environments, healthy lifestyles and other non-economic dimensions of everyday life, such as community engagement, a culture of collaboration and participation, and social proximity, are listed by various authors as factors attracting highly skilled work-
ers and creative people to small communities (see for example Duxbury & Campbell 2009, Lewis & Donald 2009, Markusen 2006, McGranahan & Wojan 2007). Those factors are normally considered an advantage over large urban centres or suburban areas, and even edge city locations.

The amenities, both natural and man-made, defined as a set of unique characteristics of areas and with an aesthetic, social as well as economic value can be classified as natural, cultural, symbolic and built assets (Table 1).

The creation of infrastructure or support programmes (such as live-work houses, studios, meeting places, or specific financing systems) provided by local policy-makers attracts talent and boosts the development of creative businesses. Markusen (2006) claims that the presence of artistic spaces, such as clubhouses, live-work and studio buildings, and smaller performing arts spaces, contributes to the formation of networks and to the artistic pool by home-grown local artists, attracting them to and retaining in those small territories.

The distinct strategies analysed, as mentioned before, make use of their unique characteristics and of the resources available to construct a new strategic vision. In the case of Óbidos (Portugal), for example, its distinctiveness arises mainly from its historical heritage and natural landscape, which make possible the development of a range of cultural and tourist initiatives. Additionally, there has also been a large investment in education and creative infrastructures as well as support programmes to foster the attraction of creative workers and residents.

The small city of Serpa (Portugal) has the local traditional and singular music called *Cante Alentejano*. This symbolic asset along with other artistic and cultural manifestations is a factor of attraction of talent and qualified workers connected with the creative industries.

In turn, many cities, like Barnsley (UK) and Paredes (Portugal), develop a creative economy approach based on their industrial past. Through a vast urban regeneration process that includes the renovation of abandoned spaces and the creation of new spaces for residential and working purposes, they are trying to create favourable conditions and infrastructure mainly to attract creative talents and firms.

As a final point, despite some critics to amenities theory (e.g. Hansen & Winther 2010), development policies in SMSC should be context-sensitive, considering their specific features, such as territorial capital, amenities, lifestyles, and quality of life (McGranahan & Wojan 2007, Gülümser et al. 2011). It is certain that the location preference of the creative class for small towns and even rural areas is facilitated by its increased mobility, the nature of its activities, and progress in communication technologies.

### Table 1. Typology of amenities.

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<tr>
<th>Amenities typology</th>
<th>Description</th>
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<tr>
<td>Natural</td>
<td>Warm climate, distinctive and picturesque countryside with topographical diversity such as valleys, rivers, lakes, mountains and forests, etc.</td>
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<tr>
<td>Cultural</td>
<td>Architectonic and archaeological heritage such as castles, churches, aqueducts and bridges, etc., and intangible heritage like memories, testimonies, legends, and traditions, etc.</td>
</tr>
<tr>
<td>Symbolic</td>
<td>Community engagement, trust relationships, culture of participation, neighbourliness and sociability, social capital, presence of civic associations, etc.</td>
</tr>
<tr>
<td>Built</td>
<td>Health and social services, quality schools, hotels, restaurants, bars, meeting spaces, small studios, live-work houses, etc.</td>
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### 3.4. Territorial contexts of small and medium-sized cities

SMSC are important units in European territorial development, namely with regard to the European cohesion policy, having the ability to act as mediators between the centre and the periphery, the urban and the rural, the local and the global.

At the local scale, territorial embeddedness is also a very important parameter to analyse, as it strongly influences SMSC development and performance. In this framework, it is important to emphasise three main factors of analysis: a) territorial position; b) densities; and c) accessibility of SMSC.
(a) The territorial position involves the position of SMSC against other spatial entities. The ESPON project 1.4.1. (2006) identifies three types of territorial position of SMSC: (i) cities located within or at the fringe of a large agglomeration (like a peri-urban city or town); (ii) cities that are an element in a network together with other small cities; and (iii) cities that act as poles in rural areas.

In the creativity context, it is important to highlight that in any of the territorial positions, cities should benefit from good physical accessibility to other cities, namely the biggest ones.

(b) Urban densities are a sensitive attribute, because thinking only in the administrative boundaries is too limited. According to the ESPON project 1.4.1. (2006), densities should be related with potential building land rather than statistical geographical units to make a clear statement. However, demographic aspects are very relevant for the potential capacity of cities. The same report stresses that a certain ‘critical mass’ is necessary for them to have the potential to become relevant for a function, but at the same time, the function is not necessarily dependent on size, since SMSC are of great importance to low-level services in rural and peripheral areas.

(c) The accessibility factor is connected with the relative development of infrastructure, such as rail, roads, airports, ports, to ensure mobility within a territory. Different transport/accessibility systems perform different urban functions, for example a railway station may serve the resident population. Additionally, most small towns have no integrated accessibility infrastructure with different transport alternatives where the population can choose between the road or the rail.

Digital accessibility is also very important for an easy global connectivity; however, it should not be overestimated, because physical accessibility is critical for the local economy and for the population reaching the local sales market by car at an appropriate cost and within an appropriate time span.

These factors are strongly related with the level of polycentricity that SMSC are part of. According to the ESPON project 1.1.1. (2005), polycentricity has two complementary aspects: its morphology, concerning the distribution of urban areas in the given territory, and relations between urban areas involving flow and cooperation networks.

Regarding networks, it is very important to explore the role of small towns in territorial systems and urban hierarchies, and their participation in regional and global networks. In fact, small units can play a decisive role as anchors for the development of surrounding regions, reducing disparities between urban and rural areas and enhancing urban competitiveness. Moreover, they may benefit from establishing territorial partnerships with other towns or cities based on their complementarities and functionalities.

As already noted above, territorial embeddedness is particularly important in the SMSC development trajectory, given their necessity to overlap their scale and achieve larger markets and skilled workers. A good illustration of this is Óbidos (Fig. 2). This small municipality takes advantage of its strategic geographical location in the Oeste subregion of Portugal (NUTS III) and near diverse important urban centres, such as Caldas da Rainha, Leiria, Batalha, Peniche and Alcobaça that are part of a busy tourist route. It has also good connections with the metropolitan area of Lisbon, the Portuguese capital (less than an hour), and other secondary cities.

To increase its virtual connectivity, the municipality has provided hotspots and public spaces with free Internet access. Moreover, Óbidos has developed different levels of networking with various cities around the world – from networks of collaboration at regional, national and Europe-
4. Conclusions

In SMSC, local leadership is a decisive factor in promoting change and a new strategic vision based on creativity. Local leaders can be promoters or facilitators of the development of creative ecosystems if they are proactive, future-oriented, and embrace institutional change for development.

Furthermore, for the success of these strategies it is crucial to support strong community participation and involvement, creating conditions for the acceptance and legitimisation of the transformation process. Very often their development also depends of the capability of engaging the right people or organisations in those processes.

SMSC can benefit from the exploration of their specific amenities and endogenous resources to attract the creative class and other skilled workers as well as to develop specific products and services related with the creative economy. However, preferences for amenities-based places vary in the different segments of the creative class and other skilled workers (Trip & Romein 2010, Hansen & Winther 2010). Also the presence of the creative class can, in itself, generate amenities. It is widely recognised that their strong entrepreneurial spirit can induce job and businesses creation and consequently foster economic growth. Moreover, a place that brings together a community of artists or creative workers can create businesses and services that will suit their preferences in terms of consumption patterns, but can also draw others by the atmosphere it creates (McGranahan & Wojan 2007b: 21).

In addition to the qualities of places associated with well-being and a sense of community, it is also stressed in many SMSC strategies how important it is to create flexible, low-cost and temporary creative spaces, support programmes and several networks of formal and informal collaboration to meet their specificities and scale.

More research should be conducted in order to analyse these strategies over a longer period and assess their long-term sustainability. Furthermore, additional research on specific indicators and their measurement is also needed, given the lack of suitable and comparable data, in order to capture the creative potential of small towns.

It is important to recognise the importance of those towns because of the growing connection between the local and the global spheres and the increased ease of integrating various networks at regional or global levels.

Although the path dependency of a place has a strong influence in those processes, it is necessary to take account of the local capacity to mobilise actors around creative-based strategies, incorporating their past, the present circumstances and their peculiarities as a way to change.

References


