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### Helsinki: An Attractive Hub of Creative Knowledge? The views of high-skilled employees, managers and transnational migrants

Vaattovaara, M.; Kepsu, K.; Bernelius, V.; Eskelä, E.

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## **Helsinki: An attractive hub of creative knowledge?**

**The views of high-skilled employees, managers  
and transnational migrants**

**ACRE report 8.5**



Mari Vaattovaara  
Venla Bernelius  
Kaisa Kepsu  
Elina Eskelä

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Dr. Olga Gritsai, ACRE project manager

University of Amsterdam

Amsterdam institute for Metropolitan and International Development Studies (AMIDSt)

Department of Geography, Planning and International Development Studies

Nieuwe Prinsengracht 130

NL-1018 VZ Amsterdam

The Netherlands

Tel. +31 20 525 4044

+31 23 528 2955

Fax +31 20 525 4051

E-mail [O.Gritsai@uva.nl](mailto:O.Gritsai@uva.nl)

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Elina Eskelä



Accommodating Creative Knowledge – Competitiveness of European Metropolitan  
Regions within the Enlarged Union

Amsterdam 2009  
AMIDSt, University of Amsterdam



## ACRE

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Coordination:

### **Prof. Sako Musterd**

University of Amsterdam

Amsterdam institute for Metropolitan and International Development Studies (AMIDSt)

Department of Geography, Planning and International Development Studies

Nieuwe Prinsengracht 130

NL-1018 VZ Amsterdam

The Netherlands

Participants:

- **Amsterdam** (Amsterdam institute for Metropolitan and International Development Studies, University of Amsterdam, the Netherlands)  
Marco Bontje ~ Olga Gritsai ~ Heike Pethe ~ Wim Ostendorf ~ Puikang Chan
- **Barcelona** (Centre de Recerca en Economia del Benestar – Centre for Research in Welfare Economics, University of Barcelona, Spain)  
Montserrat Pareja Eastaway ~ Joaquin Turmo Garuz ~ Montserrat Simó Solsona ~ Lidia Garcia Ferrando ~ Marc Pradel i Miquel
- **Birmingham** (Centre for Urban and Regional Studies, University of Birmingham, UK)  
Alan Murie ~ Caroline Chapain ~ John Gibney ~ Austin Barber ~ Jane Lutz ~ Julie Brown
- **Budapest** (Institute of Geography, Hungarian Academy of Sciences, Hungary)  
Zoltán Kovács ~ Zoltán Dövényi ~ Tamas Egedy ~ Attila Csaba Kondor ~ Balázs Szabó
- **Helsinki** (Department of Geography, University of Helsinki, Finland)  
Mari Vaattovaara ~ Kaisa Kepsu ~ Venla Bernelius
- **Leipzig** (Leibniz Institute of Regional Geography, Germany)  
Joachim Burdack ~ Günter Herfert ~ Bastian Lange ~ Katja Manz ~ Robert Nadler ~ Kornelia Ehrlich ~ Juliane Schröder
- **Munich** (Department of Geography, Ludwig-Maximilian University, Germany)  
Günter Heinritz ~ Sabine Hafner ~ Manfred Miosga ~ Anne von Streit ~ Monika Popp
- **Poznan** (Institute of Socio-Economic Geography and Spatial Management, Adam Mickiewicz University, Poland)  
Tadeusz Strykiewicz ~ Jerzy J. Parysek ~ Tomasz Kaczmarek ~ Michal Meczynski

- **Riga** (Stockholm School of Economics in Riga, Latvia)  
Anders Paalzow ~ Diana Pauna ~ Vjacheslav Dombrovsky ~ Roberts Kilis ~ Arnis Sauka
- **Sofia** (Centre for Social Practices, New Bulgarian University, Bulgaria)  
Evgenii Dainov ~ Vassil Garnizov ~ Maria Pancheva ~ Ivan Nachev ~ Lilia Kolova
- **Toulouse** (Interdisciplinary Centre for Urban and Sociological Studies, University of Toulouse-II Le Mirail, Toulouse, France)  
Denis Eckert ~ Christiane Thouzellier ~ Elisabeth Peyroux ~ Michel Grossetti ~ Mariette Sibertin-Blanc ~ Frédéric Leriche ~ Florence Laumière ~ Jean-Marc Zuliani ~ Corinne Siino ~ Martine Azam ~ Hélène Martin-Brelot
- **Milan** (Department of Sociology and Social research, University degli Studi di Milan Bicocca, Italy)  
Enzo Mingione ~ Francesca Zajczyk ~ Elena dell’Agnese ~ Silvia Mugnano ~ Marianna d’Ovidio ~ Carla Sadini
- **Dublin** (School of Geography, Planning and Environmental Policy, University College Dublin, Ireland)  
Declan Redmond ~ Brendan Williams ~ Niamh Moore ~ Veronica Crossa ~ Enda Murphy ~ Philip Lawton



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## EXECUTIVE SUMMARY

This report forms a part of a large EU-funded project ACRE. The purpose of the project is to assess the impact of the “creative class” and the “creative industries” on the competitiveness of 13 metropolitan regions in the EU, and the different city-regions' ability to attract creative knowledge workers and industries. The project seeks to identify the most relevant factors motivating workers and companies in creative knowledge intensive industries to establish themselves in a certain metropolitan region within the European context.

The objective of this report is to analyse and combine the results of three empirical studies carried on in the earlier stages (Kepsu and Vaattovaara, 2008a; Kepsu and Vaattovaara, 2008b; Kepsu et al., 2009) of the ACRE project. These survey and interview studies focused on the migration and business location decisions of creative knowledge employees, managers and transnational migrants in the Helsinki Metropolitan Area. This report is an attempt to provide a comprehensive analysis of the *drivers behind the location decisions of these groups*, and to create an analysis of the *attractiveness of the Helsinki Metropolitan Area* and its position and development path within the European context.

In recent years, Helsinki Metropolitan Area, the HMA has rapidly become one of Europe's leading knowledge based economies. Even though the region is located at the periphery of the European markets, it has been one of the fastest growing regions in the European economy in the last decade. The new economic growth has been based on an increase of private companies in knowledge intensive industries, telecommunication and business-to-business services – the fields targeted in the ACRE project. Today the region is one of Europe's leading clusters in information and communication technologies (ICT). More widely, the role of creative and knowledge industries is central to the development of the HMA. In 2004, 30.5 per cent of employees worked in sectors defined as creative and knowledge-intensive.

The well-developed knowledge base has been seen as one the main reasons for Finland's and Helsinki's frequent high rankings in different indices measuring competitiveness, innovation and economic performance (Centre for International Competitiveness, 2007; Florida and Tinagli, 2004; van Winden et al., 2007). However, the Finnish innovation system is still largely national and monocultural despite the positive international rankings. Considering the level of foreign direct investment or numbers of foreign employees working in the HMA, the internationalisation of economy tends to be narrowly focused on certain sectors and business organisations, mainly on the field of ICT. These trends, combined with the ageing population, structural shortage of labour and a tendency to brain drain, create *a strong need to attract skilled employees* into the region from Finland and elsewhere.

One of the central starting points for the project has been Richard Florida's (2002) notion of “creative class“ and the meaning of “soft” or quality-of-life factors as drivers of migration. According to Florida, the emerged creative class in the U.S. prefers places that are diverse, tolerant and open to new ideas. However, our results show that soft factors do not play a

decisive role as attractive factors for these target groups in the context of the HMA. *Personal reasons* or *personal trajectories* – being born in the region, studied in the region or family lives in the region seemed to be by far the most important reasons behind the decisions to locate in the area for the Finnish employees and managers. More than 40 per cent of the employees had been born in the region, and the majority of both the managers and employees had either been born, had family or had studied in the region. Following a partner was an important driver of migration also in the transnational group. Besides the personal reasons, hard factors or “classic” location factors, seem to dominate the location decisions for all three studied target groups. Most employees stressed the importance of *employment opportunities* or the *current job*, while the company managers valued the existence of *skilled labour force*, *clients* and *clustering benefits*.

Although our research emphasises the role of personal trajectories and hard factors, the soft factors are by no means unimportant. Over two thirds of the Finnish employees and 85 per cent of the transnational employees mentioned at least one soft factor among the four most important factors affecting the decision to settle into the area. For many companies, particularly in the highly creative fields, soft factors were in fact crucial for the customer base, business networks and recruiting, and thus in the core of the logic of business. The creative knowledge workers valued especially the *safety*, *diversity of leisure and entertainment*, *the tolerant atmosphere* and *proximity to natural environment*. Besides affecting the decision to settle in the region, the positive soft factors have a more important role as *retaining forces*, contributing strongly to the creative knowledge workers’ decision to stay in the city. They also affect the *choice of neighbourhood* or *business location* within the metropolitan region.

Compared to their U.S. counterparts, who are claimed to value diverse cities with urban “buzz” (Florida, 2002), the creative knowledge workers within the HMA seem to value somewhat different aspects of the city: *proximity to nature*, *cleanliness*, *calmness*, *safety*, *quality of housing* and *overall functionality of the city*. Even if the urban way of living seems to be very important for one “highly creative” segment of the creative workers, over 70 per cent of the employees surveyed in our research live in the suburbs of Helsinki. Our research contrasts the theoretical discussions that have assumed the creative and knowledge workers to have different residential preferences and values on what makes a city region attractive. The majority of our target group were not creative workers referred to in the literature who would be active consumers of cultural and leisure activities. Instead, we found that they value comfortable and welcoming neighbourhood and spend their free time to a large extent at home in the suburbs, with friends and outdoors in parks or green areas. Family status and life stage naturally has an effect on the values and housing choices, as does the sector of work.

The results of the study emphasise the importance of *neighbourhood* and the utmost importance to solve the current *lack of reasonably priced, high quality housing* in the area. The majority of the Finnish and transnational creative knowledge workers had chosen suburban residential locations, with strikingly similar residential patterns between the two groups. The satisfaction with neighbourhood seemed to contribute greatly to the overall satisfaction with the city, and many respondents both emphasised the neighbourhood more and were more satisfied with the neighbourhood than the city as a whole. The clear majority lived in owner-occupied housing and were not particularly mobile in their housing career, and they expressed a general satisfaction with the neighbourhood and a willingness to stay in the

HMA in the future years. Against this background, it is alarming that the *high costs of housing* and *lack of diversity in the residential space* were seen as clear weaknesses of the HMA. All studied groups expressed strong and particular concern over the housing costs, and managers saw it as a concrete *threat to the competitiveness* of the region and *availability of skilled labour force* in the future.

While not mobile in their housing choices, the groups are mobile in their career. In the new economy, the workers' position and preferences in the labour market are built most often on short-term employment within one organisation, and they change their employment position very often compared to the traditional, long employment trajectories. This creates a direct need for a *larger, flexible labour market* or what can be called a "thick" labour market (see also Florida, 2000). However, especially the transnational migrants saw the employment opportunities as lacking, particularly outside the field of ICT. This weakness was further enhanced by the transnational group's difficulties in accessing the *social networks*, which were seen to have a strong effect on both finding employment positions and advancing in the career.

The tightness of the professional networks and the flexibility and rapidity this offers to decision-making processes is often viewed as a clear strength of the Finnish economy (Ylä-Anttila, 2005; Vaattovaara, 2009). As everyone knows everyone, the knowledge can easily be transferred, more comprehensive understanding of the situation shared and better decisions made – as was seen during the bad recession in the beginning of the 1990's in Finland. The creative knowledge managers and workers also addressed the importance and manifold role of social networks. The significance of social networks was emphasised already behind reasons to settle in the city-region. And even in those cases where the professional networks were mainly international - for the employment of new experts - the local networks were very important. However, in the case of the transnational migrants in the HMA, the strong networks are not an unambiguously positive feature. Tightness is often claimed to become synonymous with impermeability, and the migrants complain of a lack of access to the established professional networks. While the strong social networks are a national strength, they can also act as a serious weakness for the inclusiveness of the labour market and the society, if they do not accommodate transnational talent.

In general, the *employment opportunities, price and quality of housing* and the *quality and accessibility of social networks* stand out as features, which all the target groups value, but which are somewhat problematic. Hard factors related to *infrastructure, services* and *overall functionality of the city* are generally strong. In important soft factors, the region's strengths are clearly its *high quality of life, safety, human scale* and *closeness to nature*. According to the transnational migrants, one of the region's problems is simply *its lack of international recognition and image*. Although the region has several strengths, these are poorly known outside the national borders.

The results of our research underline the importance of local policies and strategies. The challenges pointed out by the target groups of the study are examples of emerging local, metropolitan problems, which need to be solved locally. From the perspective of our research, the role of strong clusters seems to be very strong for attracting and maintaining the highly skilled creative knowledge workers. Enhancing these clusters and encouraging more

*employment opportunities* or a “*thick*” *labour market* by paying attention to the key areas pointed out by the creative knowledge business managers appears as the single most relevant action in *attracting* the much needed Finnish and transnational creative knowledge workers in the area. From the point of view of a “*thick*” *labour market*, the strategies could be organised around what could be viewed as whole “*flagship industries*” instead of *flagship businesses*. In *maintaining* the employees and businesses in the area, the focus on *reasonably priced, high quality housing* and the *openness of the social networks* for both national and transnational actors, alongside encouraging a *positive atmosphere for business enterprises and innovativeness*, are strongly supported by our results.

The analysis of the development trajectory and the economic success of the HMA shows that the success of the region has grown from the city's own potential: historical trajectories, local talent and local companies. However, with the growing competition between urban areas, growth and changes in the demand of labour and the rapid ageing of the population, the city needs to rethink its strategies. Especially the *thickness of the labour market* and the *troublesome housing situation* are issues that need to be solved locally.

## 1.1 Introduction and outline of the report

This report forms a part of a large EU-funded project ACRE (Accommodating Creative Knowledge - Competitiveness of European Metropolitan Regions within an Enlarged Union). The purpose of the project is to assess the impact of the “creative class” and the “creative industries” on the competitiveness of 13 metropolitan regions in the EU, and the different city-regions' ability to attract creative knowledge workers and industries. The central research question addressed is: What are the conditions for creating or stimulating ‘creative knowledge regions’ in the context of the extended European Union? The project seeks to identify the *most relevant factors motivating workers and companies in creative knowledge intensive industries to establish themselves in a certain metropolitan region in the European context*. Comparativeness is important; the ACRE aims to find out what similarities and differences exist in this context between the various urban regions across Europe, representing diverse pathways of development.

One of the central starting points for the project is Richard Florida’s (2002) notion of “creative class” and the meaning of “soft” or quality-of-life factors as drivers of migration. According to Florida, regional economic growth is powered by creative people, and the emerged creative class prefers places that are diverse, tolerant and open to new ideas. Thus the attractiveness of a city, its quality of life and its diversity are pivotal for the future development of cities, and a good ‘people climate’ will draw new creative people to those places and lever the economic success of regions. In the current global economy, where cities and countries are competing for talent, attention is paid to quality of life indicators and place marketing. The ACRE project seeks to test and analyse location decisions of the European “creative class” and the meaning of “soft” factors vs. traditional “hard” factors, such as employment opportunities or economic incentives, as drivers of these decisions.

The objective of this report is to analyse and combine the results of three empirical studies carried on in the earlier stages (Kepsu and Vaattovaara, 2008a; Kepsu and Vaattovaara, 2008b; Kepsu et al, 2009) of the ACRE project. These empirical studies focused on the migration and business location decisions of creative knowledge employees, managers and transnational migrants in the Helsinki Metropolitan Area. This report is an attempt to provide a comprehensive analysis of the *drivers behind the location decisions of these groups*, and to create an analysis of the *attractiveness of the Helsinki Metropolitan Area* and its position and development path within the European context. The report also draws on the work done on the earlier stages of the ACRE project, on development trajectories of the Helsinki Metropolitan Area and policies affecting the creative knowledge industries (Inkinen and Vaattovaara, 2007; Vaattovaara, 2009)

The central questions in the report are: Which location factors played a role in the decision making processes of the different target groups? Were the choices to settle in a particular location based on ‘classic’ hard factors, such as the presence of adequate and specialised labour, multiple employment opportunities, or on ‘soft’ factors such as the quality of space, atmosphere of the city and region or available high-quality residential space? What is the relative importance of these location factors? How and why do the creative and knowledge workers differ in their orientations? What is the overall position of Helsinki Metropolitan Area in the international experts’ decisions to move? What are the strengths and weaknesses of the city region?

The outline of the report is following: First we will shortly present the Helsinki Metropolitan Area and the state of the creative knowledge industries. In Chapter 2, we will describe the research design and methodologies of previous empirical studies and the background of this report. In Chapter 3, the focus is on the perceptions of the national and transnational creative knowledge workers and managers, and the factors affecting their decisions to locate in the Helsinki Metropolitan Area. In Chapter 4, we will assess the strong and weak points of the metropolitan area from the perspective of the empirical findings, and evaluate how well Helsinki is able to fulfil the demands of creative knowledge workers and companies. We also review the development path of the region and policies affecting the context of creative knowledge companies and employees. Finally, we will discuss our main findings in the concluding chapter.

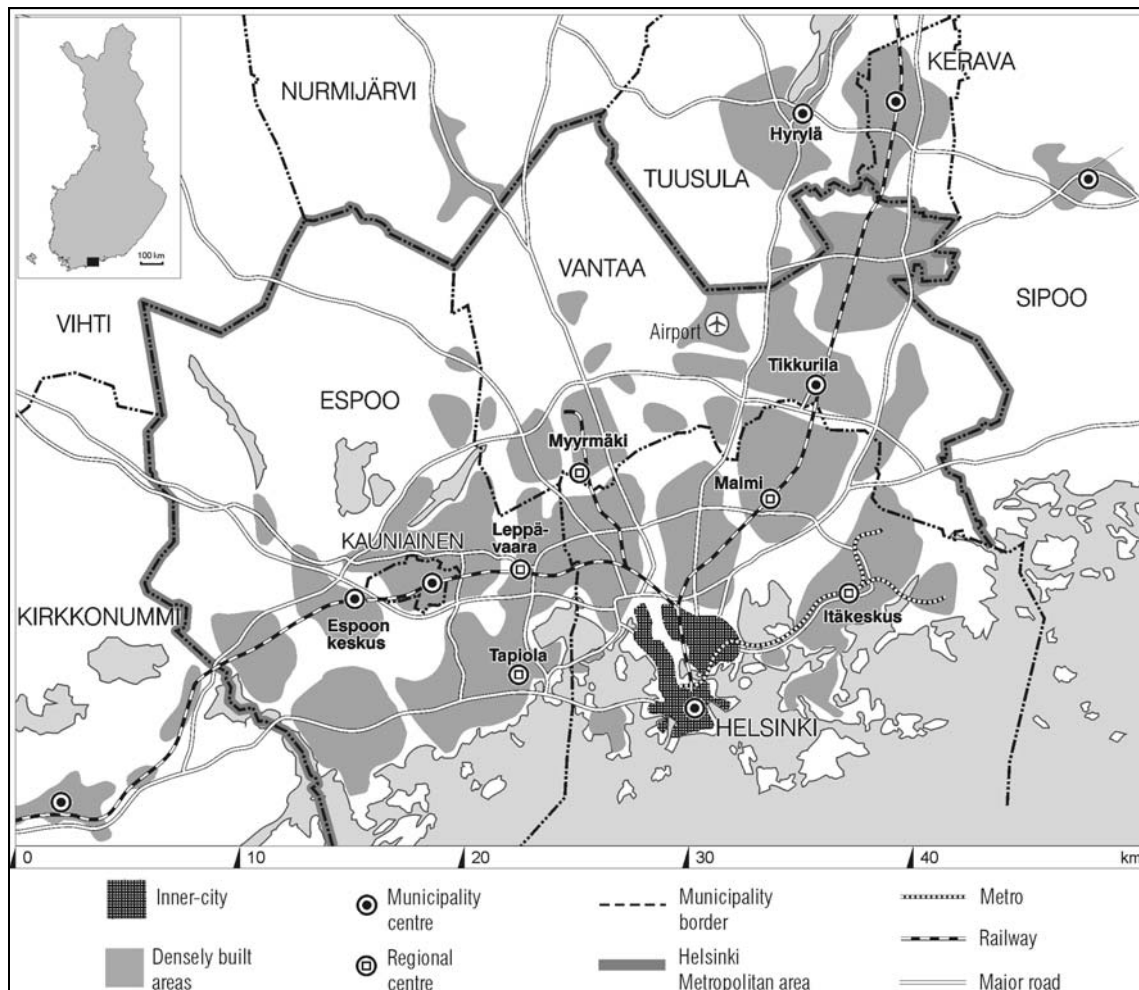
## **1.2 Helsinki as an innovative city – Introduction to the metropolitan area**

Helsinki and its metropolitan region is the most prominent city in Finland, and the region dominates Finland in several respects. In this project, we focus on the geographical entity of the Helsinki Metropolitan Area or HMA. It is defined as a region consisting of the four municipalities of Helsinki, Espoo, Vantaa and Kauniainen (Figure 1.1). The region is the only metropolis in Finland, and altogether harbours one million inhabitants (Helsinki Regional Statistics, 2008).

The economic and social impact of the core region is reflected to a large area. With its satellite municipalities (8 in total) the region has a population of more than 1,2 million. Helsinki’s share of the national population is 24 per cent and it has 29 per cent of the jobs in Finland and 36 per cent of GVA of Finland as a whole (Laakso and Kostiainen, 2007). In the creative and knowledge intensive industries the region’s share of the employment positions is even higher, and most of the sectors, such as the media are strongly clustered into the region. For example, in television and radio activities more than 70 per cent of the employment is in the HMA (Statistics Finland, 2007). The region also houses about 60 per cent of the software jobs and 65 per cent of film and video jobs, and the core city of Helsinki alone houses over 40 per cent of all the publishing positions in the country. In addition, the growth rate is not only one of the fastest in Finland, but also one of the fastest in Europe. In Helsinki the GVA growth rate between 2001 and 2005 was annually 3.9 per cent, and has accelerated from 2004 onwards, although the current global downfall has naturally affected the economy.



**Figure 1.1 - The Helsinki Metropolitan Area includes the municipalities of Helsinki, Espoo, Vantaa and Kauniainen**



Source: Own illustration

Employment in the creative and knowledge intensive occupations is relatively extensive in the HMA. In 2004 30.5 per cent of the employees worked in the sectors ACRE defines as being the creative knowledge sectors, which effectively represent the creative industries (Kepsu and Vaattovaara, 2008; for discussion on definitions see Musterd et al, 2007; Kovács et al, 2007, p. 20-21). This share was among the highest in the city-regions studied in the ACRE. Employment in creative industries amount to 12.9 per cent of the total employment, and the knowledge intensive sectors employ 17.7 per cent of the workforce in Metropolitan Helsinki (Kepsu and Vaattovaara, 2008a). Also according to calculations by Florida and Tinagli (2004), the Creative Class in Finland comprises a similar share, 28.6 per cent of the total workforce – the third highest in the European regions studied in their report. Employment in both creative industries and knowledge industries has risen significantly during the recent decennium (Kepsu and Vaattovaara, 2008a).

In general, the information and communication or ICT industries form the most important industrial segment in Helsinki's economic profile. Since the emergence of Nokia, the world's leading mobile phone manufacturer, a new ICT based growth sector was born. The growth in employment was remarkable between 1993 and 2001, until the so called "dot com" boom of

the ICT sector in the early 2000 balanced the growth. The ICT sector has contributed extensively in the value-adding to gross domestic product (GDP). The GDP share of ICT has increased from 4 per cent in 1990 to more than 10 per cent in 2005. Nokia's share is about 4 per cent (Ylä-Anttila, 2005). The employment figures, number of employed persons and jobs, are however relatively low compared to value-adding.

### *1.2.1 Knowledge-based economy and the competitiveness of the HMA*

A broad base of educated and competent labour has been a competitive advantage for Finland and Helsinki in the new knowledge based economy. Focusing on high education and work-tasks based on the education and competence are widely seen as ways in which the Finnish economy will survive in the global competition. The basis for the good knowledge base can be traced back to the Finnish welfare system, which has long treated education as one of the cornerstones of the society and economy. The educational system has been open to all strata of the society, and public investment in education has been held high even during the worst economic recession (Holstila, 2008). Today the younger generations in Finland are among the highest educated in the world (Ylä-Anttila, 2005). The educational level in the Helsinki region is also high and constantly growing: 68 per cent of persons over 15 years of age has a degree (secondary or higher) and 34 per cent a university or polytechnic degree (City of Helsinki, Urban Facts, 2006). Finnish students have ranked number one in recent PISA studies (OECD), and in an international comparison, women's education levels are particularly high.

The well-developed knowledge base is one major reason for the fact that Finland and Helsinki has frequently ranked very high in different indices measuring competitiveness, innovation and economic performance. In 2006-2007 Helsinki was positioned as number two after Brussels in the European Competitiveness Index (Centre for International Competitiveness, 2007). Also, in Richard Florida's and Irene Tinagli's report "Europe in the Creative Age" (2004) Finland is seen as one of the top performers in Europe that is doing "exceptionally well" according to their indicators of competitiveness. The report further concludes that "Finland in particular appears to be well-positioned to compete in the Creative Age with a high level of overall creative competitiveness and rapid growth in its creative capabilities" (Florida and Tinagli, 2004, p. 40). In a typology on European cities in a knowledge economy, van Winden et al (2007) classified Helsinki, along with Amsterdam and Munich, as "stars" in terms of their position in the knowledge-based economy.

The restructuring of the economy from has happened fast in Finland and the HMA. In just a decade, Helsinki has become one of the biggest technological hot spots in Europe. The economy has undergone a massive change towards an open, globally integrated and ICT-driven economy. The rapid ICT-based economic development since the mid-1990s has even been seen as an example to copy elsewhere in Europe. Manuel Castells and Pekka Himanen (2002) have recognised the combination of a strong welfare state and the economic success as "The Finnish Model", which quite exceptionally has been able to combine the creation of competitive and dynamic information economy with the egalitarian welfare state (see also Vaattovaara and Kortteinen, 2003, Vaattovaara, 2009)

Thus, in a rather short time Finland has become one of Europe's leading centres of growth in information and communication technologies (Vaattovaara and Kortteinen, 2003). It is quite unique that the country managed to overcome the collapse of the economy in the early 1990's, when Finland was hit by one of the worst recessions in OECD countries after the World War II. Since that, the country underwent major economic restructuring and developed its economy with the ICT-sector as the main driver to one of the fastest growing in Europe.



## 2 RESEARCH DESIGN AND METHODOLOGY

In this chapter, we present the methodological backgrounds of three previous work packages or WPs. The aim was to investigate the attractiveness of the Helsinki Metropolitan Area for three target groups: Finnish creative knowledge workers, Finnish creative knowledge company managers and highly skilled transnational migrants. Data was produced according to common ACRE guidelines, enabling upcoming comparisons with other ACRE metropolitan regions. After presenting and comparing the methodological backgrounds of previous phases, we evaluate the methodological aspects of this current report.

### 2.1 Methodological background of previous work

The results on the competitiveness of Helsinki are based on three sets of empirical data (Table 2.1). Firstly, we explored the attractiveness of the Helsinki Metropolitan Area for Finnish creative knowledge workers and graduates by using a survey study (n=227) (Kepsu and Vaattovaara, 2008a). Secondly, we interviewed 17 company managers on the location factors they valued when deciding to locate their companies in the HMA (Kepsu and Vaattovaara, 2008b). In addition to managers, three high-level experts were interviewed about the general economic and business development in Helsinki. Lastly, we conducted 25 semi-structured interviews with highly skilled migrants living and working in the HMA, in order to discover the main drivers behind their decisions to move and stay in the city (Kepsu et al., 2009). We also carried out five expert interviews to learn more about themes such as immigration policies and relocation services in Helsinki.

In all three work packages one of the aims was to gather data that would be comparable with other ACRE metropolitan regions. We used common guidelines to collect the material, but also tried to ensure that local circumstances would be suited. The aim was to achieve comprehensive understanding by using both quantitative and qualitative methods and different target groups or actors as the research base.

In the following subsections we present the details of the methodology used to obtain our empirical data. We will describe each data set individually, and lastly evaluate the comparability and the scope of our data.

**Table 2.1 - Three previous work packages (WPs) of ACRE project**

	<b>WP5</b>	<b>WP6</b>	<b>WP7</b>
Report	Creative knowledge in the Helsinki Metropolitan Area – Understanding the attractiveness of the metropolitan region for creative knowledge workers (2008)	Location factors of creative knowledge companies in the Helsinki Metropolitan Area – The managers’ view (2008)	Helsinki: An attractive metropolitan region for creative knowledge workers? The view of transnational migrants (2009)
Objective	to analyse the attractiveness of HMA for Finnish creative knowledge workers	to analyse main drivers for company settlement in the HMA	to analyse HMA’s attractiveness for highly skilled migrants
Research method	quantitative (survey)	qualitative (interviews)	qualitative (interviews)
Target group	workers in creative knowledge companies	managers of creative knowledge companies	highly skilled migrants
Economic sectors of the target groups	<b>creative:</b> - software consultancy and supply - advertising - motion pictures and video activities and radio and television activities <b>knowledge intensive</b> - finance - R&D - law <b>graduates:</b> - varied creative and knowledge intensive sectors	<b>creative:</b> - motion picture, video, radio and television <b>creative / knowledge intensive:</b> - innovative software activities (e.g. computer games and web design) knowledge intensive: - business and management consultancy	<b>creative:</b> - music - design <b>knowledge intensive:</b> - ICT - higher education - marketing and business consultancy
Description	survey of 227 workers and graduates in creative knowledge sectors	17 interviews with company managers, 3 expert interviews	25 interviews with highly skilled migrants, 5 expert interviews

### 2.1.1 Finnish creative knowledge workers

In the first empirical part of the ACRE project (WP5), we investigated the attractiveness of the Helsinki Metropolitan Area for the local creative knowledge workers. The opinions and experiences of Finnish creative knowledge workers were explored with a quantitative survey. The target groups for the survey were specified for all partners in the ACRE project. The aim was to get a total of 200 responses, divided into the following subgroups: 75 creative workers (selected sectors), 75 knowledge intensive workers (selected sectors), 25 university or polytechnic graduates (here called knowledge graduates), and 25 arts and media school graduates (here called creative graduates). The number of responses needed from each sector was decided in proportion to the number of employed in the HMA in these sectors. In addition to the creative and knowledge sectors, we wanted the respondents to represent different kinds of companies and employment positions. Thus, when choosing the respondents, we also considered the following factors:

- The location of the companies: both from the centre of Helsinki and the suburban areas.
- The size of the companies: representation from employees from small, mid-sized and large companies.
- The type of company: the aim was to include companies that are currently interesting in some way, e.g. companies that have performed remarkably well or applied a novel concept.
- The position of the respondent in the survey: the aim was to reach high skilled workers in mid-level managerial position or other professionals.

The questionnaire was developed by ACRE members in the Dublin team. The objective was to understand the drivers behind the decisions of the graduates and workers in creative and knowledge-intensive industries to find a job at a specific location in the region. A second and interrelated objective was to explore the role that both hard and soft factors play in workers' and graduates' decision to live in a particular location in the region. The questionnaire was translated from English to Finnish and adapted to suit the local conditions of Helsinki. The questionnaire included four categories of questions:

- Satisfaction with the city
- Satisfaction with job and work environment
- Satisfaction with neighbourhood/area and dwelling
- Background data

In order to reach the creative and knowledge workers, we used a market research company, Taloustutkimus Oy. They were able to find a sufficient amount of contacts in their registers despite the relatively complex selection criteria. The respondents in the creative graduates group were found through the occupational organisations Grafia (Association of Professional Graphic Designers in Finland) and Ornamo (Association of designers). Because of this, very few respondents in the creative graduates group are active in the same sectors the creative workers are employed in. The creative graduates group includes professionals in “highly creative” sectors such as graphic, clothes, textile and interior design.

The knowledge graduates were reached through research contacts and personal contacts with a “snowball” method. Persons in the appropriate fields were contacted, and asked to find more contacts with the right selection criteria. It is important to note that despite the term “graduate”, the few respondents in this group have graduated very recently. About 90 per cent of the graduates in the sample are above the age of 35 years, so it would not be correct to assume that the graduates group only consists of very young respondents.

Acquiring the data was relatively difficult, particularly in the branches of law and finance. Still, despite the precise selection criteria, we were able to receive a representative sample. A total of 227 respondents were reached (Table 2.2).

**Table 2.2 - The sample of creative knowledge workers and graduates in WP5**

Target group	Sector	Number of responses required	Number of responses received
Creative workers	software consultancy and supply (incl. computer games, software, electronic publishing)	32	35
	advertising	17	18
	motion pictures and video activities and radio and television activities	26	34
Knowledge workers	finance	21	28
	R&D	33	40
	law	21	22
Creative graduates	art/media school graduates	25	25
Knowledge graduates	university/polytechnic graduates	25	25
		200	227

The gender distribution of the sample is balanced: 52 per cent of the respondents are women and 48 per cent men. However, there are large differences within the different subgroups. In advertising and both graduate groups, most of the respondents are female. Male respondents are in the majority from the sectors of software and law. The age range among the respondents is wide, yet most of them are 35-44 years old. Almost half of the respondents are born in the HMA, and 88 per cent have lived in the metropolitan area more than 10 years. Half of the respondents' households are families with children, and 28 per cent live together with their partner, but have no children. The respondents are highly educated: 78 per cent have a university degree, and the creative workers have generally slightly lower educational levels than knowledge workers and graduates.

### 2.1.2 *Creative knowledge companies*

In the second empirical part (WP6), the focus was on creative knowledge companies in the HMA. Our aim was to find out why the companies are located in the metropolitan region and which factors influenced their location decision. In contrast to the previous quantitative survey study, a qualitative approach was chosen for this work package. For the main empirical part we conducted 17 semi-structured interviews with managers of companies in creative knowledge industries. To complement the picture, we also conducted three interviews of high-level experts with special knowledge about the sectors and/or the economic development in Metropolitan Helsinki.

The companies were selected from three economic sectors:

- motion picture, video, radio and television activities
- innovative software activities such as computer games and web design
- business and management consultancy activities



Here film/video and TV/radio represent the “highly creative” economic sector, while consulting is an example of a knowledge-intensive sector, and software falls somewhere in between. When choosing the companies for the interviews, we also took the size of the company into consideration, as it is expected to influence the location decision of the companies. We attempted to reach companies from the following size categories: self employed, 2-5 (small firm) and 6-200 (medium firm). Another sampling criterion was the location of the company in the city region. In each sector and each size category, we aimed at finding companies located in the centre of the city and outside the centre of the city.

The strategy for selecting the particular companies for the study was as follows: Primarily we aimed at selecting companies that our expert interviewees suggested as being typical of the field or otherwise interesting, highly innovative companies. Most of the companies interviewed were thus found on expert recommendation. The rest of the companies were found through people in the field and based on our own knowledge and research about the studied economical sectors.

The sample follows the set up scheme quite closely, with only minor exceptions. The film industry for example is heavily concentrated into the centre of Helsinki, and therefore we wanted the sample to reflect the reality of the spatial organisation. With the managers, we unfortunately did not achieve gender balance. Only two of the 17 interviews were conducted with female managers. This, however, is relatively representative of the actual gender composition in this position. In Finland 29.5 per cent of the corporate managers and managers of small enterprises are women – a clearly lower proportion than the EU27 average (Eurostat, 2008). Also, less than a tenth of the CEOs of Finnish firms and less than a fourth of the corporate board members are women (Kotiranta et al., 2007). Thus, the sample representativeness is acceptable.

In the interviews with company managers we used a topic guide that was prepared for all teams in the ACRE project. In addition, we tried to follow-up our main results from the previous empirical study of Finnish creative workers (WP5). The themes discussed in the interviews were:

- The firm: History, activities
- Markets: Clients and scale of activity
- Labour process and recruitment: Types employees needed, recruited process
- Networks: Importance of informal networks, collaborations
- Location factors: Soft and hard factors and their importance
- Public support: Importance and types of support
- Prospects: To stay in the metropolitan region or to leave

The interviews lasted between 25 minutes and almost four hours, average time being an hour and fifteen minutes. All the interviews were conducted in Finnish, and three of them were conducted over the phone. After the interviews the material was analysed by using content analysis. In different stages the results were structured and analysed according to different thematic areas. Linkages to determining factors (such as age and size of company) were explored to explain differences and similarities between the companies and the sectors.

In addition to interviews with managers, we complemented the results with three expert interviews, which helped us gain deeper insight to the different branches and Helsinki's creative knowledge industry. The interviewed experts are presented in Table 2.3.

**Table 2.3 - Expert interviews in WP6**

<b>Expert</b>	<b>Organisation</b>	<b>Title</b>
Eero Holstila	City of Helsinki	Director of economic development
Mika Hannula	Helsinki Academy of Fine Arts, Nordic network of Art Academies	Director of the Helsinki Academy of Fine Arts; curator, teacher and art critic
Harri Ahokas	Finnish Film Foundation	Head of domestic distribution

An advantage of semi-structured in-depth interviews is that the discussion can flow relatively naturally and freely, which often provides deeper understanding of the interviewee's perspectives and position than very structured questionnaires or interviews. Also, issues are covered more deeply, which helps understand the complex phenomena better. However, one problem of this method is the difficulty of generalisation of the results. The number of interviews is small, so caution is needed when the research results.

### 2.1.3 *Highly skilled transnational migrants*

In the third empirical part (WP7) of our study, we examined the attractiveness of the HMA from the standpoint of highly skilled migrants living and working in the area. "Highly skilled migrant" was defined as a person having at least a higher university degree, or working in a position that requires special skills and knowledge. For this work package, a qualitative research approach was used. We conducted 25 guided, semi-structured interviews with highly skilled migrants living and working in the Helsinki Metropolitan Area. In addition, we interviewed five experts in immigration issues, especially focusing on the situation of the highly skilled migrants in Helsinki.

The interviewees had to be employed in creative or knowledge intensive sectors, with a balance between creative and knowledge intensive occupations. Considering the knowledge-based profile of Helsinki and the strong representation of the ICT industry in the Helsinki region, we decided to focus more on the knowledge workers. Based on their descriptions on work contents, the skilled migrants were divided into creative and knowledge workers (Table 2.4). Six people worked in creative sectors, more precisely in the fields of music and design. The knowledge workers consisted of 19 people working in the fields of ICT, higher education, marketing and business consultancy. The categorisation of professions and economic sectors as creative is clearly difficult. For example, in previous stages of the ACRE research we included software in the creative industries. In this study however, software workers are in the same category as other ICT workers, and therefore counted as knowledge workers in this sample. Following the ACRE definition of the knowledge intensive sectors (Musterd et al., 2007; Kovács et al., 2007, p. 20-21), the field of finance is missing from our sample. The finance sector in Finland has a national character, with very few non-Finnish speakers working in that sector. On the other hand, the ICT industry in Finland is still an

attractive field for many foreigners, which is why we chose to include a wealth of interviewees in this particular field.

**Table 2.4 - The sample of highly skilled migrants in WP7**

Target group	Sector	Number of interviews
Creative workers	Music	3
	Design	3
Knowledge workers	ICT	9
	Higher education	7
	Marketing and business consultancy	3

When choosing the skilled migrants for the interviews, we also aimed for a balanced sample considering the nationality, sex, age, and household type. The majority of the migrants in the sample come from other EU countries and North America, and the migration from these origins has been strongly work-related (Heikkilä and Pikkarainen, 2008). We also had a few interviewees from the continents of Asia, South America and Africa. Women were well represented in the creative workers' group (three women out of six creative workers), but in the knowledge worker's group they were in the minority (six women out of 19 knowledge workers). We had a mix of migrants sent by their companies and other migrants who came on their own. The migrants' length of stay in Helsinki also varied a great deal. The newest arrivals in our sample had been in Helsinki only 4 and 5 months, whereas one interviewee had lived in the city for 17 years. The majority of the interviewees were in their 30's. The oldest interviewee was 49 years old and the youngest was 26 years old. The age structure in the sample is representative of the real immigrant population in Finland, where the age groups from 20 to 45 are strongly overrepresented (Kohonen, 2007). A majority of the interviewees lived by themselves or with a partner. Six interviewee households were families with children. Some of the interviewees had moved to Finland with their family, while others had founded their family while living in Finland. As planned, our interviewees were highly educated people: every interviewee had a university degree. The majority had a master's degree, while seven held doctorates.

The objective of the migrant interviews was to understand the drivers behind their decisions to settle in the HMA. Finding out the importance of the location-specific factors in the decision making process was of special interest. Another important subject was the migrants' satisfaction with their life in Helsinki, and what kind of plans they had for their future. A common topic outline for the interviews was provided for all the ACRE teams. The interviews covered four themes:

- Background (professional and personal background, career steps)
- The move to Helsinki (push and pull factors, image and knowledge of Helsinki)
- Life in Helsinki (settling, work, housing, free time, social life, Helsinki in general)
- Future plans

The migrants were also asked to grade their apartment, neighbourhood and the HMA in general on a scale from 1-10, one being the lowest and ten being the highest. This grading and the explanations the interviewees gave for the grades summed up the interviewee's opinions and usually gave a clearer picture of his/her views. After the interview, we asked the interviewee to fill in a background information form and a short questionnaire, which consisted of two questions from the previous survey with Finnish creative knowledge workers (WP5). By using parts of the same survey, we wanted to add to the comparability of the opinions of international and domestic skilled workers.

We found the first interviewees through our own professional and personal contacts, based on suggestions from the experts we interviewed. Some suggestions, including few leading professionals in their field, were also received from company managers interviewed in the previous work package (WP6). The screened interviewees had to meet certain pre-formulated criteria and form a balanced sample, so many of the suggested persons were not contacted at all. It was actually fairly difficult to find 25 suitable interviewees, which shows the internationally low level of transnational migrants in the region. Overall, contact networks and selective snowballing were used to find the interviewees. The interviews lasted between 40 and 120 minutes. All the interviews were recorded and transcribed. One interview was conducted in Finnish, all others in English.

To complete the data, we conducted five expert interviews with professionals who have special knowledge on migrant issues in the HMA (Table 2.5). Two of them represented the City of Helsinki, another two worked in private relocation companies and one interviewee represented an unofficial social network for immigrants in Helsinki. The interview questions were customised for every expert to cover their particular field of expertise. The interviews lasted between 50 and 90 minutes, and they were all recorded and transcribed. All but one of the expert interviews were conducted in Finnish.

**Table 2.5 - Expert interviews in WP7**

<b>Expert</b>	<b>Organisation</b>	<b>Title</b>
Annika Forsander	City of Helsinki	Director of immigration affairs
Henni Ahvenlampi	City of Helsinki	Relocation advisor
Marjo Lautjärvi	Finland Relocation Services	Managing director
Paul Brennan	Jolly Dragon (social network)	Founder and director

#### 2.1.4 Evaluation

Three sets of empirical data were gathered in order to investigate the attractiveness of the HMA. Here we shortly evaluate the sampling, the methods that have been used to gather the data, and the comparability and reliability of the data sets.

We collected opinions from three target groups, representing two important sectors in the new economy: creative and knowledge intensive industries. The sectors and the three target groups for this study have been chosen on the basis of the work of Richard Florida, who argues that the most important target groups for “creative knowledge city” are higher educated graduates and workers in knowledge intensive and creative industries, managers of creative and

knowledge intensive companies, and transnational migrants (Musterd et al., 2007: 21). One subject of theoretical interest in the ACRE project have been Florida's concept of "creative class" and its importance for a city region that wishes to compete in the new creative knowledge economy. By choosing these specific target groups we wish to be able to participate to the theoretical discussion from a European viewpoint. Is Helsinki attractive for these important actors of the new economy - and why? The three target groups provide a versatile picture of the city, representing the opinions of individuals and companies, Finnish and foreign nationals, and creative and knowledge workers. From this point of view, our sampling is well-grounded for describing Helsinki's chances to compete in the global creative knowledge economy.

When selecting particular economic sectors to represent the creative and knowledge intensive fields, the criterion has generally been statistical weight of the sector (number of employees compared to other sectors). In addition to this quantitative weight, some sectors, for example design, were chosen for being particularly interesting for the new economy. When looking at the total amount of employment positions and also the growth of the sector, ICT related industries are significant employers in the HMA (see Kepsu and Vaattovaara, 2008a: 12-16). The ICT industries employ more than 30,000 people in the region (City of Helsinki Urban Facts, 2007). Therefore the ICT sector has been examined particularly extensively in our research, concentrating on software consultancy and supply in the first empirical part of the study; computer games, web design and "innovative" software in the second; and various ICT-related positions in the third phase. We can conclude that this important knowledge intensive as well as creative sector is well represented in all our sets of empirical data. The ICT sector appears to be Finland's "flagship industry" at the moment, being the best known industry abroad and also employing a notable share of total foreign work force. Furthermore, since knowledge intensive industries employ more work force than creative industries, we have concentrated more on the knowledge intensive fields when interviewing the managers and the migrants.

The survey sample of Finnish creative and knowledge workers is extensive, and the results can be considered representative for the workers in these particular economic fields. The companies represented through their managers' interviews were found with the suggestions from the expert interviewees. This method gives the data particular value, since the companies are not randomly picked but chosen by people who know these economic fields particularly well. Furthermore, the sample consists of established and respected companies as well as new and innovative ones, which makes the data versatile. In the third empirical part, the highly skilled migrants were found through expert recommendations and our own networks, and all of them had to meet fixed criteria. Our results from the interviews with highly skilled migrants can be considered valid, since parallel results have been reached in two other Finnish studies with similar target groups (Forsander et al., 2004; Jasinskaja-Lahti, 2009).

When comparing the results between the target groups, the different methods of collecting data (quantitative and qualitative) and the different sizes of the samples have to be noted. The studied sectors also vary in the three data sets, although the frame of creative and knowledge industries remain. Still, conclusions can be drawn on the basis of these data, since the amount of survey respondents is large enough, and the profoundness of the interviews and the careful

selection of the interviewees compensate, to some degree, the small number of the interviewees. While the samples of company managers and skilled migrants are small, the respondents are carefully selected with the help of expert recommendations and strict qualifications. And, as we will see later in this report, all the target groups express similar opinions on the competitiveness of Helsinki. This also justifies the assertion that conclusions can be drawn based on the collected data. In this case, the use of both quantitative and qualitative methods gives plausibility to our results.

From these perspectives, the use of different methodologies leads to a thorough notion of the studied phenomenon: Helsinki's ability to attract and retain creative knowledge workers and companies.

## **2.2 Methodological background of current work**

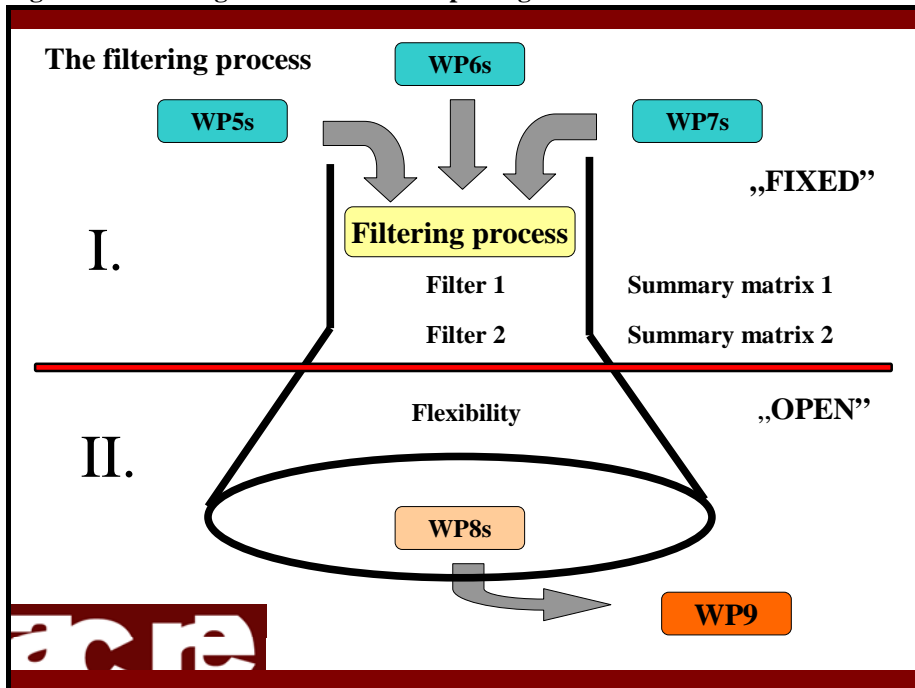
The aim of current work package is to achieve a comprehensive analysis by combining perspectives extracted from three different target groups (employees, managers and transnational migrants) through differing research methods (qualitative, quantitative). We specifically focus on the significance of location factors for the target groups in the HMA.

For combining quantitative and qualitative data, the method of triangulation is used. Triangulation is commonly used for mutual validation of data or interpreting and generalising results (Flick, 2008: 108). There are different methods of triangulation, and in this work the following are used: the triangulation of different research methods or between-method-triangulation (quantitative research method in WP5 vs. qualitative in WP6 and WP7), and theoretical triangulation, where different theories are applied to the same phenomena in order to gain different explications (for example Florida's thesis on growing relevance of soft location factors for creative and knowledge-worker).

In the earlier stages of the project each data set has been analysed individually. The implementation of triangulation in this work package means that the different levels of analysis (qualitative interview material, micro-data) have to be combined. This will be done by analysing the three data sets in relation to one another and identifying central findings. This way, we will see whether the results show complementarity, congruency or divergence (Erzberger, 1998: 182). A qualification of the positioning of different results to one another follows with the help of theories (like human/social capital, theories on migration). The results will enable us to see whether the hypotheses situated for the research in the ACRE project, such as the importance of soft factors in the development of the new economy, will be supported or challenged.

In practise, we have undergone a two stage filtering process to create two matrices (Figure 2.1). The first matrix contains the key hard and soft factors which attract the different target groups to the region and also affect their decisions to stay there. The second stage of the filtering (matrix 2) summarises the capability of the HMA to respond to the needs of creative knowledge and evaluates the strengths and weaknesses of the region.

Figure 2.1 Filtering tool used for work package 8



Source: ACRE

### Methodology in short

- This report compares and combines results from three separate studies with different target groups and methods of data acquisition.
- The data have been collected by semi-structured interviews (Finnish managers and transnational migrants) and by surveys (Finnish creative knowledge workers and transnational migrants).
- The data consist of 227 surveys of Finnish workers, 25 semi-structured interviews and surveys of transnational migrants, 17 semi-structured interviews of Finnish managers and 8 expert interviews
- The similar views extracted from all groups and the compatibility of results to former Finnish studies confirm the validity of the methodological choices.
- The results of all previous work packages have been reanalysed and filtered to provide a comprehensive analysis of the creative knowledge actors within the HMA





## 3 TARGET GROUP PERSPECTIVES ON THE CITY

The aim of this chapter is to analyse and combine different target group perspectives on the HMA. The views have been extracted from the groups of Finnish workers, company managers and transnational migrants through both qualitative and quantitative research methods. First we review and analyse the groups separately, and in the latter part of the chapter we provide a combined analysis of the factors underlying the decision-making and the similarities and differences between the groups. The central questions are: What are the location choices and decisions made by the target groups in the HMA? Which factors act as the central drivers in the location decision of the target groups? How do the groups differ in their orientations, and which are the central similarities between the urban orientations of the groups? What features of Helsinki are they contented or discontented with and why?

### 3.1 Orientations and behaviour

#### 3.1.1 *Finnish creative knowledge workers*

Our aim was to understand why Helsinki's creative knowledge workers live in the region, and what their opinions are on different aspects relating to their work, the city and their neighbourhood. The results are drawn from a survey of 227 Finnish workers in creative and knowledge intensive industries in the Helsinki Metropolitan Area. The respondents were selected from the economic sectors of software, advertising and radio/TV/film/video – the “creative” sectors – and finance, R&D and law, the knowledge intensive sectors.

#### **Reasons to live in the Helsinki Metropolitan Area**

One of the major results in this study was that personal trajectories – such as being born or having studied in the area – have a central role in the decision to settle in the area. For most of the respondents, the reasons to live in the region were related first and foremost to personal trajectories and “classic” hard factors, such as employment possibilities, while other factors were clearly less important. The survey results reveal that personal reasons related to family, friends and being born in the region are often the most important. For people born outside the metropolitan area, the principal motivators to live in Helsinki are the employment opportunities or social relations. More than half of the respondents ranked good employment opportunities as being one of the four most important factors for them living in the HMA. Many workers moved to the city because of their current job. In the case of Finnish creative knowledge workers it is important to note that Helsinki is unquestionably the most prominent city in the country, and in many sectors Helsinki is the “only” place to be. In the questionnaire, the workers were naturally prone to comparing the HMA to Finnish cities,

rather than in other European metropolitan areas, which results to a very positive evaluation of the versatility and employment opportunities of the region.

After personal reasons and good employment opportunities, the other reasons for settling in the area were of less importance. Some other hard factors that seemed to bear significance were good transport links and the presence of good universities. The study shows that only a few soft location factors were ranked relatively high when asked why the workers lived in the city, namely the diversity of leisure and entertainment, housing quality, open mindedness and tolerance and diversity of built environment. All in all, the soft factors were secondary in importance when compared to the primary reasons of living in the city. However, nearly 70 per cent still mentioned at least one soft factor when asked to rank the four most important reasons for choosing the region. Thus, it seems as creative knowledge workers in Helsinki are not indifferent to soft factors in deciding where to live. Soft factors appear to play a subordinate role, and support the decision to move into the area.

### **Using the city**

The study showed that the consumption patterns and lifestyles of the creative knowledge workers in Helsinki do not resemble those of the American “creative class”. The surveyed creative knowledge workers in Helsinki did not appear to be the “typical” creative workers who are active consumers of cultural and leisure activities. Closeness to entertainment and the city centre was not considered very important when choosing the residential location. Generally speaking, the creative knowledge workers in the HMA valued a comfortable and welcoming neighbourhood, and spent their free time to a large extent at home in the suburbs, with friends and outdoors in parks or green areas. Going to movies or museums, going out to pubs or nightclubs were not weekly activities among most of the respondents. A group of respondents that stands out in this regard was the graduates from art and media schools, who are occupied in “highly creative” sectors, such as design. They demonstrated a somewhat different lifestyle, with some characteristics often associated with the creative class. For example, they had more often chosen inner-city residential locations.

The creative knowledge workers are also fairly settled and attached to place. Unlike the American “creative class”, the Finnish counterpart does not seem very mobile in respect to the place of living. Home seemed to represent something permanent to most of the respondents and satisfaction to the neighbourhood was deemed extremely important. On the other hand, the creative knowledge workers are mobile in their professional career. Most of the respondents had a desire to change their jobs at frequent intervals. Almost half of them are planning to leave their current job within the next five years, which is a high figure in the Finnish context. On the whole, the creative knowledge workers were very satisfied with what they do, and felt that they have intellectually stimulating jobs with much room for their own initiative.

## **Satisfaction with the city and neighbourhoods**

The creative knowledge workers' satisfaction levels with the city are generally high and they place a strong value in their neighbourhood, which seems to affect the overall satisfaction greatly. Particularly the leisure activities and city's amenities received good scores. Also the environmental aspects of the city, such as waste management and levels of pollution, are generally considered good. Public services, on the other hand, raise more discontent; especially the health services and traffic. It is interesting that nearly half of the respondents are dissatisfied with the public transport within the city centre, and one third is dissatisfied with the public health care services. Also traffic congestion and lack of parking spaces were mentioned as somewhat problematic.

The respondents were also asked to express their greatest worries and concerns in the city. The study raised one main concern above anything else – housing costs. Almost all of the creative knowledge workers surveyed thought that housing is expensive and it worried them, even considering that this target group consisted of well-earning professionals. What is particularly noteworthy is that over 20 per cent of the respondents felt that the quality of life in the HMA has gotten worse and the most frequently mentioned reason for this was the cost of housing. The housing consumes a large chunk of people's incomes, leaving less money to spend on other living costs. Many of the respondents felt that they have to live in too small apartments and could not afford the cost of living in the central parts of the region no matter how hard they worked, due to the high costs of housing and living in general in the city. The price of good-quality, owner-occupied housing is clearly seen to seriously threaten the quality of life in the Helsinki Metropolitan Area.

While housing issues raise major concerns, the Finnish creative knowledge workers are still relatively satisfied with their neighbourhoods. In fact, they are more content with their residential areas than with the city as a whole. The Finnish workers choose their place of living primarily according to hard factors: the size of dwelling and cost of dwelling. Alongside these quite typical location factors, the neighbourhood atmosphere and availability of private open space seem to have an immensely important role in the choice of neighbourhood. Of the other hard factors, closeness to services and proximity to public transport are significant. Interestingly the nearness to entertainment and leisure facilities is generally not important, and only 14 per cent of the respondents thought that closeness to city centre is very important. This supports the notion that Finnish creative knowledge workers do not value the "buzz" of central locations as highly as is often expected in the international discourse on creative workers. Instead, the Finnish creative knowledge workers seem to be highly attached to their neighbourhood and value its attractive environment and privacy.

It appears that the soft factors are in general more important in the migration decisions within the city than when choosing to move to the region in general. The creative knowledge workers in the HMA look for quality of life in their neighbourhoods, which is where they spend most of their spare time outside work. It also seems that different soft factors are considered attractive than in really large, bustling metropolises, with a large supply of leisure and entertainment amenities and a vibrant urban culture. The Finnish creative knowledge workers appreciate soft factors such as closeness to nature, space, tranquillity and quality of housing.

All in all, not much difference can be found in the values and orientations of the creative workers and the knowledge workers. The theoretical assumption, following Richard Florida's argumentation, was that they would have different preferences and lifestyles, but in the case of Helsinki they were very similar. However, one of our target groups – the creative graduates – stands out as a special case in many regards. Due to the sampling strategies this group happened to consist of workers from “*highly creative*” fields, such as graphic, clothes, textile and interior design. In this study they demonstrated characteristics often associated with the “creative class”. The “highly creative” workers had chosen inner-city residential locations, were clearly more often self-employed or free-lancers and had more varied working days than the other groups. This group also valued some soft attributes, mainly the city being open minded and tolerant, clearly more often than the rest of the surveyed. For this group it seems that the inner-city locations and the factors associated with urban “buzz” are more than just lifestyle preferences: they are an integral part of the core of business and affect the competitiveness of the highly creative industries. For example, the business locations need to be urban in order to be close to the potential clients, after work parties are often important places for business networking and finding employment opportunities or employees, and the urban image might be an integral part of the business as a whole. Thus, some of the soft factors can in fact be “hard factors” – factors influencing economic success and competitiveness – for the highly creative workers.

#### **Finnish creative knowledge workers**

- The most important factors motivating the decision to stay in or migrate to the HMA were hard factors or personal trajectories, mainly employment opportunities, current job and closeness to family and friends.
- More than half ranked the most important factor, good employment opportunities as one of the four most important reasons for living in the region, and almost as many ranked the presence of family as high.
- Soft factors were of more importance when choosing a neighbourhood or assessing general satisfaction with the city, although 70 per cent of the respondents also mentioned at least one soft factor in the top four attracting factors.
- Satisfaction with the city was generally high. One of the most significant features in the satisfaction was the neighbourhoods: they were highly valued and contributed greatly to overall satisfaction.
- The “highly creative” group had a more urban orientation than the respondents in the knowledge intensive fields, but in general all respondents had relatively suburban orientation with low mobility in their housing choices.
- The most noticeable concern raised in the HMA was the cost of good quality housing.

### 3.1.2 Managers

For this part of the study, we interviewed 17 company managers in selected creative or knowledge intensive industries in the HMA. The interviews were complemented by three expert interviews. The purpose was to identify the factors motivating creative knowledge companies to establish themselves in the city. The managers represented three industries: 1) “innovative” software; 2) film, video, TV and radio; and 3) business and management consultancy.

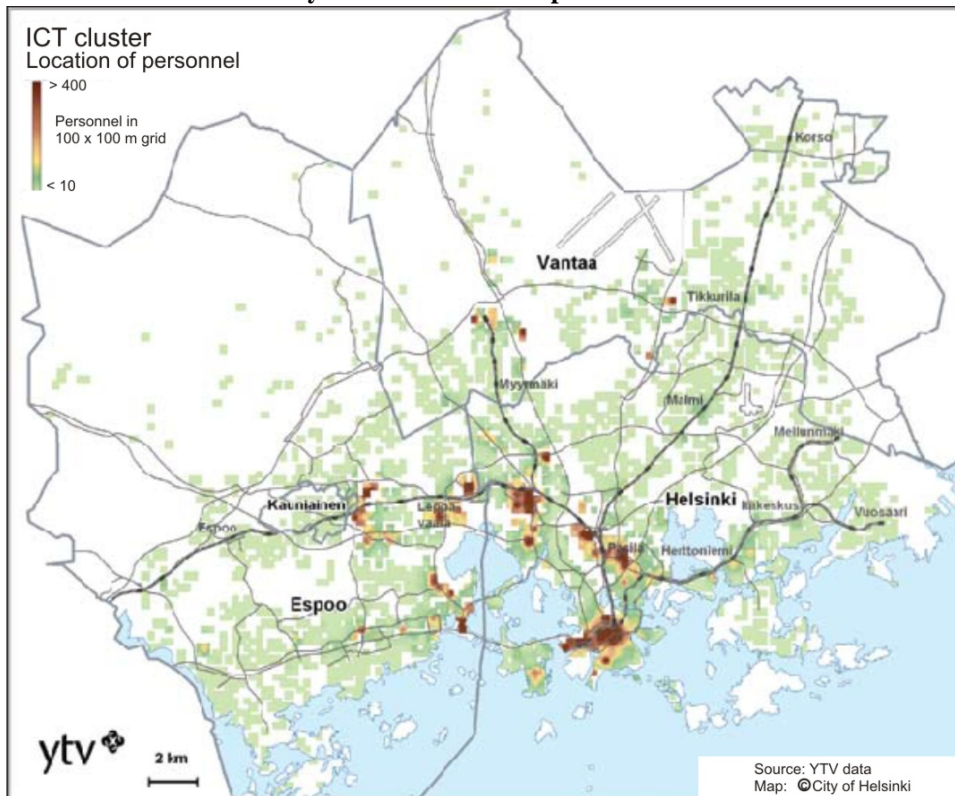
#### **Reasons to locate in the Helsinki Metropolitan Area**

In the managers’ interviews it became obvious that Finland is a small country for creative and knowledge intensive fields, and the HMA is often the only choice of location in Finland for creative knowledge companies. Our study also shows that the economic sectors we have chosen for this study are proportionally more heavily clustered into the capital region than companies on average, and it seems evident that companies in creative and knowledge intensive industries are particularly eager to settle in the HMA.

In the location decisions of the creative knowledge companies, the supply of skilled labour force is the factor emphasised most by the company managers. In the knowledge-intensive fields, the skilled employees and the intellectual capital they form are seen as the most valuable asset – even the only true asset – of the company. Interestingly, also the internationally oriented companies were dependent on recruiting locally, even though most of their other networks were international. Besides the labour force, other hard factors emerge as dominant reasons for location decisions, alongside personal reasons such as being born or having studied in the region. The economic sectors chosen for this study were very different from each other, and thus had varying location demands according to the size of the companies and time they have been in business. Besides sharing the need for skilled labour force, the clients being located in the HMA was another frequently stated reason for operating from the region, particularly among consulting companies. Other important hard factors affecting the location of the company were infrastructure and accessibility.

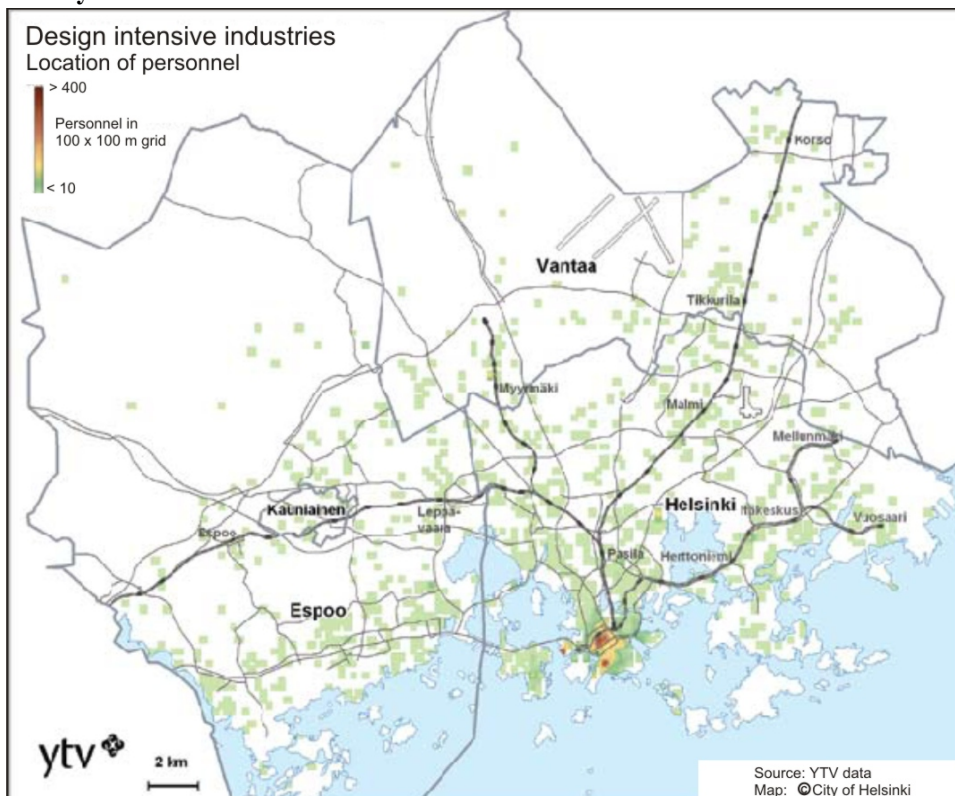
Clustering close to each other *regionally* in the HMA or *locally* in a certain part of the HMA is an important feature for many creative knowledge companies (Figures 3.1 and 3.2). The regional cluster advantages were particularly well exemplified by the film and TV industry, where both the specialised labour and the companies flow to the HMA. This in turn helps both employers and employees, often freelancers, to find jobs and labour respectively, as well as the needed equipment, studios and other facilities. In this industry, as well as in many other creative or knowledge intensive industries the whole business is in Helsinki. The location of the companies belonging to the ICT (Figure 3.1) cluster and the design intensive fields (Figure 3.2) also helps to explain the similar housing pattern of the surveyed workers. For these workers, good and fast transportation links between their working place and home are often of very high priority, since the working days are long and extensive travel time is an obstacle for both the work and family life.

**Figure 3.1 Location of businesses within the ICT cluster. The companies have an orientation towards the city centre and western parts of the HMA.**



Source: Pääkaupunkiseudun yritysraportti, YTV

**Figure 3.2 Location of design intensive businesses. The orientation is strongly towards the city centre.**



Source: Pääkaupunkiseudun yritysraportti, YTV

Our results suggest that hard factors and personal trajectories are generally most decisive for creative knowledge companies' location in the HMA. Soft location factors, such as the atmosphere of the city were often regarded more as a valued bonus than a decisive influence. However, the "highly creative" group stands out somewhat in this respect, as it also did in the case of the creative knowledge workers (see chapter 3.1.1). It seems that the "highly creative" industries operate in a way that emphasises the soft factors' role for the economic success and competitiveness of the business. For instance, in film and TV, the soft factors and the urban orientation are closely tied to the necessity of staying close to clients, workers and clusters. Thus the soft factors influence decision-making heavily despite the fact that managers often stated hard, classic motivations for company location choice. Hard factors naturally carry a lot of weight in this group as well, and even if the manager and staff value a diverse atmosphere and urban culture, location choice is also heavily affected by harder factors such as the cost of office space or accessibility.

Regarding the personal trajectories, our study revealed that many business location decisions are in fact based on personal grounds rather than relying first and foremost to hard or soft factors or the positive clustering effects. Most of the company founders were born, had family or had studied in the capital region, and they claimed these aspects to influence the decision to start a company in the region. This was also true when choosing the location within the city, particularly when the company was not located in the city centre. Many companies were established close to where the founding manager lived or where they had previously studied. For example several managers who had graduated from the University of Technology in the western part of the region had their office in the cluster close to their former university, whereas the University of Helsinki graduates operating in the same field of business were often located in the city of Helsinki. Thus, family ties and personal trajectories seem to be a relatively important and perhaps a somewhat neglected factor to take into account when investigating location patterns of small to medium size companies. According to the interviewed managers, this factor is important in the location decisions between cities as well as within a particular city region.

### **Satisfaction with the city**

Most company managers were quite satisfied with their location in the HMA. Reasons for satisfaction were cluster benefits – for knowledge, business networks, employees and customers alike – of being geographically concentrated in Helsinki, low hierarchy in business, a highly organised city and the support and investments of the local government. However, according to the managers, there are also some obstacles for the future of a competitive knowledge city. Our results suggest that the problems are two-level: structural and cultural.

One of the most frequently mentioned structural obstacles by company managers was the supply of skilled labour force, which is tied to the lack of reasonably priced, high quality housing. As noted earlier, the existence of good labour is main reason for locating in Helsinki and the intellectual capital formed by the skilled workers is seen as the most valuable asset of the companies. The managers in all sectors were worried about the small talent pool, as well as to some extent about the quality of the education in Finland. The structural obstacle that was lifted above all other mentioned obstacles was the housing situation, which is a key factor

for the existence of labour force. From an international perspective the standard of housing in Helsinki is low both quantitatively and qualitatively, although the price level is high.

The problem of unsatisfied housing needs of the employees is emphasised in both the suburbia and the city centre, according to the difference in residential preferences between the “technical innovators” and the “highly creative” workers. Firstly, the skilled experts with technical and knowledge-based backgrounds value spacious living in a single-family or at least a semi-detached house close to nature. Thus, they are looking for spacious, high-quality homes usually in the suburban areas, where they have space for their hobbies and outdoor activities. The second part of the housing problem is the lack of reasonably priced apartments in the centre of the city. The “highly creative” workers attach great importance to being close to the buzzing urban life and to the urban business environment. Finding an apartment in the centre, particularly for a family with children, is currently very difficult. It is clear that the housing needs of the skilled people are not met, and the company managers feared that this might threaten the future success of the industry.

Another important structural condition that raised concern was, slightly surprisingly, the lack of parking space within the HMA. Many of the business managers and employees are highly mobile and dependent on the use of private cars. The question of parking space came up in all the studied fields, but was a problem especially in the most creative of the fields, the film industry, which is heavily concentrated in the crowded city centre.

A whole different set of challenges for the Metropolitan Helsinki to be a competitive, innovative and creative city is what we can be called cultural obstacles. The managers were often negative about the atmosphere in the city towards entrepreneurship and success. Helsinki and Finland in general were not considered to be very encouraging for an entrepreneur. The obstacles mentioned were for example jealousy, negative attitudes towards “standing out from the crowd” and the taboos associated with economic troubles or failure to succeed in the business. Many managers wished for a more positive attitude towards creating one’s own business, a more open atmosphere towards new ideas and more appreciation for success in general.

A part of the mentioned obstacles for success had both structural and cultural elements. For example, the egalitarian society model was also said to bring with it some negative consequences for competitiveness. Besides the heavy taxation associated with Northern welfare states, it was, stated that due to the egalitarian ethos, top talents are not valued or taken care of. In addition, the attitudes towards culture in the HMA were not considered very positive. It thus seems that a major challenge for the policymakers and the City of Helsinki is to find a way to combine a creative atmosphere, new openness to success, a well-functioning and organised city and functioning welfare policies.



### **Managers in the Finnish creative knowledge industries**

- Finnish managers stressed Helsinki’s particular national importance, international accessibility and its versatility of economy and cultural life, claiming it “the only place to be”.
- Hard factors dominated as drivers of location decisions. The availability of highly qualified labour force was ranked as the highest motivating factor, and closeness to customers and other companies were also of great importance.
- In the “highly creative” field, the diverse atmosphere and urban culture were valued more than in the knowledge intensive field, which can be explained by the inner logic and traditions of business-making and clustering in the creative fields.
- Personal trajectories were of high importance also in the group of managers. Most of the company founders were born, had family or had studied in the region. Also the orientation within the region was affected by the personal trajectories of family history and place of education.
- The single greatest concern in the region was the high cost of housing, which the group professed to threaten economic success through the lack of skilled labour force – the primary asset of the creative knowledge companies.

### *3.1.3 Highly skilled migrants*

To investigate the attractiveness of the HMA from the perspective of the highly skilled transnational migrants, we conducted guided, semi-structured interviews. In total 25 migrants working in selected creative knowledge industries were selected. In addition, we conducted 5 interviews with experts on migration issues in Helsinki.

### **Reasons to live in the Helsinki Metropolitan Area**

In the location decisions of the high-skilled transnational migrants, two factors were above all others: employment and following a partner. The personal reasons weighed heavily in the group even though we tried particularly to find interviewees who would have made the migration decision otherwise than by following a (Finnish) partner into the HMA. The importance of the hard factors and personal trajectories resembles the case of the Finnish creative knowledge workers: career-related reasons, as well as personal trajectories were the main motivators for moving to Helsinki in both groups. Besides the current job and family the presence of quality universities with no semester fees were mentioned most often as the main reason for migrating. However, from the perspective of the general attractiveness of Helsinki, it is significant that very few of our interviewees ranked the employment opportunities in the city as the first or second reason for migrating. It appears that the employment opportunities were not viewed particularly good in the European comparison. Many of those who did not have a prearranged working position when arriving to the city felt that searching for a job in

the HMA was difficult, especially because of the language barrier and prejudices against foreign employees.

The soft factors did not seem to have a decisive role in the migration decisions to the region. Of the most important factors mentioned, safety for children and proximity to nature are the only ones which could be considered soft. One explanation for this observation might be the fact that HMA is virtually unknown abroad, and Finland in general is mostly known for Nokia and the ICT industry. The soft, quality-of-life factors are poorly recognised outside the national borders. When migrants decide to move to Helsinki, the attraction is built upon personal and family reasons or relatively hard factors associated with realistic career opportunities. Social networks other than one's own partner do not seem to play an important role in migration, for example through chain migration, since migrants rarely know anyone from the country. This can be explained not only by the small size and peripheral location of the HMA, but also through the short history of labour migration into Finland.

However, both the soft factors and social networks are much more relevant as retaining factors. Our interviewees considered many soft factors as strengths of the city, contributing greatly to their everyday satisfaction. Safety, cleanliness, the human scale of the city, nature and people's good English skills received positive remarks. These made a difference in how they settled into the city, and when they made a decision to stay or leave.

The fact that Helsinki is not well known abroad came up in our frequently in the interviews. Several migrants reported that they had no previous knowledge of Finland or Helsinki before moving. When there was some knowledge beforehand, it was usually related to the reputation of the migrant's sector of work – especially in the field of ICT – or to the northern location and cold climate of the country. The Scandinavian welfare state was also mentioned a couple of times. The vague image of Helsinki can generally be considered as a negative feature for the competitiveness of the region. The “empty image” seemed to be appealing only for those looking for an “exotic adventure” or a leap into the unknown.

### **Using the city**

Our results show that use of the city and the consumption patterns vary according to the migrants' attributes, particularly the life stage. Like in the case of the Finnish creative knowledge workers, transnational families with children generally spend their free time differently than young singles and childless couples. Most of the interviewees with children spent most of their spare time at home with their families or doing child-friendly activities often outdoors and closer to their suburban homes. They visited the city centre mostly when going shopping or for an occasional dinner or a night out at a restaurant.

Singles and childless couples on the other hand were generally more active consumers of culture and entertainment in Helsinki. Their consumption patterns were also more city centre based. Most of them visited the city centre regularly in their spare time, even if they did not live there. Many migrants were quite satisfied with what the city offered, commenting it to be good especially considering the relatively small size and cold climate of the city. Those who had been in the city for a longer time said they could see the city changing and becoming much more lively and international.

Migrants occupied in “highly creative” fields such as design and music generally attended cultural events more often, had more city centre based lifestyles and valued soft location factors more than ICT workers – resembling the division within the Finnish workers. The “highly creative” transnational migrants also paid more attention to issues such as city atmosphere and diversity and often claimed Helsinki to be somewhat lacking in this respect. Of all the groups studied, this group had lifestyles and consumption patterns closest to that of the “creative class” described by Richard Florida. All and all, the Finnish and transnational workers shared most of their characteristics. The “highly creative” individuals stood out in both groups, while the majority of the creative knowledge workers in the HMA lived a more suburban life, where the lifestyle and residential patterns were very close to each other regardless of the national versus international background.

### **Satisfaction with the city, housing and neighbourhoods**

Once they have lived in Helsinki for a while, the migrants were fairly satisfied with the city as a place to live and work. One of the main assets of the HMA was seen to be its well-functioning and organised infrastructure with good public transportation and easy bureaucracy. Even the taxation, which is often considered high in international comparison, was generally seen as justified through the good quality of the infrastructure, social cohesion and the welfare services offered. In addition to often mentioned hard factors, the soft factors seemed to play an important role in the satisfaction felt towards the city in general. The migrants were particularly pleased with the city’s safety, cleanliness, size, peoples’ English skills and proximity to nature. As mentioned before, the soft factors seem to act more as retaining factors or perceived strengths of the city rather than as attracting factors.

The study showed that the housing market is a major challenge also for the transnational migrants. The problem was experienced to be a mismatch between the price and quality of housing. The availability of reasonably priced and high-quality rental apartments was deemed poor. Available housing was often perceived costly, especially considering the level of wages in the city and the small standard size of the apartments. Even an interviewee from the crowded Tokyo commented on her feelings when seeing the one-room flat offered to her:

*“Well the company had actually rented a flat for me, but it was an 18 m<sup>2</sup> apartment, and even if I come from Tokyo, that was still like- [...] ‘What?! You’re expecting me to live here?’”*

[Interviewee 22, marketing and business consultancy]

Among the migrants, renting a home is popular due to the temporary nature of living in Finland. The problems are intensified by the fact that the housing market functions mainly in Finnish. There also seems to be some degree of prejudices towards foreigners among the landlords. Besides the lack of employment opportunities and access to social networks and housing, the problems named by the migrants had to do with features that cannot easily be changed, such as the small size of the city and cold and dark northern climate.

Much like the Finnish creative knowledge workers, the migrants too seem to appreciate the neighbourhood highly as a significant location of their everyday life. This makes the characteristics of the residential areas especially important. Interestingly, the transnational migrants’ residential patterns are very similar to those of their Finnish counterparts. A

majority of the interviewees lived in the suburban areas of Helsinki and only eight of the 25 interviewees in the city centre. This is in line with international research results that highly skilled migrants tend to make similar residential choices as the corresponding native socio-economic group. It also relates to the location of the migrants' workplaces: they were usually in the inner city area or in the western parts of the area, as showed in figures 3.1 and 3.2 in the previous chapter.

Despite the similar residential pattern, the transnational migrants appeared to value slightly different neighbourhood characteristics than their Finnish peers. The soft factors, such as the social atmosphere and the quality of neighbourhood were valued even higher. Access to public transportation and (international) schools are also deemed more important among the foreign-born highly skilled workers. The public aspects of the neighbourhood also ranked higher. The transnational migrants valued the access to public green spaces, while the Finnish workers placed noticeably more importance in private green spaces. The high value placed on the neighbourhood and the amount of time spent in the home or the surrounding neighbourhood raises concerns over the dissatisfaction expressed towards some features of the neighbourhoods in the HMA. Especially the quality and diversity of the neighbourhoods was deemed poor, and the architecture was often considered dull and monotonic. The expert interviewees described the complaints received from the transnational group by saying that transnationals often comment on the cramped feeling in the neighbourhoods and the fact that they *“don't see any differences in the new housing stock, they say that it all looks the same”* (Henni Ahvenlampi, relocation advisor, City of Helsinki).

### **Labour market and the social networks**

All in all our study shows that one of Helsinki's greatest challenges in attracting foreign talent is the relatively thin labour market, especially outside the most internationalised ICT cluster. The employment opportunities in the area are generally not perceived to be very good. Of all the 25 respondents, 15 had a prearranged work position when they arrived. The rest (excluding the students) did not have a job when they came, and were faced with the arduous task of finding one. The creative workers in our sample involved in music and design were more often freelancers and had worked in several temporary jobs. According to the interviews, the labour market in the creative fields looks particularly narrow in the HMA. The region offers more possibilities for knowledge intensive workers, particularly in the field of ICT. This sector is still far from unchallenged, as many of the career oriented highly skilled workers are used to change jobs at frequent intervals, and this was not claimed to be easy even within the ICT sector. The current culture of high mobility within the working career would require the city to have a “thicker” labour market (see Florida, 2000).

One of the major obstacles in finding work was the tightly knit professional networks. One of the most significant findings of this study was the importance of – and problems with – social networks for the career possibilities and settling in the city. The professional networks in the HMA are tightly-knit and reportedly difficult to access, and this, along with the language barrier, weakens the migrants' professional opportunities as well as their everyday satisfaction. The impermeability of the Finnish professional networks may imply that the need for internationalisation of the innovation system has still not penetrated the strategic thinking

at all levels, and the professional circles are not thoroughly aware of the need to attract – or the way of attracting – foreign talent.

The private social networks were also experienced somewhat challenging for the migrants, due to the private nature of Finnish social life and the relative lack of migrant networks. Newcomers in any city can feel alone, but according to our interviewees creating a social life in Helsinki was hard by any comparison. Finns are generally considered relatively quiet and there is a tendency to value old friendships. The migrants made social contacts in various ways: mainly through a Finnish partner, at the work-places or in the case of some, through different associations or clubs.

According to the interviews, the Finnish skills appear to be another problem in the labour market of the HMA. Not being able to speak the local language is the main reason for the difficulties in finding a job. The interviewees viewed the language requirements even ridiculously tough, without real justification from the point of view of the actual work tasks. It also seems that there are some negative attitudes and prejudices among the employers to hire a foreign person, perhaps through a lack of understanding the importance of internationalisation. Many of the migrants had also noticed that most of the hiring into new positions takes place through the above mentioned existing networks instead of open advertisements, and not getting access to these networks or “the inside information” makes finding a job difficult.

Offering a competitive salary is an important way for attracting foreign top experts to a company. However, Helsinki and Finland cannot successfully compete with most other European metropolises in terms of wages, also due to relatively high taxation. Perhaps quite surprisingly, the interviewed migrants were mostly very positive towards the welfare state system and thought the high income tax levels justified through the high quality and attainability of public services.

Attractive features of the Finnish workplaces were deemed to be a relatively relaxed working culture and a more stress-free working life, which allows for leisure activities and more time for family and friends. The low hierarchy in the places of employment and the professional life in general was also considered positive.

### **Staying or leaving**

What makes highly skilled migrants stay in Helsinki are first and foremost social and emotional ties, once the access to social networks has been gained. Migrants who had been in the city for a longer time had created close social ties: friendships, partners and families. About half of the interviewed migrants wanted to stay in Helsinki. This was linked to the stage in life-course. Most of the ones wanting to stay had a family in the city: only one of the ones proclaiming a wish to stay did *not* have a family in Helsinki. People tend to become more settled with age and the growth of the family, and it is not easy to start all over again somewhere else. Besides family reasons, the position gained in the labour market also has an effect. As one interviewee expresses the logic of staying:

*“So I’m not definitely considering to move, now that there is quite strong roots built up, having a family, having a house, having a quite long career in a Finnish company [...]”*

[Interviewee 6, ICT]

Most of the migrants had adjusted relatively well into life in Helsinki, even those who had had a culture shock in the beginning. Still, those who had stayed a shorter while or who were in Helsinki on a fixed contract for a few years have not become as settled as those who have stayed for longer. It is clear that some of the interviewed migrants represented the mobile “global nomads”, whose stay in the city where they work is temporary.

In Helsinki, the importance of place-related or soft factors seems to be more relevant for retaining the highly skilled migrants than attracting them to the city. Job and career advancement are the primary drivers for the migrants to come to Helsinki. Our study suggests however, that when it comes to staying in Helsinki, social relations, personal trajectories, and perhaps also to a certain extent place-specific quality of life factors come to play a more important role. Helsinki’s strengths are particularly the safety, high standard of living, and being a small-scale metropolis. These features are attractive particularly for migrants later in their life-courses, often with families.

In addition the significance of existing job opportunities cannot be underestimated. There has to be enough possibilities to advance in the career and change employment positions within the sector the migrant is employed in. Technical fields, particularly ICT, offer the most opportunities for foreigners, but even these highly internationalised fields still have very few transnational workers compared to the level of overall internationalisation of the business functions of the companies. According to the interviews, the city needs to develop in opening up for the transnational talent in all fields of employment.

#### **Highly skilled transnational migrants**

- The drivers of location decisions were in their general aspects similar to the Finnish peer groups’ motivators: hard factors, mainly good job offer, and personal trajectories, mainly family reasons, dominate the decision to migrate. Chain migration or pre-existing social relations outside family relations did not play a significant role in the case of HMA.
- Soft factors played a role mostly as retaining or repelling factors, and they also had an important role in the choice of neighbourhood.
- The neighbourhoods were valued in some respect even more than in the Finnish group, and social aspects of both neighbourhood and everyday life, or soft factors in general, were stressed slightly more.
- The housing pattern within the city resembled closely the Finnish peer groups’ pattern. The orientation was mostly suburban, although the “highly creative” subgroup had the most urban lifestyle in the study.
- The greatest concerns were accessibility of social networks both professionally and privately, employment opportunities, language problems and low availability of reasonably priced, good quality housing in both rental and owner-occupied sectors.
- The employment opportunities were seen as lacking especially outside the most internationalised field of ICT.

### **3.2 Factors underlying the orientations and preferences – Similarities and differences**

This chapter aims at combining the separate orientations of the three target groups and assess them in relation to each other. The main questions in this section are: What are the target groups' perceptions on the city, and how do these perceptions relate to one another? What are the target groups' most important congruent and divergent opinions on Helsinki?

Our findings regarding the factors influencing the decision-making of the target groups are summarised in Summary Matrix 1. The matrix summarises the typical attraction and retaining factors for each target group in the HMA. In the matrix, the weight is on the role of different factors, not on the behaviour of target groups, which has been investigated in the earlier stages of the project (WP5-WP7). As the creative and knowledge intensive workers and firms do not show particularly differing aspects to the city, they have not been differentiated.

After presenting the main attracting and retaining factors for the target groups, we concentrate on essential themes relating to the city region and the target groups, keeping focus on the hard and soft factors and personal trajectories. How do the target groups view the city in comparison with each other?

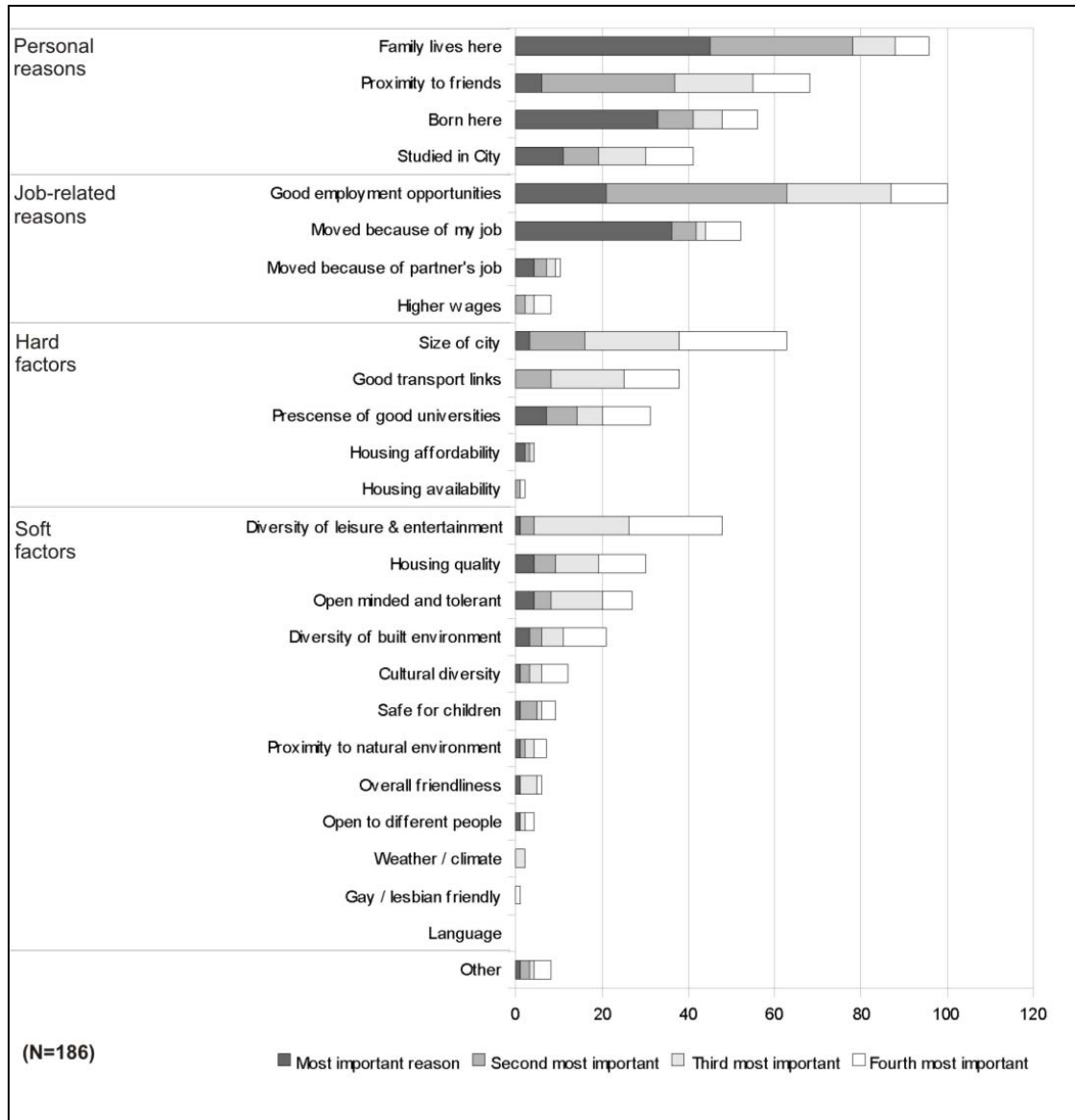
	HARD FACTORS		SOFT FACTORS		PERSONAL TRAJECTORIES	
	Attracting	Retaining	Attracting	Retaining	Attracting	Retaining
EMPLOYEES	Employment (job offers, career opportunities)	Employment (job offers, career opportunities)	Quality of life (diversity of leisure and entertainment)	Quality of life (diversity of leisure and entertainment)	Born here	Born here
	Education and study (universities, higher education)	Social infrastructure (welfare services)	Tolerance, acceptance of diversity, openness	Tolerance, acceptance of diversity, openness	Family reasons	Family reasons
		Technical infrastructure (transportation networks)		Attractive residential environment (housing quality)	Studied here	Studied here
			Followed partner		Social networks (private and professional sphere)	
MANAGERS	<b>Skilled labour force</b>	<b>Skilled labour force</b>	Quality of the environment (cultural milieu, image of the city)	Quality of the environment (cultural milieu, image of the city)	<b>Born here</b>	<b>Born here</b>
	<b>Clients</b>	<b>Clients</b>			<b>Family reasons</b>	<b>Family reasons</b>
	<b>Working conditions (clustering)</b>	<b>Working conditions (investment, clustering, low hierarchy)</b>	Attractive residential environment (housing quality)	Tolerance, acceptance of diversity, openness	<b>Studied here</b>	<b>Studied here</b>
	Education and study (universities, higher education)	Education and study (universities, higher education)			Relatives, friends live here	Relatives, friends live here
	International accessibility and city's position in urban hierarchy	International accessibility and city's position in urban hierarchy			Social networks (professional sphere)	Social networks (professional sphere)
	Technical infrastructure (organised city)	Technical infrastructure (organised city)				
			Social infrastructure (welfare services)			
TRANSNATIONAL MIGRANTS	<b>Employment (job offers)</b>	<b>Technical infrastructure (public transportation, working bureaucracy)</b>	Quality of the environment (image of the city, locals' English skills)	Quality of the environment (size of city, cleanliness, nature, locals' English skills)	<b>Followed partner</b>	<b>Family reasons</b>
	<b>Education and study (universities, higher education)</b>	Social infrastructure (welfare services)			Quality of life (safety)	Social networks (professional sphere)
		Employment (career opportunities)				



3.2.1 Reason to locate in the Helsinki Metropolitan Area

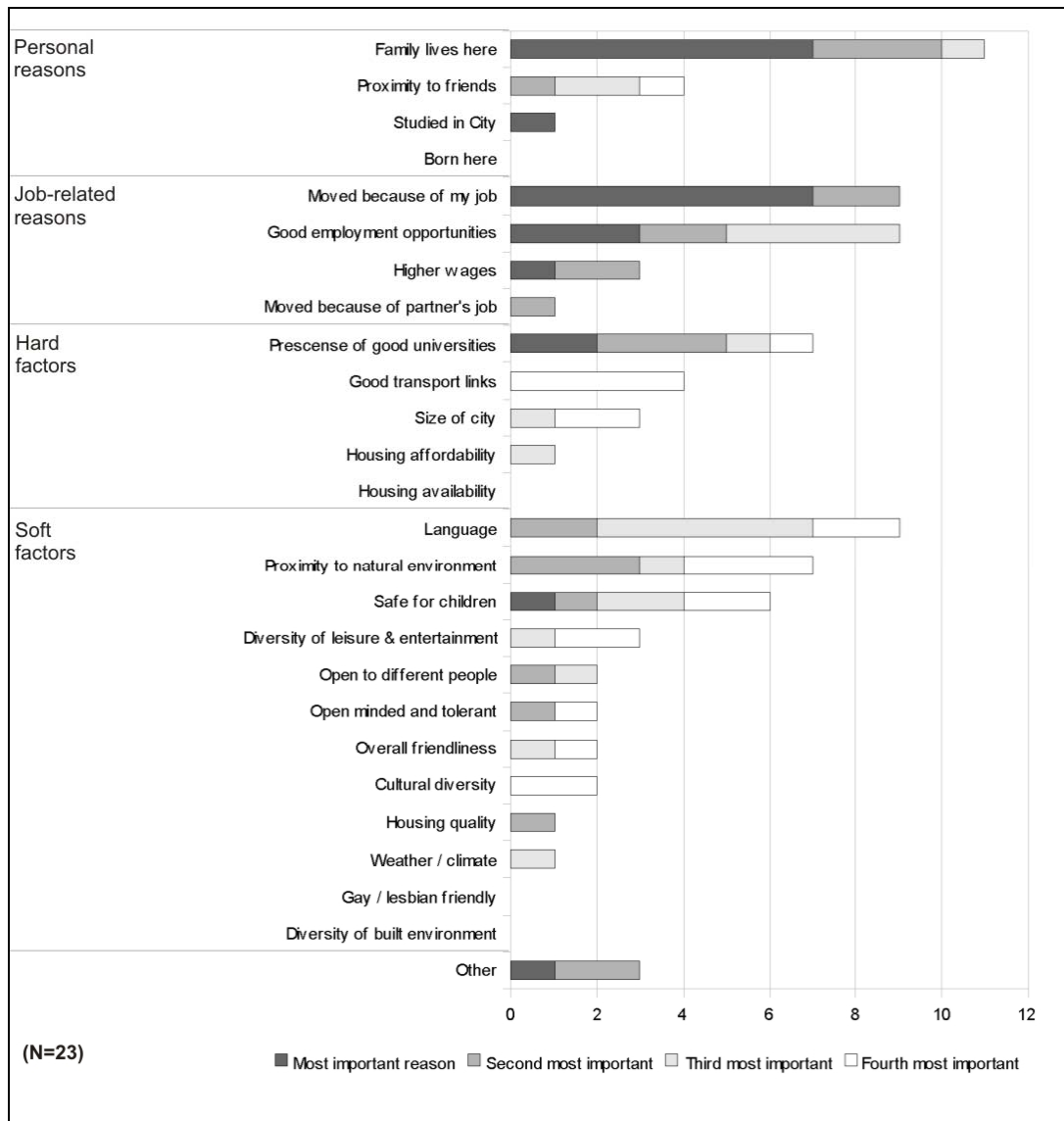
When considering the creative knowledge workers' reasons to live in the HMA, we can conclude that both Finnish and foreign workers stress work-related and family-related factors. Using the ACRE scheme of factors, these motivators are classified as hard and personal factors (Figures 3.3 and 3.4).

**Figure 3.3 - The Finnish creative knowledge workers' four most important reasons for living in Metropolitan Helsinki**



Source: Kepsu and Vaattovaara, 2008a

**Figure 3.4. The highly skilled migrants' four most important reasons for living in Metropolitan Helsinki**



Source: Kepsu et al., 2009

From the point-of-view of the Finnish workers, the capital city offers the best employment opportunities when considering the amount of jobs, presence of prestigious companies and level of salaries in the national context. For the highly skilled transnationals evaluating the region from an international perspective, the region appears to offer good employment opportunities in specific sectors, namely the ICT and higher education. Some creative sectors, such as design and music, do not offer great employment opportunities, but are prestigious and work as pulling factors for people coming from abroad. Besides the dominant status of hard factors, the figures 3.3 and 3.4 show that the transnational group has generally assessed soft factors somewhat higher in the ranking. Especially closeness to nature and safety are often placed among the four most important factors for settling in the area, although hard factors and personal trajectories dominate the decision-making.

When considering personal trajectories, the significant feature in the case of the Finnish creative knowledge is that their families and friends live in the HMA, and that nearly half of them are born in the region. In addition, many have studied in the region and thus have established professional networks. In the case of skilled migrants, the personal reasons mostly mean that their spouse or family lives in the city. More specifically, the migrants followed their partners, who were mainly Finnish, to the HMA. Following the partner was tied to knowledge of employment opportunities in the area, and it could be argued that no-one in the sample made the decision to move without assessing the local job markets. There were also a few couples and families who migrated together to Helsinki. In those cases, the primary motives for moving were career opportunities and higher standard of living.

In the case of creative knowledge companies, the hard factors and personal trajectories are also the dominant reasons for locating in the region. The companies value the proximity to their client base, pool of skilled and specialised workforce and the presence of other companies, providing clustering benefits and professional networks. Maybe surprisingly, the personal trajectories of the company managers are also highly important in making the location decision of the companies. Many of the interviewed managers were born, had studied or had family in the HMA and assessed these features very significant.

According to our interviews with Finnish and transnational workers, it appears that the soft factors such as cultural diversity and tolerant atmosphere do not play a decisive role in migration to Helsinki. Of the most important factors mentioned by the migrants, safety for children and proximity to nature are the only ones which could be considered soft. The Finnish experts rated some soft factors, such as proximity to leisure and entertainment or the tolerant atmosphere as more important than the transnational migrants. These differences might be attributed at least partly to different comparisons: the transnational migrants were comparing Helsinki to other major European cities, whereas the Finnish experts made the comparison with smaller, less diverse Finnish cities. However, although not dominant in the decision, the soft factors also seem to have a role in the decision to settle in the region. 70 per cent of the Finnish employees and 85 per cent of the transnational employees mentioned at least one soft factor among the four most important factors.

All in all, we can conclude that hard factors and personal reasons were dominating reasons for all three target groups to locate in Helsinki, but soft factors play an important role in the decision to settle, and especially the decision to stay.

### *3.2.2 Housing situation*

The housing situation in the HMA raised equal concerns in all three target groups. The housing was considered expensive by any standard, and the groups claimed that there are not enough suitable apartments for the varying needs of different groups and life stages. The standard size of apartments was seen as small, and the quality and versatility of the built environment in general received negative assessments. It is also noteworthy that municipal housing was rarely even considered as an alternative to renting privately or buying an apartment. This raises questions about the availability and possible marginalisation of the municipal housing sector in the HMA.

From the workers' perspective, the difficult housing situation was seen as a demotivator for moving to Helsinki. This holds true for the Finnish workers as for those transnational migrants who were aware of the situation beforehand. In the Finnish context, the housing costs are clearly higher in Helsinki than in any other Finnish city. The higher level of salaries compensates the difference slightly, but still 70 per cent of the Finnish survey respondents felt that housing costs are very expensive in the HMA, and nine out of ten respondents were worried about the housing situation.

From the transnational migrants' perspective, the housing costs in Helsinki were proclaimed to be disproportionate to the size or the fame of city. Many migrants had no information on the housing costs before migrating, and they were surprised and even upset when they were faced with the reality. The migrants compared the price rate to their previous experiences in their home countries or other cities where they have lived, and even though our group of interviewees consisted of people with different backgrounds, nearly everyone assessed the housing costs in the HMA expensive. The migrants were also often unhappy with the quality of housing, namely the small size and poor condition of the apartments.

The housing situation concerns the managers of creative knowledge companies as well. The companies' primary asset is their base of skilled workers, and the housing situation the HMA was seen as a threat to the availability of skilled labour force. The housing needs of the skilled workers are not met, and the company managers are worried about the diminishing pool of specialised workforce in the metropolitan area.

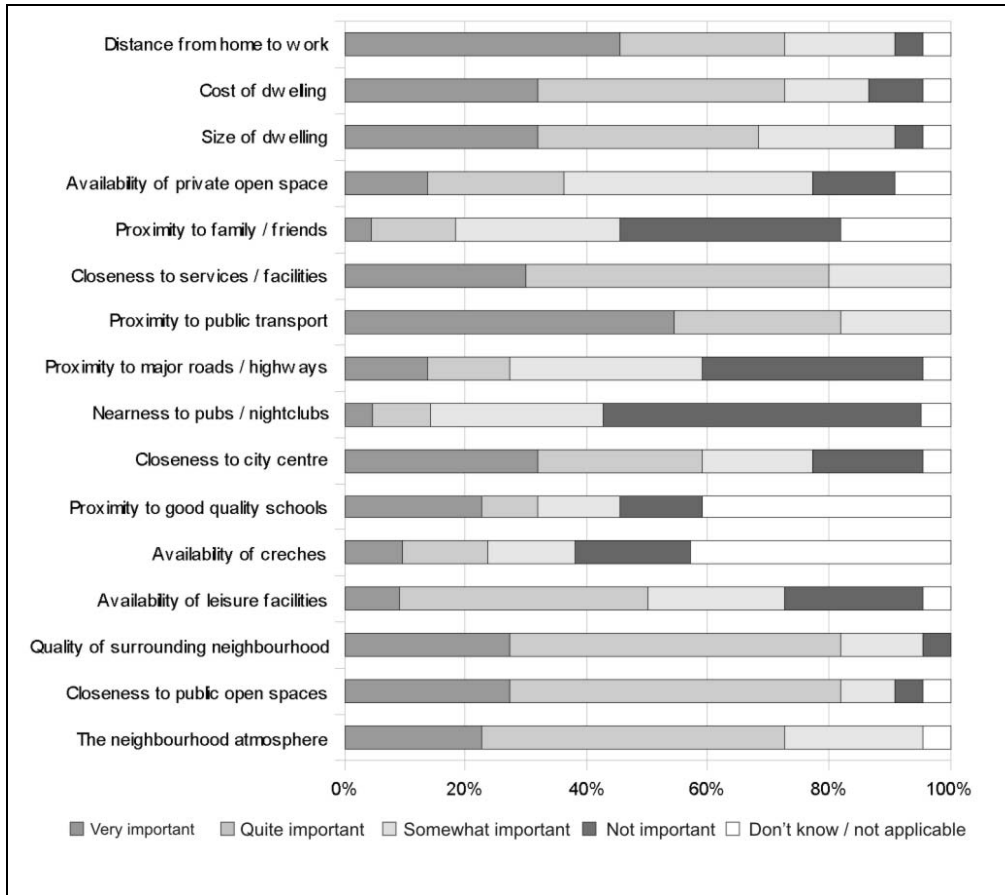
The housing situation is important not just for attracting people to the city, but even more so when it comes to retaining the current skilled workforce. This was the case both when it comes to the Finnish and the foreign-born creative knowledge workers. Creative knowledge workers came to the city for a job or for social relations, but the housing affected settling in, satisfaction with the city and eventually the intention to stay. If the workers in the HMA are unable to find satisfactory homes, or have to pay unproportionally much for them, it might push them away to a place where they can easier attain the quality of life they desire.

### *3.2.3 Neighbourhoods*

Both Finnish and transnational paid a lot of attention to their choice of neighbourhood and were fairly satisfied with their current neighbourhoods. The Finnish workers were actually more content with their neighbourhoods than with the metropolitan area as a whole. For both groups, the soft factors were more important when choosing the neighbourhood than when choosing the city as a whole. The creative knowledge workers appeared to look for quality of living in the neighbourhoods, perhaps as a counterbalance for a demanding work. In Helsinki, these work-oriented people seemed to value the quality of the home and the residential area very highly, and did not very actively look for culture and entertainment. On the other hand, the small "highly creative" workers' group had a more typical urban "creative class" lifestyle in both Finnish and transnational groups, although it was slightly more pronounced in the latter.

The Finnish workers and transnational migrants were asked to rate how important selected factors were when they chose to move to their current neighbourhoods. When comparing these results, some interesting similarities and differences can be found (Figures 3.5 and 3.6).

**Figure 3.5 - The importance of the following factors for the highly skilled migrants on the decision to move to their current neighbourhood**

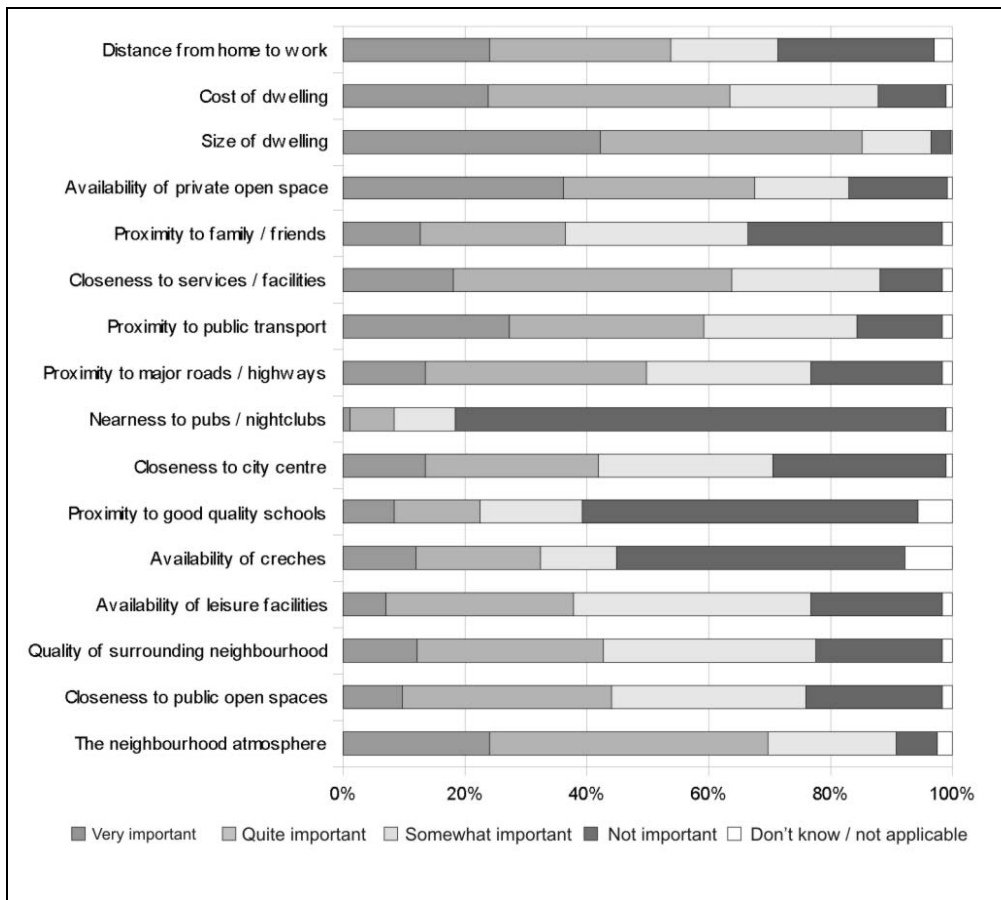


Source: Own data

Overall, closeness to services, availability of public open space and the quality and atmosphere of the neighbourhood were reported as the three most important factors for the migrants for choosing a neighbourhood (figure 3.5). For the Finns, the most important factors were the size of dwelling, the atmosphere of the neighbourhood and private open space (figure 3.6). The transnationals valued the proximity of public transportation, the quality of the neighbourhood, the availability open public space and the proximity of good quality schools notably – also statistically significantly – more than the Finns. Also the distance from home to work is a more important factor for the transnational migrants.

Both groups assessed the rather classical and hard location factors as of major importance in choosing the neighbourhood: the size and cost of the dwelling and the closeness to services. Of this type of factors, proximity of public transportation links was valued noticeably more by transnational migrants. This might be explained by the fact that the transnationals did not own a car as often as their Finnish peers, but it is also possible that environmental attitudes differ somewhat between the groups. The transnational migrants also stressed the importance of the proximity of services more.

**Figure 3.6 - The importance of the following factors for the Finnish creative knowledge workers on the decision to move to their current neighbourhood**



Source: Own data

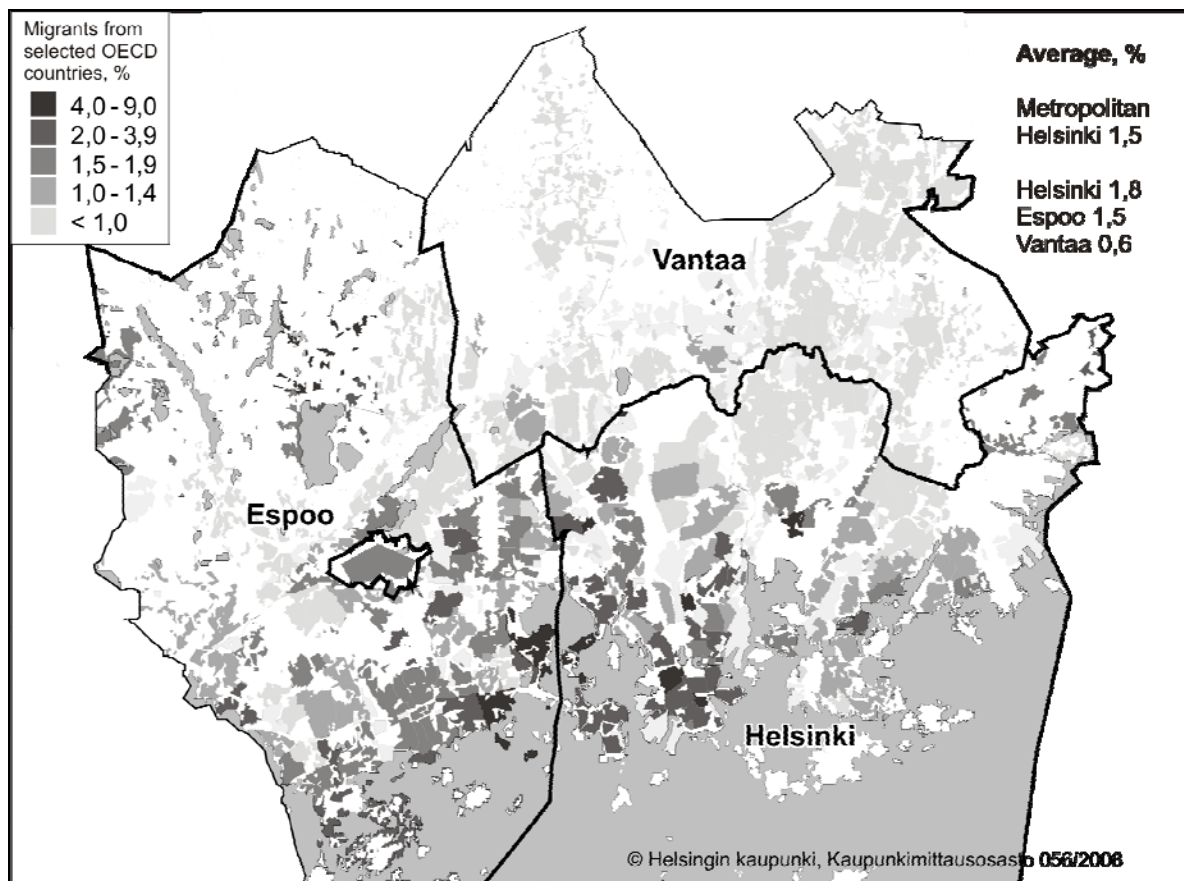
The most interesting differences, however, can be noticed when comparing the groups' assessments of the importance of the softer neighbourhood qualities. While both groups value the atmosphere of the neighbourhood, the transnational migrants value this somewhat more than the Finns. There is a noticeably large difference in attitudes with regards to the quality of the neighbourhood: 80 per cent of the transnational migrants assess this as very important or quite important, while only 40 per cent of the Finns place the factor in either of these categories. The difference in attitudes is exactly the same when asked the importance of public open spaces in the neighbourhood. This finding might be explained by different cultural backgrounds or by the fact that the migrants might be more sensitive to their surroundings in a new and unknown city. Many of the migrants did not know anyone when arriving, and some might also hope to make acquaintances in their neighbourhoods.

In conclusion, the highly skilled migrants emphasised somewhat different factors than the Finnish creative knowledge workers and graduates when choosing a neighbourhood, and the greatest differences can be noticed in factors which could be described as soft. It is interesting to notice, however, that both groups have very similar residential patterns, which follow the general socio-economic residential divisions in the city. It seems that the neighbourhoods which the Finnish creative knowledge workers and graduates value, also satisfy the needs of

the highly skilled migrants in the HMA, although the reasons for choosing the neighbourhoods are somewhat different.

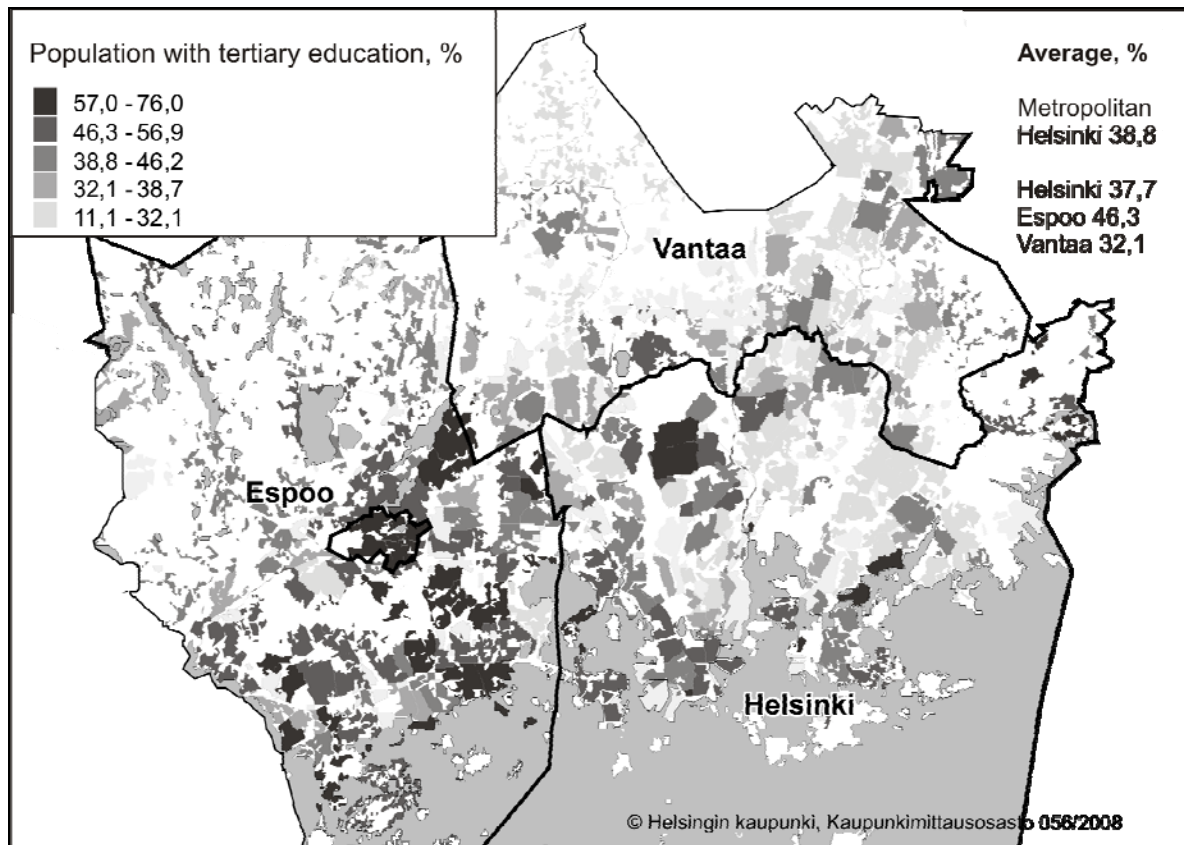
Our finding of similar residential pattern between the international and Finnish experts is confirmed by a larger set of population data. To further examine the residential patterns, we acquired a geographical analysis from the City of Helsinki Urban Facts Centre. The figures 3.7 and 3.8 by Pekka Vuori present the residential pattern of all migrants from selected OECD countries and of the total population with tertiary education. The educational structure and labour market situation in these migrant groups are very close to those of the native population, and in many cases even more favourable. The figures show a strong resemblance between the residential patterns of these two groups, and the residential pattern of migrants of OECD origin differs greatly from the residential pattern of other migrant groups in Helsinki Metropolitan Area.

**Figure 3.7 - Share of migrants from selected OECD countries in the age group of 30-59-year-olds in the Helsinki Metropolitan Area 1.1.2009 (American, British, Canadian, Belgian, Dutch, French, German, Swiss, Austrian, and Irish citizens)**



Source: Pekka Vuori, City of Helsinki Urban Facts

**Figure 3.8 - Share of persons with tertiary education among 20-64-year-olds in the Helsinki Metropolitan Area in 2008**



Source: Pekka Vuori, *City of Helsinki Urban Facts*

This indicates that our finding concerning the residential preferences of the highly skilled migrants appears valid and that it is possible to generalise it to a larger population of highly skilled migrants. Besides the characteristics mentioned above in the case of favoured neighbourhoods, the residential pattern is closely linked to the location of the creative knowledge industries in the Helsinki Metropolitan Area (see Chapter 3.1.2). The structure of the housing market, including the cost, the availability and quality of housing, also affects people's choice of neighbourhoods. Even the majority of the transnational migrants, many of whom initially wanted to live in the centre of the city, eventually chose a suburban neighbourhood.



### 3.2.4 *The importance of hard and soft factors and personal trajectories for creative knowledge workers and companies*

Florida (2002) stresses the importance of soft factors in the location decisions of the creative knowledge workers and companies. However, our results show that soft factors do not play a decisive role as attractive factors for these target groups. Hard factors and personal trajectories are dominant reasons for all three studied target groups when locating in the HMA. When asked about the most important drivers for the decision to settle, the majority of both Finnish and transnational creative knowledge workers mentioned mostly hard factors. Most respondents stressed the importance of employment opportunities and personal reasons, while the company managers valued the existence of skilled labour force, clients, clustering benefits as well as personal reasons.

Although our research does not support the dominant role of soft factors, they are by no means unimportant. Over two thirds of the Finnish employees and 85 per cent of the transnational employees mentioned at least one soft factor among the four most important factors affecting the decision to settle into the area. Especially the Finnish workers seem to appreciate the diversity of leisure and entertainment and the tolerant atmosphere the capital region has to offer. The highly skilled migrants discover many the positive, soft attributes of the HMA after living in the city for a while and value especially safety and proximity to natural environment.

Besides contributing to the decision to settle in the region, the positive soft factors have a more important role as retaining forces, contributing strongly to the creative knowledge workers' decision to stay in the city. The companies also appreciate the diverse and tolerant atmosphere, especially the "highly creative" companies in the film and web design industries. For many companies, the soft factors contribute directly to the quality of the business environment and to their economic success. Both the two groups of employees and the business managers also valued soft factors highly in their choice of neighbourhood or business location within the metropolitan region.

In conclusion, our research shows that soft factors are very significant in three aspects:

- 1) As *retaining factors* possibly making the difference between the decision to stay or move away
- 2) As important factors in the *location decisions within the metropolitan region*, i.e. in the choice of residential neighbourhood or company location.
- 3) As *supporting factors* in the decision to locate in the area – some factors do seem to play a part in the decision to move into the area, although their role seems to be supporting, rather than dominating the decision-making process.

### **Similarities and differences between the target groups**

- In all groups, hard factors and personal trajectories dominated as drivers of location decisions. The employment opportunities or existing job offers were the most important factors for national and transnational professionals, while managers valued availability of labour force and closeness to customers and business clusters.
- Personal trajectories were of major importance in all target groups. Most of the company managers as well as the Finnish professionals were born, had family or had studied in the region. The transnational migrants often followed a partner into the area, but rarely had other pre-existing social ties.
- While being of secondary importance in the decision to locate into the area, the soft factors are important in choosing neighbourhood and in the decision to stay in the region. Particularly the managers and transnational migrants in the highly creative fields valued soft factors and urbanity in their choices.
- The most important attracting soft factors named by the target groups were quality of life and environment, tolerant atmosphere, safety and attractive residential space.
- While the respondents in the highly creative fields had the most urban orientation, all target groups had relatively suburban lifestyles and the transnational migrants' housing patterns followed closely the pattern of their Finnish peers.
- The results stress the importance of attractive neighbourhoods. While being highly mobile in their career, the creative knowledge workers placed a lot of value in their neighbourhood and were strongly settled in their choice of neighbourhood.
- All groups named affordable, good quality housing as one of the most problematic aspects in the region.

## 4 EVALUATION OF THE CITY REGION: ACCOMMODATING CREATIVE KNOWLEDGE

In the previous chapter, we analysed the different preferences and drivers of the location decisions of the target groups in our study. This chapter deals with the strengths and weaknesses of the HMA from the perspectives of the target groups. The main questions are to what extent the area is able to accommodate the wishes of the different target groups, what the development path leading to the situation has been, and how current issues on this are currently being tackled within the political system.

### 4.1 Strengths and weaknesses of the city-region regarding target group perspectives

Based on our work with the three target groups, the national position of Helsinki appears to be unquestionably strong. In the Finnish context, the HMA is the unchallenged capital for all agents in the field of creative knowledge, and practically the only possibility for the most specialised, highly creative sectors such as film making. The metropolitan region houses close to one quarter of the total population and a third of the jobs in the country. In the field of creative knowledge, the region houses about 60 per cent of the software jobs, 65 per cent of film and video jobs, over 70 per cent of television and radio jobs, and the core city of Helsinki alone houses over 40 per cent of all the publishing positions in the country. The other Finnish city regions have not had the necessary momentum to evolve into notable, specialised centers, as is usually the case in more populated European countries. As one of the interviewed managers puts it:

*“We can't imagine being anywhere else [...] Perhaps it's not impossible to operate from somewhere else, but particularly if you want to go international, you have to be in Helsinki.”*

[FilmTV2, interview, 2008]

However, the position of Helsinki is noticeably weaker in the European perspective. The lack of national competition paints a very positive picture of Helsinki in a Finnish comparison, but the city has some severe weaknesses, which affect its international attractiveness in the field of creative knowledge (see also Raunio, 2005). Based on our interviews of the transnational migrants with international experience and specific needs, the most problematic areas are the comparatively thin labour market, difficult language and tight social networks, which are hard to access.

The relative nature of a city's position has to be taken into account when assessing its overall strengths and weaknesses. The target groups, as well as all the individuals, in the study have unique backgrounds, against which they have analysed the characteristics and attractiveness of the Helsinki Region. The Finnish experts and managers are more prone to considering the city within the Finnish context and comparing it with other Finnish cities, whereas the transnational migrants view the region against a broader background. Transnational migrants also have different needs for the city, for example for the language environment and the accessibility of social networks. The varying needs and points of view explain some of the differences in the target groups' assessments of the strengths and weaknesses, but they also render the transnational migrants views often more relevant for the purposes of an international comparison. When assessing the attractiveness of the HMA in the European context, the international perspective on the comparison and the assessment of services and environments provided for transnational migrants are of key priority.

From the point of view of a general assessment of the city it is also noteworthy that not all the differences can be explained by the differing points of view or differing needs for the city. In some cases the transnational migrants are treated differently in the metropolitan area: for example possible negative attitudes towards foreigners concern only the transnational group.

An important point of consideration regarding the strengths and weaknesses is also the life stage of the individual. The needs and perspectives do not only vary by personal trajectories and attributes such as type of employment and international experience, but also by life stage. A young, single migrant, for example, has a very different perspective and needs for the city than a migrant with a spouse and children. The life stage affects both the value attached to specific factors, i.e. whether the factor is assessed important or less important, and the assessment made on the quality of a factor. For example, single households and families tend to use the cultural and entertainment facilities very differently, and their assessments on the importance of these services as well as their notions of the quality of the services can vary greatly.

Based on our target group studies, the strengths and weaknesses – or the state of different attracting and retaining factors – of the HMA can be summarised as follows (table 4.1):

**Table 4.1. The strengths and weaknesses of the HMA from different target group perspectives. The performance of the city with regards to factors is assessed as “strong”, “medium” or “weak”**

Group		Codes
1 Finnish employees	creative	1A
	knowledge intensive	1B
	graduates	1C
2 Employers/managers	creative	2A
	knowledge intensive	2B
3 Transnational migrants	creative	3A
	knowledge intensive	3B

<b>Hard factors</b>	<b>Strong</b>	<b>Medium</b>	<b>Weak</b>
<b>International accessibility</b>	1	2, 3	
<b>Employment:</b> Job offers, career opportunities	1	2, 3B	3A
<b>Working conditions:</b> Type of contracts, salary, working facilities	1	2, 3	
<b>Education and study:</b> Universities, higher education	1, 2, 3		
<b>Technical infrastructure:</b> Transport, public transport facilities	1, 2, 3		
Parking space		3	1, 2
<b>Social infrastructure</b>	1, 2	3	
Kindergartens, (international) schools	1, 2	3	
Health and medical facilities		1, 2, 3	
<b>Housing conditions</b>		1, 2	3
Quality of the housing stock		1, 2, 3	
Price of housing, affordability and availability			1, 2, 3
Private rental housing		1, 2	3
<b>Living conditions</b>		1, 2, 3	
Price of living		1, 2, 3	
Taxation system, Subsidies, allowances		1, 2, 3	
<b>Soft factors</b>			
<b>Quality of the environment:</b> Environment of the city region		1, 2, 3	
Geographical dimensions, location		1, 2, 3	
Image of the city	1, 2	3	
Cultural milieu	1	2, 3	
Language or language barriers	1, 2	3	
<b>Attractive architecture</b>		1, 2, 3	
<b>Attractive residential environment</b>		1, 2, 3	
<b>Working environment and professional networks</b>	1, 2	3	
Flexibility and independence in work	1, 2, 3		
Professional networks, accessibility of the networks	1, 2		3
<b>Quality of life</b>	1, 2	3	
Everyday life	1, 2	3	
Cultural, leisure, sport and entertainment possibilities	1, 2	3	
Services, retailing and shopping networks, gastronomy	1, 2	3	
<b>Tolerance, acceptance of diversity, openness</b>		1, 2, 3	
<b>Social cohesion, equality</b>	1, 2, 3		
<b>Safety</b>	1, 2, 3		
<b>Nature, closeness to nature</b>	1, 2, 3		
<b>Personal trajectories</b>			
<b>Born here</b>	1, 2		3
<b>Family reasons</b>	1, 2	3	
Parental family lives here	1, 2		3
Family status, current family background	1, 2	3	
<b>Followed partner</b>	3	1	2
<b>Social networks</b>	1, 2		3
Private sphere: Friends, acquaintances	1, 2		3
Professional sphere: Contacts, working staff	1, 2		3

The matrix in the table 4.1 on the strengths and weaknesses of the Helsinki Metropolitan Region is organised according to the different target groups. The target group codes can be read in the key table. All target groups are split into “creative” and “knowledge” categories, although both of these categories have a very similar profile in the case of Helsinki. Practically the only case where Helsinki has a different state of attractiveness for the more creative and knowledge -oriented groups, is the case of employment opportunities. Here the city offers “creative” transnational professionals less opportunities than for the “knowledge” oriented transnational group, making the city weak from the perspective of the first group and medium from the perspective of the second group.

The most striking observations from the matrix are the relative differences between the transnational migrants and Finnish groups, and some general weaknesses the city evidently has in some of the key areas for attracting creative knowledge migrants and businesses. It is also noteworthy that the “creative” and “knowledge” -categories do not differ noticeably in most cases. Both groups have very similar orientations and logic of location decisions in the metropolitan area, with some exceptions for the small “highly creative” group. Many of the weaknesses of the city are in the field of hard factors, but also some soft factors are problematic especially from the point of view of the transnational group.

In general, the employment opportunities, price and quality of housing and the quality and accessibility of social networks stand out as features, which all the target groups value, but which are somewhat problematic. Hard factors related to infrastructure, services and overall functionality of the city are generally strong. In important soft factors, the region’s strengths are clearly its high quality of life, safety, human scale and closeness to nature. A transnational interviewee summed up her feelings about the city thus:

*“I think that Helsinki is like really “mukava” [nice, comfortable], because it’s not too big, and it’s not too small. Like Paris and London and those big cities, Berlin and so on, they are so big, that you get this feeling of, well bigness, whereas here it’s like home, and smaller scale. So, it makes me feel, that you don’t have to be restless. [...] And I think that’s what Helsinki provides, like a good balance that, it’s the Helsinki city, the centre has developed so much over the years that it’s really not so small anymore, it’s not countryside city anymore, there’s enough of shopping places, enough of restaurants which are design driven so they look really nice and attractive and so on, but at the same time you can really have like a life here because you have a safe environment to live.”*

[Interviewee 22, marketing and business consultancy]

#### 4.1.1 Hard factors

According to our empirical findings, hard factors and personal trajectories appear to be the most important attributes, or at least the necessary prerequisite, for attracting the creative knowledge workers and managers into an area. Besides the personal trajectories, the majority of the subjects in all target groups reported to be mainly attracted to the region by what could be deemed as hard factors: a tempting job offer, good educational possibilities or economic incentives such as better pay. Thus the hard factors seem to be in a strong position for defining the city’s success in the location decisions of creative knowledge workers and companies.

However, the hard factor deemed most crucial for the migrating and settling into the region - **employment opportunities** - was assessed as one of the most problematic characteristics of the HMA. Although the region has an internationally noticeable ICT cluster, other fields do not offer such lucrative employment opportunities. Especially the transnational migrants often mentioned this factor as problematic. The Finnish experts were more satisfied with this factor probably largely due to their national perspective and better access to the jobs through social networks and language, but even they had a need for a thicker labour market. The professionals working in the creative knowledge fields change positions relatively often, and a thick labour market is necessary to sustain their career in the region. The majority of the Finnish workers expected to change jobs within the next five years. Otherwise the working conditions were considered generally satisfactory, even excellent.

In the case of transnational migrants, the majority of whom have lived in other larger European cities, the employment opportunities of Helsinki do not appear as motivating as in the national comparison. After spending a longer time in the city, many of the migrants still viewed the employment opportunities as lacking. This can be interpreted as a serious signal of a competitive disadvantage of the HMA. Several of the migrants themselves wondered about the waste of resources of highly skilled people not finding a job, especially in the case when the person has completed a part of their education in the country:

*“I’ve seen also some cases with the foreign doctoral students that they are educated here, taxpayers’ money pays for this education. And then we’re not that much taken advantage of, and many have to leave because if you don’t get a job here. I have colleague that who is brilliant, and he just, he has been doctor since February, and he cannot get a job here and he really would like to stay, but now he’s looking abroad. And Finland is going to lose that, and I think that happens too often.”*

[Interviewee 18, design]

The employment opportunities offered to foreign highly skilled workers in the HMA vary greatly according to the economic sector. The ICT sector is well developed and highly internationalised, and our respondents deemed the employment opportunities as relatively good for both national and transnational workers. Other fields suffer more of a “thin” labour market situation. Especially the creative sector is often unable to offer varied employment opportunities for the professionals in this field. In our sample, the transnational creative workers involved in music and design were most often freelancers and had worked in several temporary jobs, depending on their level of expertise and labour market situation when arriving. In addition to the trouble with thin labour market, certain discrimination against foreigners appears to exist on the labour market. In the interviews, many managers of creative knowledge companies admitted that they are reluctant to hire a foreigner, even though the person would be qualified for the job. According to them, it is important to master the Finnish language, which foreign-born experts seldom do.

Another noticeable weakness in the region is lack of affordable **housing** in both rental and owner-occupied sectors. All of the target groups also expressed strong critique towards the small size of apartments and the general lack of quality and versatility in the choice of housing and neighbourhoods, especially in the housing category considered affordable. The transnational migrants assessed the housing expensive even in comparison to some world

cities. They also felt a serious lack of suitable, reasonably priced rental apartments. This problem concerns especially the transnational group, as renting is an attractive housing choice for the professionals who don't necessarily plan on residing permanently in the city. It is also noteworthy that none of the groups mentioned municipal rental housing as a realistic housing option. This can be interpreted as a sign of relative marginalisation, or possibly even stigmatisation, of the municipal housing in the HMA.

The problems of housing were pointed out strongly in all of the target group studies. The manager group was mostly concerned about the impact that the lack of housing has on the availability of work force, whereas the employees were personally worried about the effect that housing costs have on their quality of life. One fifth of the Finnish professionals stated that the quality of life in the area has gotten worse in the last five years, and housing was stated to be the primary reason for this change. When asked about the general worries in the region, nine out of ten reported affordable housing as a great concern. Considering the international competitiveness of the HMA, it is noteworthy that the highly skilled migrants saw the housing situation as one of the weakest points of the area. The majority of the managers also mentioned the housing situation as the single greatest concern in the metropolitan region. According to these observations, the current housing situation seems to be a realistic threat to Helsinki's competitiveness in both international and national context.

The clear strengths of the metropolitan region are the high quality of the **educational facilities** and the good **technical infrastructure or overall functionality of the city**. These attributes received positive evaluations from all of the target groups. Especially the University of Helsinki and the Helsinki University of Technology in the area are of high scientific standard, receiving relatively good positions in international rankings as well as being on the national top, and the target groups had positive experiences about their own interaction with the educational facilities. The quality of educational facilities is an important feature of the city, since it is frequently mentioned as one of the key factors in the location decisions taken by all of the target groups. The managers stressed the importance of a local talent pool, and regarded the current workforce in the city well educated even by international standards.

The technical infrastructure or overall functionality of the city refers mostly to transportation network and other physical aspects of the city infrastructure. This feature of the city does not have the status of a strong pulling factor, but it was mentioned as having a role in the decisions to stay. According to all the target groups, Helsinki is a well functioning city, and the transportation, including public transportation network, was deemed well organised. It was also seen as an important element of a green city, which was valued by all target groups. The element of infrastructure to receive most negative remarks was the lack of parking space. Especially the company managers complained of the lack of parking space in the centre of the city.

The quality of overall **living conditions** and the **international accessibility** of Helsinki can all be assessed as "medium". These factors do not stand out as particularly problematic or strong in either international comparison or any national standards. Their overall importance for the decisions to migrate into the region is not particularly strong, but they do appear important as retaining factors. The quality of **social infrastructure** can be assessed as good, and this factor is more important in the decisions to move into the area, as well as to stay in



the area in the long run. Particularly the schools can have a profound effect on the location decisions with professionals with families. The quality of social infrastructure, particularly schools and other welfare services, is slightly lowered in the case of transnational migrants, since many of the transnational migrants reported problems with the language, as well as some trouble of attaining international services.

#### *4.1.2 Soft factors*

Our results confirm the notion that soft factors or quality of life indicators are not particularly decisive in the initial choice to settle in the HMA. However, soft factors do seem to play an important part for settling in and forming ties in the city, for the professionals and managers themselves as well as their families. While hard factors and personal reasons generally appear to be most decisive for the migration decision to the HMA, soft factors can also support the decision and function as retaining factors, possibly making the difference between the decision to leave or to stay. The third important role of soft factors seems to be influencing the choice of a neighbourhood within the city. Although the decision to settle to the area seems to be influenced mostly by hard factors, the micro-level location decisions are taken largely based on soft factors.

The soft factors that are valued by creative knowledge workers in the HMA differ from those that have been observed as significant in the US. Whereas the typical member of the “creative class” is reported to look for a buzzing central city location with a wide variety of cultural and entertainment amenities and a diverse and tolerant atmosphere (Florida, 2002), the lifestyle of the creative knowledge workers in the HMA appears much more “suburban”. In Helsinki, they value soft factors like closeness to nature, cleanliness, calmness, safety and quality of housing. Instead of in the city centre and public spaces, they seem to look for quality of life in their homes and residential areas.

While the HMA lacks much of the urban “buzz” of bigger cities, the city ranks well in relation to many of the soft factors included in this study. According to our target groups, the most important positive attributes in the city are the **diversity of leisure and entertainment**, the **general quality of life**, **safety** and **closeness to nature**. The diversity of leisure and entertainment was stressed most by the group of Finnish professionals, who probably view Helsinki against the national background in this aspect. In this group the diversity of leisure and entertainment was, as a unique soft factor, even lifted among the ten most important reasons for living in Helsinki, and about a quarter of the respondents placed it among the top four. In the national comparison Helsinki also appears relatively open minded and tolerant, although this aspect was not regarded as high in the international comparison. The cultural amenities, such as the nightlife and restaurant scene also received positive comments from all target groups and were particularly important for the highly creative companies and workers. However, the transnational group commented mostly on their good quality for the size of the city and the improvements in the recent years. Their overall satisfaction with the entertainment, cultural life and general city buzz was relatively low in international comparison.

The perceived safety of the city is related to the **social cohesion and the equality** also felt to be on a good level in the city, as well as a low level of crime and an overall functionality of the city region. One third of Finnish professionals expressed a worry about the city having tensions between different income groups, but this probably reflects Nordic egalitarian ethos and a general worry about growing income gaps rather than personal experiences of lack of safety.

The quality of the **working environment** can also be perceived as a strength of the city in relation to the physical infrastructure of the working environment, as well as the social or institutional environment within the workplace. The working life in Finland is relatively flexible and employee's status and security is on an internationally good level. The group of Finnish professionals also expressed satisfaction with the working environment, despite their national comparative position. Clearly more than half were satisfied with the amount of influence on their own work, the facilities in the workplace, the friendliness of the working environment and the ability to balance professional and private life. Overall satisfaction with work was very high: a little over 80 per cent of the group described themselves as satisfied. The dissatisfaction and worries about working life seem to deal with the hard factors within employment: the possibilities of finding other positions and possibilities of career advancement. The transnational migrants also expressed strong concerns regarding the accessibility **social networks** within the professional sphere. This is analysed in more depth in the following chapter 4.1.3.

The primary weaknesses of the city's soft assets were seen to be the lack of **diversity in the urban environment**, the lack of **tolerance, acceptance and openness** and the **cold climate**. Both the Finnish and transnational groups viewed the city as somewhat homogenous in its architecture and quality of space. Besides satisfaction with the city as a whole, this seemed to have an effect on the satisfaction with the respondents' own **neighbourhood**. Although the satisfaction with the neighbourhood was generally high, this particular feature received negative comments from both groups of employees. This aspect was particularly important in the case of transnational migrants, who valued social and quality of space factors in the neighbourhood even somewhat more than their Finnish peers. The critique expressed towards the quality of residential environments is extremely relevant to the future of the region, since home and neighbourhood played a significant role in the overall satisfaction to the city in both groups of workers.

The relative lack of tolerance, acceptance and openness compared to some other European cities is a cultural obstacle, which can be also assessed as particularly relevant in relation to the creative industries. According to Florida (2002), tolerance is one of the key elements, or “three T's”, in attracting the “creative class” and companies operating in the creative field. His assertion is based on the notion that creative people prefer places that are culturally diverse and have an open-minded climate, and that there is empiric evidence of an association between tolerance and economic growth and innovation (Florida, 2002). The lack of openness and accessibility of social networks in the case of Helsinki is particularly evident in the case of transnational migrants. Although the group did not generally complain of direct racism or harassment on the city streets, they reported a difficulty of accessing the social life in the city and a general feeling of being viewed as an outsider even after several years of staying in the country.

The transnational migrants' problems in the city are heightened by the problems with **language**. The interviewed creative knowledge migrants considered Finnish language as the greatest everyday challenge in living in Helsinki. Although the migrants were happy with the level of English spoken in Helsinki, the local language makes settling into the city troublesome and social networks difficult to access and increases the level of "outsideness". Many migrants felt that bureaucracy issues and everyday chores such as shopping for groceries were sometimes very challenging because of the Finnish language. The housing market is also difficult to enter since it operates mainly in Finnish, and the above mentioned language requirements in recruiting for work affected the employment opportunities greatly. Thus the Finnish labour market is not particularly attractive for migrants if they do not speak Finnish or do not have a prearranged position before arriving.

While Helsinki is a very tolerant and open city in a national comparison of cities, it is still far from being assessed as very strong in this aspect even by the Finnish professionals. Although less than 20 per cent disagreed and 50 agreed with the statement that the city is lesbian and gay friendly, over 30 per cent disagreed with the statement that the city is welcoming to visible minorities. Only 35 per cent agreed with the city being welcoming to visible minorities and just 60 per cent of the Finns felt that the city is welcoming to people from other countries in general. The atmosphere in the city is changing due to the growth of ethnic minorities and the general diversification of culture and lifestyles, but the long tradition of a monocultural, ethnically homogenous society still persists.

Judging from the managers' views, the lack of tolerance and acceptance can be recognised in a wider range of phenomena than just ethnic or cultural differences. Many of the managers complained about **the negative atmosphere towards entrepreneurship and success** and about the lack of **liberal attitudes on new ideas, change and creativity**. This was not seen as a purely structural or policy issue, but also a social and cultural phenomenon of lack of acceptance towards differences and "standing out from the crowd" in general. The lack of tolerance was referred to for example through describing conformist attitudes towards new creative branches like computer game development, as well as through saying that the culture is "*very socialist, everything very equal*" (Software 3, interview, 2008). One respondent described the atmosphere by saying:

*"If someone has a good idea here everyone looks at him like he is crazy... and pour cold water on him."*

[Software 6, interview, 2008]

#### 4.1.3 Personal trajectories

Together with the hard factors, personal trajectories appear to be the most decisive factors for the decisions to migrate or to stay in a city. In the Finnish target groups, the role of personal trajectories was very strong. The majority of native respondents had been **born, had family** or had **studied in the HMA** and they stated these as important factors in making the decision to settle. Personal trajectories are also strong predictors of the location decisions within the region, both in choosing a residential location and business location. Besides emphasising on the importance of personal trajectories, the results also show that the Finnish workers and managers are not very mobile between the cities, particularly in moving away from the HMA.

Another important feature of Helsinki is the role of social networks. Both **professional and private social networks** in the city are very tightly-knit and persisting. The logic and structure of the social networks are reminiscent of a small “everyone knows everyone” - society, and a large share of decision-making processes and recruitment opportunities operate through inter-sectorial professional networks. In recent research the tightness of the professional networks and the flexibility and swiftness this offers to decision-making processes has been recognised as a clear strength of the Finnish economy (Ylä-Anttila, 2005; Vaattovaara, 2009). The social networks and their role in professional and private life also encourage the location decisions into the area in the Finnish groups of employees and managers. As two managers from ICT and film industries put it:

*“Informal networks are immensely important. Not maybe in everyday or weekly business, but when you need something, for example professional advice, you are starting new projects... Through your networks you can get to the right places and of course also learn about the industry.”*

[Software 6, interview, 2008]

*“The industry is unbelievably networked. You have to have networks when funding the movie, and you have to have them when you want to sell the movie.”*

[FilmTV4, interview, 2008]

In the case of transnational migrants, the reasons related to personal trajectories have a weaker role as attracting factors. Few people have any personal ties to the city, and chain migration through social networks is rare because of the small size and remote location of the city, combined with the short history and small quantity of international migration into the region. We found some cases of chain migration, but it does not appear even nearly as prominent as in other countries with a longer migration history and larger international population. Practically the only common personal attracting factor explaining the first migration decision into the area is following a partner.

Our study highlighted one clear weakness in factors related to personal trajectories: the impermeability of social networks. The transnational migrants had severe problems related to social networks, namely accessing the local professional networks and creating a social life in the city. Although the social networks do not play a prominent role in attracting migrants into the city, for example through chain migration, they are very important in how the migrants settle in the city and how they can advance in their career in the long run. Especially the migrants without families reported problems with creating a social life in Helsinki, and this

strongly affected their overall satisfaction with the city. A transnational migrant and the founder of an organised free-time migrant network describes the nature of Finnish private social networks as follows:

*“Before I lived here I was in Luxembourg six months, and actually socially, it’s much more different than in Finland, the life cycle of a friendship is in Luxemburg about seven months. It’s such a small place and people come and go so fast. So then when new, sort of people come, they really come to you, right away. [...] there’s a different culture, a different attitude, and I thought it was fantastic, and I thought when I came here [to Finland], I had the opposite feeling. A friend here is maybe for 20 years. If you’re 30, your 20 year friendship begins from the army, and it takes so much longer time getting into that circle of people. And also people don’t mix very much.”*

[Paul Brennan, founder and director, Jolly Dragon]

The migrant networks in the city are also relatively scarce. An important place for establishing social relations for the skilled migrants is the workplace, and if they didn’t succeed in making friends there, they often felt alone.

From the career-perspective, accessing the professional social networks is even more critical. In the professional life, several migrants found the professional networks tightly-knit and difficult to access, and this weakened the migrants’ career opportunities as well as their everyday satisfaction. This shows that the tightness of social networks is not an unambiguously positive feature. When tightness becomes synonymous with impermeability and the migrants cannot access the already established professional networks, the end result is a serious weakness. A high-level professional who has lived in the city for several years describes the difficulties of accessing the networks and the professional problems that follow:

*“The professional environment is, you know it’s okay, but it’s not great. I feel, I’m probably still very handicapped here. Maybe it depends on the person, but I’m not part of the same network that people would have been... I didn’t go to the army with anybody [...] I’m probably still very handicapped relative to Finns at my, you know at my position. So probably, mainly for that reason, Helsinki is still pretty limiting professionally.”*

[Interviewee 23, higher education]

**Strengths and weaknesses of the Helsinki Metropolitan Area**

- The most decisive hard factor in the location decisions of highly skilled workers, employment opportunities, was assessed good in the national comparison but poorer in an international comparison. Employer attitudes and ungrounded language requirements further diminished the employment opportunities in the transnational group.
- Attractive housing, one of the most important retaining hard factors, was assessed too expensive and unobtainable by all groups.
- Other important hard factors, mainly such as educational facilities and functioning urban infrastructure, were viewed as good. Public transportation received special positive attention, especially in the transnational group.
- In the field of soft factors, Helsinki was assessed strong in the general quality of life indicators, safety, social cohesion and closeness to nature.
- The most problematic soft factors were assessed to be the lack of attractive and diversified residential spaces and architecture and a relative lack of urban diversity and tolerance.
- Group-specific concerns were the severe difficulties in accessing the professional and private social networks experienced by the transnational group. They also felt that language issues and lack of English services lowered their quality of life. Managers, in their part, complained of the general atmosphere being negative towards entrepreneurship and new ideas.

**4.2 Site specific or ubiquitous indicators?**

The majority of characteristics affecting the location decisions of employees and managers within the creative knowledge field in the HMA are ubiquitous or common to most cities. According to our interviews and surveys, the location decisions of the groups found in the region are mostly affected by “classic” location factors such as employment opportunities, educational facilities or by personal trajectories. Hard factors, such as employment opportunities, quality of educational facilities and quality and availability of housing vary in *scale* between cities, but the basic phenomenon remains the same. Many of the soft factors considered important in the location decisions, such as diversity of the leisure and entertainment or the safety of the city, also vary more in *scale* than in any inherent, unique *quality*.

The ubiquitous characteristics assessed as important in the location decisions of the target groups in the HMA:

- personal trajectories: mainly family lives here, followed a partner or born here
- employment opportunities
- educational opportunities and the presence of good universities
- job offer
- presence of skilled labour (managers)
- presence of clusters and clients (managers)
- good size of the city: large enough to provide urban diversity, but still “human scale”
- good transportation links
- diversity of leisure and entertainment
- open minded and tolerant
- availability and affordability of housing
- quality of housing and the variety of choice in housing (tenure type, architectural qualities, type of house)
- English skills of the local population (transnational migrants)

The site specific characters that are unique to Helsinki and cannot necessarily be transferred to other cities are mostly soft factors. These factors seem to play some role in the decision-making process, especially as retaining factors affecting the experienced quality of life while living in the HMA. However, Helsinki does not have any very strong unique characteristics, which would seem to exert a strong pull, affecting the location decisions independently. The city does not have a strong image or single outstanding soft qualities, such as cities like New York with its unique Big Apple buzz or Rome with its ancient history and world-class culture.

The site specific strengths of the HMA include:

- the qualitative character of social networks (tightness, inter-sectoral, flexible)
- Northern nature, closeness to nature
- the unique combination of safety, social cohesion and human scale of the HMA

Weaknesses:

- impermeability of social networks (transnational migrants)
- cold and dark climate
- aesthetic quality of the architecture and public space: homogenously built public space and neighbourhoods
- difficult and rare language
- peripheral location and lack of international recognition and image

Many of these site specific soft factors, for example the natural environment and climate, are beyond any political control. Some others can be at least affected by urban governance and social policy and legislation, although many of the cultural and social factors are not very responsive to public initiatives. The quality of urban space can be influenced by planning solutions, and a change of attitudes towards cultural diversity and multicultural society can be encouraged by educational initiatives. Some of the problems associated with the language can also be ameliorated through legislation and development of public services.

The problems felt most serious by the target groups are not unique or beyond any public control. The two most pressing problems expressed by the groups were classical hard factors, lack of employment opportunities and lack of affordable, good quality housing. Solutions to these cannot be solely dictated by political initiatives, but they can be supported by governance solutions in the national and metropolitan level.

### **4.3 The development path of the Helsinki Metropolitan Area: Economic trajectories and internationalisation**

The current status of hard and soft factors affecting the attractiveness of the HMA is the result of long historical development trajectories in a variety of sectors within the society. Based on our target groups studies, the developments that are most relevant to the region's current ability to accommodate creative knowledge are the development of economy and employment opportunities, and the development of immigration patterns and social change affecting the internalisation of the companies and ethnic and cultural diversity of the city. The ways in which the current situation and possibilities of future developments can be explained through the concept of path dependence, was analysed in the early stages of the ACRE project (Vaattovaara and Inkinen, 2007; see also Vaattovaara, 2009). This chapter deals with the development paths from the perspectives of factors pointed out as important by the target groups in the empirical studies, namely the economy and clusters, employment opportunities in different fields and the region's ability to welcome transnational talent.

In general, the *national* importance of the HMA can largely be explained by the idea of path dependence. Since the capital was moved from Turku to Helsinki in 1812 due to Russian need to have the capital closer to their border, Helsinki has increased in all fields to a size of “natural national leader”. The population of the core city started growing fast after the capital status was established, and the metropolitan region received large inflow of people in the wave of urbanisation in the 1960's and 1970's. Due to the size difference to other Finnish regional nodes, it has practically been a necessity that national level and international level companies locate their headquarters into the HMA. The global success of some of the Finnish companies (e.g. Nokia, Kone, UPM) has lead to a situation that these old Finnish companies have their headquarters on the metropolitan area, which is one of the backbones of Helsinki's growth. These global players have also generated a large subcontracting network into the area.

A central element in the Helsinki metropolitan area is also the high number of educational facilities, which can also be traced back to the capital status and political decisions taken in relation to it. The region has seven university status educational units with well over 65 000



students. The amount is over a double compared to any other regional capitals in Finland. Thus, Helsinki region produces professionals and offers professional appointments to a large extent within the regional cluster. Helsinki region also absorbs master degree graduates from all parts of Finland. Due to the capital status, size and economic wealth in Finnish scale, Helsinki has also been the centre of cultural attractions and cultural life in Finland. Considering these development path and the above mentioned facts of the area now housing close to one quarter of the total population and a third of the jobs in the country, it is no wonder that the national status of the HMA is unchallenged also in the field of creative knowledge. The above quoted manager summarises well the path dependence towards national leadership by the statement that the company simply “*can't imagine being anywhere else*” in the country.

#### *4.3.1 Economy and employment opportunities*

Even though Helsinki is located at the periphery of the extensive Western and Central European markets, it has been one of the fastest growing regions in Europe in the last decade. For example, at the end of 1990's employment increased by 4 % annually, which at that time positioned Helsinki among the three fastest growing metropolises in Europe. Since the recession of the 1990's, there has been a rapid growth in the Finnish economy, especially in the HMA. The new economic growth has been based on an increase of private companies in knowledge intensive industries, telecommunication and business-to-business services. Consequently, the country's economy has transformed itself from a north-eastern periphery, largely dependent on forestry, pulp and paper-industries and public services to one of the world's leading information societies with one of the international hubs for knowledge industries.

Today, Helsinki metropolitan region has one of Europe's leading clusters in information and communication technologies (ICT), led by Nokia, which has become the world market leader in mobile communication. More widely, the role of creative and knowledge industries is central to the development of the Helsinki Metropolitan Area. In 2004, 30.5 per cent of employees worked in sectors defined as creative and knowledge-intensive (12.2% in the creative industries and 17.7 per cent in the knowledge industries). This was one of the highest proportions among cities in Europe. In general, ICT industries including manufacturing, consultancy and telecommunications, form the most important industrial segment of the Helsinki metropolitan area's economic profile.

The potential for the development in the ICT industries can be traced back to the latter part of the 19<sup>th</sup> century. In 1879, the Finnish Senate took a political decision to privatise telephone activities and to open them for international markets which led the way to the early development of ICT. In addition, national policies investing in education and creating a strong welfare state have played a key role in this process. In the recent 20 year period, it is possible to distinguish three essential characteristics in the development path of the Finnish economy.

These are 1) the economic crisis of the early 1990, 2) the steady growth after that crisis and 3) quick transformation to information and knowledge based economy.

The transition to knowledge economy was fast considering Finland's economic situation in the early 1990s. The country went through a severe economic crisis and recession. It was characterised by a severe banking crisis and simultaneous rise of unemployment. Unemployment ratings reached a level of over 15 per cent. The accumulation of government debt grew also from modest levels to over 60 per cent of GDP. However, Finland recovered from these crises well. At the end of the decade the country's macroeconomic performance was among the strongest in Europe and the fast structural change coincided with fast improving of macro balances (Yli-Anttila, 2006). Vaattovaara and Kortteinen (2003) have stressed the importance of Finnish welfare state system in the recovery process after the recession. They draw on the work of Castells and Himanen (2002) to emphasise the connection between ICT driven economy and maintaining the structures of extensive public sector welfare state services. They (2003: 2130) evaluate that Helsinki region is "a kind of laboratory" of the future development in Finland. This is also related to the economic importance of Helsinki region in Finland. Knowledge intensive growth and development is a tool to provide new opportunities for economies in different types of conditions.

Finland has been successful in several international rankings and Finland has been ranked top in comparisons that measure competitiveness and knowledge economy developments. These include World Bank Knowledge Economy Index and OECD's Student Assessment tests (PISA study). The public spending on both comprehensive and tertiary education is on an internationally high level, providing a good base for knowledge-intensive economy. Spending on research and development is also extensive. In 2003, the private and public sectors in Finland invested around five billion euros in research and product development, equivalent to approximately 3.5 per cent of the GDP. Relatively, it is at the top level in the world. (e.g. Inkinen, 2005). A great deal of industrial growth is due to global companies such as Nokia, Kone and UPM (Sipilä, 2006).

Helsinki and Finland as a whole have adopted a competitive strategy building on classical urban economic development success factors: the development of competitive products by an increase in the productivity of Finnish workers and firms, most of them in the knowledge-intensive sectors. Unlike many other countries, Finland has not really promoted Helsinki abroad in order to attract international investment as a mechanism to counterbalance the scarcity of talents and firms. On the contrary, it has grown from the inside, out of its own potential. This has been mainly done by investing in education. Even if the creation of a strong knowledge base has had an important role throughout Finnish independence, this priority has been addressed specifically in the era of global competition and the development of the new economy (Vartiainen, 1998). One of the central attributes contributing to the economic success has also been the flexibility and swiftness of decision-making processes provided by the tight and inter-sectoral professional networks, consisting both on the key players on the public and private sectors.

The current global economic recession has slowed the growth of economy and the Research Institute of the Finnish Economy has made a prognosis for 6.5 per cent decrease of the GDP and 16 per cent decrease in private investment for the year 2009 (Suhdanne, 2009). However, the field of ICT has maintained its strong position. In fact the Finnish Ministry of Employment and the Economy has estimated that for example the software industry will not be hit as hard by the recession as several other industries. In the beginning of 2009, the

software industry was still recruiting when many other fields were reducing workforce. In a survey made by the ministry, a quarter of the software businesses estimated that they will recruit during the coming year while only 1 per cent reported probable need to let some workforce go (Metsä-Tokila, 2009).

While the ICT industries have evolved into a notable international position and offer a thick labour market within the sector, the other sectors have not had the same momentum. Especially many creative fields, such as arts and design, offer a rather thin labour market especially to persons outside the established professional networks. Many employers outside the fields of ICT or research and development have not had motivation to recruit actively from abroad, and the operations run largely on a national workforce, and in Finnish. The result of this development can be seen in the internationalisation of these sectors: while the ICT industries have a comparatively larger body of international workforce, many of the creative knowledge fields are still very national. For example Nokia is one of the few Finnish businesses recruiting a larger body of international workforce at its Finnish base – a total of 7 per cent of its employees – whereas all Finnish businesses in general have only 1.5 per cent foreign workers (Confederation..., 2007).

#### *4.3.2 Migration and diversity*

The development of immigration and the immigrant population in Helsinki is closely tied to the internationalisation of the economy. The internationalisation of the economy in Helsinki is centred on certain strong sectors, and more specifically a few major business organisations which are operating on a global scale. The above mentioned ICT cluster, particularly significant in Helsinki, is one of the sectors which can be considered most internationalised, along with nationally significant internationalised sectors, such as the forest sector. These are the ones drawing most international workforce in the HMA. From the point of view of development paths concerning migration, two other tendencies of Finnish internationalisation are also relevant: a general outwards progression and a tendency of internalisation on an organisational scale, rather than in the movement of individuals. The outwards tendency is evident in investments: the GNP-share of FDI from Finland to other countries significantly exceeds the investments from other countries to Finland (Hilpinen and Heikkilä, 2008; Steinbock, 2007). Several Finnish businesses have grown internationally and employ a significant number of people abroad, most notably Nokia along with other ICT businesses and some forest sector organisations.

Along with the businesses, the outwards trend is evident in the international movements of the workforce. On one hand, the Finnish workers are relatively mobile on an international scale, especially in the group with tertiary education (Johansson, 2008; OECD Science..., 2007). On the other hand, the business organisations operating in Finland have not attracted a noticeable number of international migrants. It is noteworthy that even several of the globally functioning businesses operating in Helsinki are staffed with few skilled migrants. A concrete example of the outward flow of internationalisation in businesses operations and a low level of mobility to Finland is the Suomi-corporation, which operates in 25 countries, but only had 36 immigrants (0.5 per cent) working on its Finnish base in 2006 (Confederation..., 2007).

Many companies expand – and have long since expanded – their functions abroad due to the small market in Finland, but the offices in Finland are still often largely national.

These features can be traced back to the economic history and remote geographic location of Finland. Before the structural changes in the economy, the country had an economy relying heavily on agriculture and traditional industries, offering little incentives for work-related immigration. On the contrary, Finland has a long history of employment-driven emigration especially to Sweden and North America. Immigration to the country was extremely small-scale up until the 1990s and the net migration balance turned markedly positive only in the late 1980s. The relative growth of the immigrant population was fastest in the 1990s, and in the recent years the growth rate of the immigrant population has remained rather constant (Paananen, 2005; Heikkilä and Pikkarainen, 2008). At the moment there are approximately 130 000 foreign citizens in Finland, which corresponds to 2.5 per cent of the total population. The share of immigrants in Helsinki is currently 8 per cent (Helsingin..., 2008).

Besides the structure and pull of the economy, the short immigration history naturally depends on other factors, such as national policies. Entering the country was controlled rigidly until the 1990s, and the political situation was changed mainly by stronger integration into the European political and economic system. The first large-scale strategic Finnish migration policy was formulated by the national government a few years after joining the European Union, in 1997. The policy programme was launched under the title “Immigration and refugee policy program”, reflecting the strong emphasis given to humanitarian immigration. The programme was strongly reactive, dealing mostly with the questions of rising numbers of asylum seekers and ethnically Finnish (Ingrian) groups from the former Soviet Union applying for status as “returning citizens”. Work-related immigration played only a minor part in the 1990s’ immigration strategies, and developed out of its own potential through the internationalisation of the businesses and research institutions.

Due to the development trajectories of the recent decades, the net migration balance is still negative in the highly skilled migrant group despite the positive net migration balance and relatively skilled immigrant profile. Finland, together with Poland and the Slovak Republic, belong to the small group of EU countries, where the outflow of skilled migrants exceeds the inflow (OECD Science..., 2007). In 2001, the percentage of employed professional and technical migrants was 2.5 per cent in Finland, while 5.5 per cent of employed Finnish professional and technical population resided outside the country. While the international functions of the Finnish companies and the processes of chain migration pull Finnish talent to other countries, the relatively small numbers of international companies and lack of chain migration, caused by the low initial numbers of immigrants, do not encourage the emigrating talent to be replaced by foreign talent.

The short migration history and the outwards progression of internationalisation of the economy still affect the migration patterns and the everyday lives of the migrants who have arrived into the HMA. Since the numbers of immigrants have been traditionally low, many public and private services for immigrants are underdeveloped. Among the services that have received criticism are for example the lack of comprehensive schools providing English education and the private rental sector operating largely in Finnish and displaying some traits of underlying racist attitudes in the treatment of immigrants. The general attitudes towards

immigrants and cultural differences and understanding of a multicultural society are also still developing after a long period of monocultural, homogenous society. This and the lack of migrant networks and multicultural urban buzz also affects the everyday lives of the immigrants and the immigration patterns into the HMA, while the Finnish companies have long established business all around the world, and the Finnish skilled workers often work abroad for at least some years during their career.

**Key points in the development path of the HMA**

- The capital status in a country with small population has assured a nationally important position, diversification of economy and cultural life, and a nodal position within economic activities and international connections.
- Basis for the development of knowledge intensive industries and the ICT sector can be traced to national politics in the last turn of the century.
- The strong and egalitarian educational policies as part of the welfare policies have assured a good knowledge-base and supported the growth of creative knowledge industries. Besides this, the unique, tightly-knit social networks connecting public and private fields have ensured fast and flexible decision-making in different periods of change.
- The 1990's recession facilitated the structural changes in the economy, and the strong growth afterwards was driven by knowledge intensive fields, mainly the ICT.
- Several nationally important companies started expanding internationally relatively early, but the immigration was on a low level up to 1990's, forming an imbalance between the outwards progressing internationalisation and internationalisation within the country. This is still reflected on the migration patterns and the business culture.

#### **4.4 Policies affecting the hard and soft factors and the context of creative knowledge in the Helsinki Metropolitan Area**

National level politics have so far had a profound influence on the Finnish political system, economic development and migration. The focus of political decision-making has traditionally been on the national level, and the decisions concerning localised issues have generally been made considering the national interests and “balanced” regional development throughout the country. The HMA has been thus far successful without a specific metropolitan policy focus, since the local human capital and the fact that the Helsinki region has been one of the fastest urbanising and growing regions in Europe have been able to sustain the needs of the business organisations and public institutions within the area. Until now, the historical conditions have matched the specific needs of the developing economy, as can be observed in the analysis of the development path of the area.

The past tendency of strong national focus is related to the creation of the welfare state, which largely relies on a kind of national uniformity. As Finland has only two tiers of government, the main political actors, aside to the national government, are the municipalities which are by law self-governing entities taking care of local matters. Consequently, there is also a long tradition in the Finnish political system of a top down approach to knowledge-intensive industries and innovation policies, among other things. For a long time, the homogenous population followed national political guidance to raise levels of education, standards of living, housing conditions and available services. It is only recently, from 1989 onwards, with the development of regional policies that the importance of differentiating regions and urban areas has received specific attention. The first specific metropolitan policies were formulated just a few years ago by the Finnish ministries, and the first single national metropolitan policy programme is still in the process of being formulated. (Vartiainen, 1998; Vaattovaara, 2009)

The demand for large-scale, inter-municipal local policies and development strategies is currently intensifying. The whole nation is now ageing at an exceptionally rapid pace among European countries, and the shortage of labour is constantly intensifying both qualitatively and quantitatively (Hämäläinen and Tuomaala, 2007). The current challenge, as Porter (2004) states, is “boosting outward internationalisation”, to attract foreign capital as well as talent to the region. There is a growing belief that urban regions are important in the new economy, together with factors related to specific urban milieus (Florida and Tinagli, 2004). This relates to the notion of competitive advantage which according to Porter (1998) ‘lies increasingly in local things – knowledge, relationship and motivation – that distant rivals cannot replicate’. In the current understanding of economy, it is not only the quality of the market but also the diversity of users that is seen as a strategic advantage to develop knowledge industries. On that front the homogenous nation and city-region of Helsinki is definitely lagging behind.

The success of Helsinki economic development policy seems to be challenged today by a wide array of socio-economic issues. The survey of Finnish creative and knowledge workers carried out in the present project show that these workers were in Helsinki mostly because of personal connections with the city and secondly because of employment related factors. Even if a majority of the respondents were satisfied with the city, 22 per cent of the respondents thought that the quality of life in Helsinki worsened. More specifically, close to 50 per cent of the respondents were very worried about one single thing – the availability of affordable

housing. In the Finnish context this proportion is extremely, almost revolutionarily high. This concern added to those about the quality of life raises questions about the retention of creative and knowledge workers in the region. This would support the ideas of Porter and Steinbock that the microeconomic conditions and capabilities need to be addressed and improved. Housing is clearly an issue that has to be solved in Helsinki.

The result of these developments and shifts of focus is a need of policies tackling the specific metropolitan problems. The region has to become more attractive, and many questions, such as the lack of affordable housing, cannot be addressed other than locally, with a thorough understanding of the metropolitan processes. Success in the competition over skilled labour force is one of the key priorities in all European cities, especially as the significance of urban regions to a country's economic success is growing due to the cities' role in knowledge and innovation creation. Helsinki, however, is in a position where international success in the race for skilled immigration is especially important. The population in Finland is ageing at an exceptionally rapid pace, while the structure and development of the economy places a continuous demand for a large body of highly skilled workforce. The observed tendency for brain drain – unique for a West-European society – creates further pressure for enhancing the city's position as an internationally attracting urban region.

#### *4.4.1 Economic development policies and the creative and knowledge economy*

The focus on education is profound in the Finnish welfare model. The expansion of the university network from three to twenty between the 1960s and 1980s (spread around the nation) and the creation of public financing institutions for business-oriented research and development, were prerequisites for the subsequent growth of the Information or Innovation Society in the country. In addition, the Finnish educational system has provided, from early on, equal opportunities to all strata of the society. Compared with British, French or German educational systems, the Finnish system has never been very selective. On the contrary, opportunities have been provided for all social classes in all parts of Finland. Education attendance and labour market participation of women has also been one of the highest in Europe. This has been noted as a unique phenomenon. One of the explanations for this has been attributed to the small size of the country and its specific geopolitical location between two great powers (Sweden and Russia). Finland could not afford to have any part of its population left out.

Other national actors relevant to the economic development policies and the creative and knowledge economy are ministries, for example the largest and newly established Ministry of Employment and Economy (formerly Ministry of Trade and Industry). Strategic policy decisions are implemented through the National Technology Agency (Tekes), the Technical Research Centre of Finland (VTT) and 15 Employment and Economic Centres (TE- centres). Tekes, the Finnish Funding Agency for Technology and Innovation is the main government financing and expert organisation for research and technological development in Finland. Another important national actor in the sector is the Finnish National Fund for Research and Development (SITRA). It is an independent public foundation under the supervision of the Finnish Parliament.

There are also several institutions promoting networking in the field. The Finnish Information Society Development Centre (TIEKE) has an important role as a neutral and non-profit organisation in promoting the efforts of its members, within public and private sectors, to create viable tools and expertise for use in the information society. Currently, Finland is also undertaking a major structural change in its educational system to favour innovation: the establishment of a new innovation university to be called the Aalto University. This university will be created through a major merger of three existing universities: the Helsinki University of Technology (TKK), the Helsinki School of Economics (HSE) and the University of Art and Design Helsinki (TAIK).

Professor Dan Steinbock, investigating the Finnish innovation policy, cluster creation, and innovation capacity at the request of the Finnish ministry of Interior, concluded: “the success or failure of the cluster depends on its microeconomic conditions i.e. sophistication of firms, attractiveness of business environment” (2004). In his later study (2006) on *Finland's Innovative Capacity*, he noted the discrepancy between Finland’s high ranking in global competitiveness and the growing sense of economic uncertainty in the country. According to Steinbock, part of the problem lies in a great divide between two views of the way the Finnish innovation system works. The conventional view is that “this [innovation] system is policy led national top-down by government agencies, through an array of domestic public sector entities” (Steinbock, 2006). However, according to the results of his study – “in fact, it is driven by cluster leaders, global competition, business firms and their affiliates – particularly at the R&D level”. Porter in his foreword to the same study adds that “unless [...] microeconomic capabilities improve, macroeconomic, political, legal and social reforms will not bear full fruit” (Porter, 2004).

#### 4.4.2 *Networking and cluster policies*

Networking and cluster policies are not very well developed at the city-regional level in Finland. This contrasts with the national dynamic as expressed in the OECD Science, Technology and Industry Scoreboard 2007, which puts Finland in the top position in terms of firms collaborating with higher education institutions over innovation. However, Helsinki, as the urban centre of a small peripheral nation, has benefited from a peculiar national history and traditions in both policy and governance.

These peculiarities are linked with long standing and continuous difficulties in both the nation building process (during the wars of 1918 and 1939-1945), and in the impact of being located between two big powers afterwards (until 1989, with the collapse of the Soviet Empire). In order to protect itself from foreign pressures, Finland has put a lot of focus on national political integration (Allardt, 1964). This national integration had to be achieved through consensual solutions, and involved decades of political and social networking, linking all fragments of the Finnish elites (the political, the economic, and the intellectual). In other words, the networking between the different fields and fractions of these elites is not recent but rather a long standing national tradition. Consequently, as “everyone is involved”, there is stronger commitment to decisions, which are also implemented more easily.



This can still be seen in current policy practices – the formulation of the Helsinki Region Innovation Strategy (2005) constitutes a good example of this phenomenon. Over one hundred actors were actively involved in the process - including mayors of cities, heads of educational units and heads of big industries and economies. A similar collaboration can be found in the formulation of innovation strategies at the national level in which over 300 experts were involved, many of them being high level executives of key Finish organisations.

#### *4.4.3 Migration policy in the HMA*

The Helsinki Metropolitan Area, driven by the city of Helsinki, has been relatively active in developing immigration strategies and creating networks with other Finnish and European cities. The most recent act in the local immigration strategy has been the formulation of an independent, local immigration policy for the city of Helsinki (Leiponen, 2008). This work is currently under progress and the draft documents were finished in the end of 2008. The policy draft states the need for work-related immigration as one of the two key factors in the immigration policy, the other key factor being enhancing the integration and education of the existing immigrant population. The need for skilled workers – especially in the ICT sector – is stated as one of the main priorities (Leiponen, 2008, p. 14).

The immigrant policy issues are also included in the local innovation strategies. The latest innovation strategy, from 2005, was developed as a part of the strategic cooperation plan between the independent municipalities of the Helsinki metropolitan area (Laurila, 2005). The strategy has been formulated together with multiple partners from local universities and research institutions to major business organisations in the area. The key priorities in the cooperation plan are defined as enhancing the international attractiveness of the research and expert sector, building new R&D clusters, developing new service concepts in the public sector, supporting innovations and developing the area as a more attractive place to live, study and work. The goal of the local immigration strategy is purely to attract skilled migrants, due to the economic structure and the labour market demand of the area.

The main part of the strategic plan dealing with immigration is enhancing the attractiveness of the research and expert sector. One of the central plans is to try to attract more foreign students – and researchers – through building more international study programmes, creating tighter networks with other universities and by lowering the threshold for settling permanently into the region after graduation from studies. Until recently, the heavy bureaucracy related to changing study permits to work permits combined with language skill demands on many sectors has been a barrier to the transition from studies to work (Laurila, 2005).

Another key point from the immigration perspective is developing the quality of life in the area through supporting “creative environments”. This concept is rather vaguely developed, being defined only as referring to the three urban environments of housing, working and leisure and culture. The concrete suggestions in this section include actions such as creating new types of housing into old docklands and industrial areas, investing into the culture production and developing the international schools for the migrant families. All these goals appear very relevant based on the migrant interviews conducted in our study.

#### 4.4.4 *International marketing and branding of Finland and the HMA*

Besides policies focusing on supporting different sectors or general development of the HMA, there has recently been growing interest in the marketing and branding of the country and the HMA. The most visible current effort in this respect is the country brand, which is being formulated on the initiative of the minister of foreign affairs.

The minister appointed a brand delegation to formulate the basis for a country brand for Finland in 2008. The delegation, consisting of actors from various political, economic, cultural and academic backgrounds, is lead by the former Nokia president and CEO Jorma Ollila, who is currently the chairman of the board of directors for Nokia and Royal Dutch Shell. The goal of the branding work carried on until the end of 2010 is mainly to support the national economy by appealing to foreign investors and tourists. According to the responsible network of institutions set up to support the work, Finland Promotion Board, the central goals are “to strengthen the operating potential of Finnish businesses, increase foreign political influence, promote interest in Finland as an investment target and to increase tourist flows to Finland” (Ministry of Foreign Affairs, 2009).

Although the central reason of creating an official country brand is marketing, the brand is expressed to be more of an identification and positive description of the existing strengths than an advertisement as such. Views on Finland are also collected from citizens and visitors through a web site set up by the Finland Promotion Board. Professor of marketing, Outi Uusitalo, describes the idea of a good country brand as a positive representation of actually existing values, and not the creation of some untruthful advertising image (Finland...2009). As a member of the delegation, communication consultant and former MP Kirsi Piha, summarises the substance of the brand (Finland... 2009): “Finland is a cold land, and certainly also a little boring in some comparisons. But the boringness can be turned into a strength: Helsinki can’t beat London when it comes to being exciting, but the everyday life in Helsinki is so much easier.”

This point of view bears a resemblance to many of the views expressed by the transnational migrants interviewed in our study. A large portion of the interviewed migrants held the opinion that Helsinki has got some specific strengths, which make it a very lucrative city to certain types of people, although the city is also somewhat dull in some comparisons. The city was generally considered safe, well-functioning and easy to live in, while it was said to lack buzz compared to many larger European cities.

The initiative for the county brand also resonates closely with the transnational migrants' views about how to make Helsinki more attractive. Many stated that the city's main problem is not its lack of quality but lack of international image; simply the fact that people do not know enough – if anything – about the city. As two interviewees put it:

*“Helsinki, I think it’s interesting, übercool place, but it’s not so obvious from the outside. So I think more could be, you know, like made of the culture that is here, the like urban culture in Helsinki, and maybe what that actually constitutes. I don’t see that being pushed in any way, through art, architecture for example, in the way that other places have done it.”*

[Interviewee 1, higher education]

*“You might think it’s slightly more frozen than it is, slightly more northern than it is, something like that, but...[...] there’s nothing, it’s just like tabula rasa, it’s just a blank...”*

[Interviewee 10, music]

In this light, the country branding project seems to be supported by and to be built on the same assumptions as the transnational migrants' views on the current situation of Helsinki and Finland as a whole. Alongside the branding project, the country and city marketing is being developed through conventional channels of tourism and investment promotion. The work is carried on under several organisations, public as well as private. Besides the efforts in the cities within the Helsinki region, private institutions such as Greater Helsinki Promotion working for businesses in "Helsinki Business Hub" program, have been active in this field. So far the country as well as the city have remained relatively poorly known and FDI has been on an internationally low level, but the growing efforts in marketing together with several positive rankings in international competitiveness and quality of life indices may have a positive effect in the future.

#### **Key points of the policies affecting the creative knowledge context in the HMA**

- The focus on decision-making has traditionally been on the national level, and the specific metropolitan policies and programmes aimed at strengthening the region have been launched only recently.
- Current localised problems, such as structural shortage of labour, ageing of the population and lack of affordable housing, underline the need for local social, housing and immigration policies and stronger international marketing of the HMA.
- The economic policies as well as networking and cluster policies are being developed and implemented in close collaboration between public and private actors. There is strong emphasis on education and innovation.
- The local-level migration policy is only being formulated. Local innovation policies have underlined the need for more immigration, and the public immigration policy emphasises labour-related immigration and the development of stronger service base for international citizens, besides other immigration issues.
- Finland and the HMA are relatively poorly known internationally, and there has recently been growing interest in the international marketing and branding of the country and metropolitan area. The most recent effort in this front is the formulation of the country brand, initiated by the national government.



### 5.1 Pathway to a hub of knowledge industries

The case of Helsinki and Finland emphasises the importance of national and local traditions, both politically and socially, in the constitution of the structural preconditions of creative and knowledge industries. It demonstrates how strong national policies focusing on education and historic preconditions favouring the development of telecommunication as well as social cohesion and networking have allowed this capital of a small European peripheral country to become one of the international leaders in knowledge industries, in the telecommunication sector.

The success of Helsinki seems to be linked to a structural match or homology between historic national foci on both education and networking – the necessary preconditions of modern cluster building. Both features are presented – hundred years later – by Michael Porter (2004) as important in the building of successful clusters in creative and knowledge intensive industries. From the Finnish perspective these features are thus national traditions or historic products rather than newly formed forms of targeted policies.

Finland has been a small and independent nation for less than one hundred years. Prior to that it had been part of the Swedish kingdom (from the 12<sup>th</sup> Century and onwards) - and then of the Grand Duchy of the Russian Empire from 1809 to 1917. The peripheral geopolitical location of the country, between these two big powers, has been interpreted as an important societal factor and a major booster to early internationalisation, efficiency and networking, high female employment and even for the growth of the telecommunication sector (see Steinbock, 2004, 2006; Vaattovaara, 2009). In order to protect itself from foreign pressures, Finland has put a lot of focus on national political integration (Allardt, 1964). This national integration had to be achieved through consensual solutions, and involved decades of political and social networking, linking all fragments of the Finnish elites; the political, the economic, and the intellectual. Indeed, the creation of the welfare state relies on these kinds of national structures.

From this perspective, it seems that the structural counterpart of locally constructed historic traditions and the requirements of new economic success have given a competitive advantage to the rapid rise of Helsinki, Finland as a hub of knowledge industries.

## **5.2 A hub – one of the largest clusters of creative industries in the ACRE - project**

Even though Helsinki is located at the periphery of the extensive Western and Central European markets, it has been one of the fastest growing regions in Europe in the last decade. For example, at the end of 1990's employment increased by 4 per cent annually, which at that time positioned Helsinki among the three fastest growing metropolises in Europe (Laakso and Kostiainen, 2007). The new economic growth has been based on an increase of private companies in knowledge intensive industries, telecommunication and business-to-business services – the fields targeted in the ACRE project. Consequently, the country's economy has transformed itself from a north-eastern periphery, largely dependent on forestry, pulp and paper-industries and public services to one of the world's leading information societies.

Today, Helsinki metropolitan region is one of Europe's leading clusters in information and communication technologies (ICT), led by Nokia, which has become the world market leader in mobile communication. More widely, the role of creative and knowledge industries is central to the development of the Helsinki Metropolitan Area. In 2004, 30.5 per cent of employees worked in sectors defined as creative and knowledge-intensive (12.2 per cent in the creative industries and 17.7 per cent in the knowledge industries) (Kepsu and Vaattovaara, 2008a). This was one of the highest proportions among cities in Europe, studied in the ACRE project. In general, ICT industries including manufacturing, consultancy and telecommunications, form the most important industrial segment of the Helsinki metropolitan area's economic profile.

Unlike many other ACRE cities, Helsinki is clearly a dominating capital of a small nation with the population of 5.2 million. It is the only urban area in Finland where the population is more than one million. Its population exceeds that of the six next biggest Finnish urban areas put together. Put another way, Helsinki's share of the national population is 24 per cent, and it has 29 per cent of the jobs and 36 per cent of GVA of Finland as a whole. The share of it varies in the fields of creative industries from 50 – 80 per cent and in knowledge industries 35-70 per cent (Kepsu and Vaattovaara, 2008a).

## **5.3 The pathway to the hub of knowledge industry is not a future guarantee**

Professor Dan Steinbock, investigating the Finnish innovation policy, cluster creation, and innovation capacity at the request of the Finnish ministry of Interior, concluded how: "the success or failure of the cluster depends on its microeconomic conditions i.e. sophistication of firms, attractiveness of business environment" (2004). Similar shift from macroeconomic approaches towards the microeconomic foundations of competitiveness and growth in addition to knowledge and creative industries is supported by several scholars in the field (see Porter, 2004, 2006).

In Finland, however, national level politics have so far had a profound influence. The entire creation of the welfare state relies on a kind of national uniformity. Consequently, there exists a long tradition in the Finish political system of a top down approach to knowledge intensive

industries and innovation policies, among other things. It is only recently, from 1989 onwards, with the development of regional policies that the importance of differentiating regions and urban areas has received specific attention. For example, the implementation of the first national metropolitan policy is still in preparation. Local level challenges still remain.

The research setting of the ACRE project – focus on the city-regional conditions- is extremely interesting from this perspective. And indeed, one of the main results of the entire project support the interpretation that the main development possibilities and biggest problems are on the local – city-regional level.

#### 5.4 Why locate in Helsinki?

In the Metropolitan Helsinki, the workers in the creative and knowledge intensive industries are extremely important and relevant group to study. As these industries provide more than 30 per cent of the jobs in the region, and have also been responsible of the recent rapid growth of employment, influencing directly also to the rapid growth of region in general, it is important to understand the rationale behind the location decisions of employees, management and the international experts particularly in these fields. Personal reasons or personal trajectories – being born in the region, studied in the region or family lives in the region seemed to be extremely important reasons behind the decisions to locate in the area. More than 40 per cent of the employees had been born in the region, and the majority of both the managers and employees had either been born, had family or had studied in the region.

The hard factors, mainly the current employment opportunities or employee availability were among the main reasons as well for the workers and companies respectively. Among the transnational creative knowledge workers the decision to move had primarily been made on the basis of a good job offer – or again – on the basis of personal social reasons. The clear strengths of the metropolitan region are the good employment opportunities, high quality of the educational facilities and the good technical infrastructure and overall functionality of the city. Even if much of the recent theoretical debate highlights the role of soft factors – such as leisure and entertainment activities, diversity of urban environment and tolerance – personal reasons related to family, friends, and being born in the region, as well as motivations connected to employment are unquestionably the principal factors when deciding where to live or locate the firm.

However, nearly 70 per cent of the Finnish creative knowledge workers and 85 per cent of the transnationals mention at least one soft factor when asked to rank the four most important reasons for settling in Helsinki. The diversity of leisure and entertainment, safety, tolerance, and quality of housing are the most important soft factors referred to. In conclusion, our research shows that soft factors are very significant in three aspects:

- 1) As *retaining factors* possibly making the difference between the decision to stay or move away
- 2) As important factors in the *location decisions within the metropolitan region*, i.e. in the choice of residential neighbourhood or company location.

3) As *supporting factors* in the decision to locate in the area – some factors do seem to play a part in the decision to move into the area, although their role seems to be supporting, rather than dominating the decision-making process

## **5.5 The central role of neighbourhoods**

One of the major findings of this study is that the importance placed on the neighbourhood is remarkable. Satisfaction with the neighbourhood promotes greatly to the experienced quality of life and overall satisfaction with the city. Nearly 70 per cent of the creative knowledge workers considered neighbourhood atmosphere and availability of private open space as important when they made the decision to move to their current neighbourhood. The transnational migrants value the atmosphere of the neighbourhood even more. Almost 80 per cent of the transnational migrants assess the quality of the neighbourhood and the quality of public open spaces as very or quite important factor in their location decisions. As many of them do not know the different neighbourhoods as well as the locals the image of the city as a whole and the different neighbourhoods within it seem to have more importance in their orientations.

It is not only the preferences that are relatively similar, but also the actual location choices that match. When examining at the actual patterns of settlement of these groups and comparing it with the whole respective local talent (highly skilled locals vs. or immigrants from western countries), the residential patterns seem similar. The areas favoured by the local groups of experts seem to attract the pool of foreign experts as well. It seems that the neighbourhoods which the Finnish creative knowledge workers and graduates value, also satisfy the needs of the highly skilled migrants in the Helsinki Metropolitan Area, although the reasons for choosing the neighbourhoods are slightly different.

All in all, not much difference can be found in the values and orientations of the creative workers and the knowledge workers. It seems that they appreciate soft factors such as closeness to the nature, space, peacefulness and quality of housing in their selected neighbourhoods. It was thought that they would have different preferences and lifestyles, but in the case of Helsinki the workers in both creative and knowledge fields were very generally fairly similar.

However, two segments of our target groups – the Finnish creative graduates and the transnational “highly creative” individuals – stand out as a special case in many regards. Due to the sampling strategies, the Finnish creative graduate group happened to consist of workers from “highly creative” fields, such as graphic, clothes, textile and interior design. In this study they, together with the corresponding transnational group, demonstrated characteristics often associated with the creative class. These “highly creative” workers had chosen inner-city locations, were clearly more often self-employed or free-lancers and had more varied working days. They also valued the city being open minded and tolerant clearly more often than the rest of the surveyed.



Even if for some of the “highly creative” workers the urban way of living seems to be very important, over 70 per cent of the employees surveyed in our research live in the suburbs of Helsinki. Our research contrasts the theoretical discussions that have assumed the creative and knowledge workers to have different residential preferences and values on what makes a city region attractive. The majority of our target group were not creative workers referred to in the literature who would be active consumers of cultural and leisure activities. Instead, we found that they value comfortable and welcoming neighbourhood and spend their free time to a large extent at home in the suburbs, with friends and outdoors in parks or green areas. The requirements of their demanding work seem to be reflected in their values. Individuality and sovereignty is much more important than before. People want to be able to influence and even control what goes on in their immediate surroundings. After a hard days work, creative knowledge workers want to go home to a peaceful and safe place. The city or the Metropolitan Region is more seen as remote entity, a provider of services.

## 5.6 Low mobility in housing and high career mobility

The creative knowledge workers in the HMA are not very mobile, and by no means resemble the often described “global nomads” who frequently change their country of residence for career reasons. Almost all the surveyed experts in creative knowledge industries owned their home, although renting was more popular in the group of transnational experts. Additionally almost 90 per cent of the Finnish respondents had lived in the region for more than 10 years and thought that it was unlikely that they would move away from the HMA in the near future. However, the mobility is much higher regarding the creative knowledge workers’ professional careers. The respondents demonstrated a fairly strong desire to change their jobs at frequent intervals. Almost half of the interviewed expected to change their current work place in less than 5 years, and the majority of them from one to three years from now. This is a very fast pace for career shifts in the Finnish context.

The result of high career mobility is similar in most of the cities studied in this project. It seems to support the research of the qualities of the new economy. As addressed also by Richard Florida (2000), the professionals working in the creative knowledge fields change positions relatively often, and a “thick” labour market with constantly available employment opportunities is necessary to sustain their career in the region. The possibilities for career advancement are particularly important due to the strong goal orientation and high value placed on career advancement by the highly skilled creative knowledge workers. The logic of the decision-making process of creative knowledge workers is summarised by Richard Florida (2000, p. 44) as follows:

*“Knowledge workers express a distinct preference for cities and regions with a “thick labour market” that offers a wide variety of employment opportunities in high technology fields. Because job tenure in high technology industries tends to be relatively short and young knowledge workers expect to change jobs frequently, such a thick labour market has become a key factor in selecting a place to live and work.”*

This particular finding partly challenges the assumptions and ideas in sustainable urban planning. The concept of mixing work, leisure and housing to the same housing area is difficult to meet if the mobility of employment is considered properly.

## **5.7 Social networks**

The tightness of the professional networks and the flexibility and rapidity this offers to decision-making processes is often viewed as a clear strength of the Finnish economy (Ylä-Anttila, 2005; Vaattovaara, 2009). The networks' tendency to include actors from all sectors from public to private institutions also creates unique advantages in both business opportunities and political processes in the HMA. As everyone knows everyone, the knowledge can easily be transferred, more comprehensive understanding of the situation shared and better decisions made – as was seen during the bad recession in the beginning of the 1990's in Finland. Also the creative knowledge managers and workers addressed the importance and manifold role of social networks.

The significance of social networks was emphasised already behind reasons to settle to the city-region, due to their capacity to transfer knowledge, business opportunities, employment opportunities and possibilities to hire skilled workers, for workers and managers respectively. Social networks were one of the primary reasons why many managers and creative knowledge workers described Helsinki as “the only place to be” in their line of work. And even in those cases where the professional networks were mainly international – for the employment of new experts – the local networks were very important.

However, in the case of the internationalisation of the HMA, the strong networks also seem to act as a challenge. In the group of transnational migrants, the strong networks were not seen as an unambiguously positive feature. According to the migrants, the tightness often becomes synonymous with impermeability, and they claimed a lack of access to the already established professional networks. While the strong social networks are a national strength, they can also act as a serious weakness for the inclusiveness of the labour market and the society, if they do not accommodate transnational talent. The Finnish language and employer attitudes seem to enhance this problem. The need for highly skilled migrants is recognised at the national level and in the economic life at large, but only half of the decision makers in the economic life see the importance of international workers for the innovativeness of the organisation (Söderqvist, 2005). Generally, Helsinki seems to be a challenging city for highly skilled migrants when it comes to accessing both social and professional networks.

Besides the career dimension, the significance of social life and networks for settling into the city were emphasised in the study. Although the migrants in the sample were very career oriented, having a life outside work is still crucial for how they adapt to the new city, and how at home they feel. Eventually the extent of the migrants' social relations greatly affects their decision to stay or to leave. Nevertheless, according to our study, Helsinki is very challenging for a migrant when it comes to accessing the local private social networks. Newcomers in any city can feel alone, but according to our interviewees creating a social life in Helsinki can be quite hard even with time. Finns are generally considered to be quiet, closed, shy and not very social.

While the tightness and extensiveness of the social networks within the HMA are in many ways positive features for the national actors, there is evidently pressure to encourage more openness and to change some of the established dynamics of the networks in order to accommodate transnational talent. Considering the international competitiveness of the HMA and the need to attract and accommodate high-skilled transnational workers, encouraging more inclusiveness and a better access into the social networks particularly in the professional sphere appears to be one of the most important challenges for the future.

## 5.8 The greatest challenge relates to housing

The study raises one main concern above anything else: the costs of good quality housing. Almost all of the creative knowledge workers surveyed, the managers and the foreign experts interviewed think that housing is expensive and it worries them. It is particularly noteworthy that over 20 per cent of the Finnish creative knowledge workers feel that the quality of life in Metropolitan Helsinki has gotten worse in the recent years – and mostly because of the cost of housing. Many of the respondents feel that they have to live in too small apartments and cannot afford the cost of living in Helsinki, at least in a neighbourhood they would prefer, due to the high costs of housing and living in general in the city.

From the workers' perspective, the difficult housing situation was seen as a demotivator for moving to Helsinki. In the Finnish context, the housing costs are clearly higher in Helsinki than in any other Finnish city. The higher level of salaries compensates the difference slightly, but still 70 per cent of the Finnish survey respondents felt that housing costs are very expensive in the HMA, and nine out of ten respondents were worried about the housing situation.

The housing situation is important not just for attracting people to the city, but even more so when it comes to retaining the current skilled workforce. This was the case both when it comes to the Finnish and the foreign-born creative knowledge workers. Creative knowledge workers came to the city for a job or for social relations, but the housing affected settling in, satisfaction with the city and eventually the intention to stay. If the workers in the HMA are unable to find satisfactory homes, or have to pay unproportionally much for them, it might push them away to a place where they can easier attain the quality of life they desire. Crammed, low standard housing is not enough for the group, which was described by a housing expert to *“want privacy and peace from their residential area. Sometimes they even consider the countryside with their families. ‘I was overworked and needed peace and quiet.’”* There are also high expectations placed on the standard of the apartment itself: *“These professionals belong to the group that buys a detached house or at least a townhouse. Many of them like exotic hobbies or other recreational activities that require more space.”*

One of the most frequently mentioned structural obstacles by company managers was the supply of skilled labour force, which is directly tied to the lack of reasonably priced, high quality housing. As noted earlier, the existence of good labour is main reason for locating in Helsinki and the intellectual capital formed by the skilled workers is seen as the most valuable – even the only – asset of the companies. The managers in all sectors were worried about the

small talent pool, as well as to some extent about the quality of the education in Finland. The structural obstacle that was lifted *above all other mentioned obstacles* by the managers was the housing situation, which is a key factor for the existence of labour force.

The problem of unsatisfied housing needs of the employees is emphasised in both the suburbia and the city centre, according to the difference in residential preferences between the “technical innovators” and the “highly creative” workers. Firstly, especially the skilled workers with technical and knowledge-based backgrounds value spacious living in a single-family or at least a semi-detached house close to nature. Thus, they are looking for spacious, high-quality homes usually in the suburban areas, where they have space for their hobbies and outdoor activities. The second part of the housing problem is the lack of reasonably priced apartments in the centre of the city. The smaller group of “highly creative” workers attach great importance to being close to the buzzing urban life and to the urban business environment. Finding an apartment in the centre, particularly for a family with children, is currently very difficult. It is clear that the housing needs of the skilled people are not met, and the company managers feared that this might threaten the future success of the industry.

## **5.9 Regional challenges and the role of policies**

National level politics have so far had a profound influence in the Finnish political system. The whole creation of the welfare state relies on a kind of national uniformity. The small national elite coincided with the governmental bodies “for the best of the common people”. Consequently, there is a long tradition in the Finnish political system of top down approach to knowledge intensive industries and innovation policies among other things. For a long time, national political guidance to raise levels of education, standards of living, housing conditions, available services etc. have been followed without any strong struggle by a homogenous population. It is only recently, from 1989 onwards, with the development of regional policies that the importance of differentiating regions and urban areas has received specific attention.

Even if today, Helsinki can be considered as mature in terms of supporting the knowledge economy with a great integration of actors and strategies around the information communication and technology (ICT) cluster, there have been virtually no city-regional policies aimed at the fostering of informational development prior to its success. The different institutions and initiatives around the ICT cluster today have all emerged after the success of Nokia. The role of policies has then been more to *support the existing success* of this private company than to create it. The growth in itself has guaranteed success also in retaining a strong position in the creative industries, as most of the employees as well as managers have personal trajectories that have brought or keep them in the region. They have either been born in the region or studied there. Also for the foreign experts the personal social relationships or employment offers have brought them to the unquestionable urban centre of Finland. And still, the first attempts to develop metropolitan policies are under construction.

However, the past success does not necessarily continue without vigorous efforts to support it. The analysis of the HMA and Finland seems to suggest that some of the local features that are particularly important for the development of creative and knowledge industries, cannot only be addressed by the national decision makers or in the form of cluster policy. Many of the emerging local challenges – for example the housing troubles and signs of growing metropolitan segregation – need to be tackled with new types of localised, metropolitan policies, although the national scale is also important in solving some of the metropolitan issues. It is also important to take into account the potential structural fit or mismatch of locally and nationally constructed historic traditions with the requirements of the new economic success.

In conclusion, the analysis of the development trajectory and the economic success of the HMA shows that the success of the region has grown from the city's own potential: historical trajectories, local talent and local companies. However, with the growing competition between urban areas, growth and changes in the demand of labour and the rapid ageing of the population, the city needs to rethink its strategies. Especially the *thickness of the labour market* and the *troublesome housing situation* are issues that need to be solved locally. Some of the challenges have a highly cultural dimension, such as the issue of *openness and accessibility of the professional networks*, but there are often structural ways to at least support the positive developments of these challenges in both the regional and national level.



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