Main drivers for settlement in the Barcelona Metropolitan Region. The managers' view

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Publication date
2008

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ACRE report 6.2

European Commission

CITIZENS AND GOVERNANCE IN A KNOWLEDGE-BASED SOCIETY

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ISBN 978-90-75246-83-4

Printed in the Netherlands by Xerox Service Center, Amsterdam
Edition: 2008
Cartography lay-out and cover: Puikang Chan, AMIDSt, University of Amsterdam

All publications in this series are published on the ACRE-website
http://www.acre.socsci.uva.nl and most are available on paper at:

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Maite Padros (language revision)

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

Amsterdam 2008
AMIDSt, University of Amsterdam

ACRE

ACRE is an acronym of the international research project 'Accommodating Creative Knowledge – Competitiveness of European Metropolitan Regions within the Enlarged Union'.

The project is funded under the Priority 7 'Citizens and Governance in a Knowledge-based Society' within the Sixth Framework Programme of the European Union (contract no 028270).

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EXECUTIVE SUMMARY

This report summarises part of the research carried out in the framework of the ACRE project, concerned with the competitiveness of metropolitan regions and the development of the creative industries. In this report, the main research question is about the main drivers for settlement of creative and knowledge-based companies in the Barcelona metropolitan region, and the role of 'soft' and 'hard' factors in the decisions of companies to settle in a place.

In order to answer these questions, creative and knowledge-intensive companies from three different sectors were selected. The selected sectors were business and management consultancy activities; motion picture, video, radio and television activities, and computer games and web design activities. The first step in the research was the analysis of the evolution and current situation of these activities in the metropolitan region (Chapter two). The selected activities are not of foremost relevance in economic terms but all of them are of increasing relevance in the economic growth of the region. As an example, number of companies in activities linked to media grew more than 57 per cent between 1999 and 2006 and in the same period jobs rose 43 per cent. In the other sectors although existing, the growth is less evident.

The methodology of research (Chapter three) was based on qualitative analysis. For that reason, 22 in depth interviews were conducted to managers of companies and experts of each sector. The methodology employed for the actual interviews was that of semi-structured interview. This approach allows adapting the questions according to the responses that the interviewee gives.

The analysis of the main drivers for settlement (Chapter four) is based on an analysis of each sector followed by a wider analysis of common drivers of settlement for the three sectors. This approach allows understanding the different features of the sectors affecting their needs and their preferences for location, as well as the commonly perceived strengths and weaknesses of the region. The results reveal that creative activities in Barcelona are strongly based on networks of small and medium businesses that collaborate between them and share ideas and knowledge (know-how). On the other side, the business and consultancy sector is based on small and medium companies giving consultancy services to large companies without consistent networking between them. There is exchange of information but not exchange of knowledge or new ideas. Thus, the needs and the reasons for being located in the BMR differ. The role of the soft factors in the decision for location is also different depending on the sector. The creative companies interviewed assess the atmosphere and environment of the city as a necessary element to foster their networks with other creative workers.

Nevertheless, managers consider that the region needs infrastructure and venture capital. They consider also that there has been a certain lack of leadership in the last years in the development of creative industries. In spite of that, recent policy developments are well assessed by the interviewed companies that are demanding a more consistent policy on the promotion of creative and knowledge industries and a new meaning of the Barcelona brand. In a similar vein, the image of the city is viewed as a positive asset of the city that can be a way for internationalisation of the company (Chapter four).

Finally some conclusions are presented taking into consideration economic and political perspectives (Chapter 5). From an economic point of view, ICTs or creative industries are not at the basis for the Spanish economic growth. The real state sector has been the main contributor to the economic expansion of Spain, although Barcelona Metropolitan Region has a diversified economy based on small and medium companies. But the Barcelona Metropolitan Region is under a transformation in a global context and the classic regional factors of attraction of companies i.e. low productivity and cheapest workforce are no longer available and are not useful in the attraction of creative and knowledge companies. Besides, soft factors play a key role in attracting companies and especially talent in the BMR. Hard factors are perceived also as relevant but the degree of relevance varies according to the sector. Nevertheless, the fact of being the main logistic sector of Southern Europe is of foremost relevance to understand managers' decisions. Finally, from a policy perspective the region needs a shared strategy between municipalities to coordinate strategies for attracting talent and companies. In a similar vein, it is necessary to elaborate a comprehensive strategy to ensure not only the attraction of talent but their retention in the BMR.

1 INTRODUCTION

Since the beginning of 21st century, regional economic development strategies are being based on the attraction and creation of knowledge and creativity activities to the metropolitan regions. Both in the scholarly and policy circles there is a strong debate on creativity as a new way for urban regeneration (Scott, 2006). At the same time, these approaches are based on the idea of mobilising the endogenous potential of regions to create economic growth and attract investments to the metropolitan region (Amin, 1999). Institutional economy explains how non-economic factors influence and sometimes determine economic growth. From that perspective, elements such as trust and cooperation between actors contribute to regional economic growth. Thus, the effects of formal and informal institutions, the composition of networks of economic association and their role in sharing and disseminating information become explanatory elements for economic growth. The formation of clusters of companies or industrial districts is based in these elements which are at the same time territorially embedded. On the other hand, there are also non-economic factors explaining the settlement of companies in a place. Far from being only an economic decision, the relevance of institutional elements must be taken into consideration. From that perspective, there is the consideration of the existence of soft factors of location apart of the neoclassical factors of location of companies. In fact, environment quality of life, trust and the possibility of sharing ideas are between these factors.

The aim of this report is to describe and analyse the reasons why companies settle and develop their business in BMR. In order to do that, more than twenty in-depth interviews to managers of creative and knowledge companies of the BMR were carried out. In the following chapters the collected information on the different discourses about the BMR and its main assets is explored, from public policies to social characteristics. The objective of the analysis is not only to understand the rationale behind managers' decisions about their companies –such as geographical settlement or workforce recruitment– but also to discover the relevance of soft factors in a wider perspective. With this qualitative approach, the report assesses at what extent concrete social, geographical and economic characteristics of the city are essential for companies.

The Barcelona Metropolitan Region's economy is based mainly on small and medium familiar companies with a high degree of specialisation and diversification (Trullén and Boix, 2003). The region has also a qualified and specialised labour market that can potentially attract companies from abroad. The city of Barcelona and at a lesser extent the rest of the metropolitan region has promoted the attraction of knowledge and creative companies with different specific projects. The attraction of companies through the creation of infrastructures and equipments is of foremost relevance to understand the economic growth and diversification of the region. Nevertheless, the attraction capacity of Barcelona deserves attention in a more comprehensive way. Following data from the European cities monitor, in 2007 Barcelona was amongst the five most preferred European cities to locate a business.

Some of the reasons given to explain that position are the quality of life of workers, urban transport and costs related to workforce (Observatori Barcelona, 2007). This report wants to bring further information about these issues from a qualitative perspective. In this sense, the subjective perceptions of managers about the city and at what extent these perceptions fit with the existing data and literature are the main source for the analysis.

The interview structure was designed to collect three main kinds of information. The first axis is about the position and the role of the company in its branch of activity. The second axis is related to the location of the company in the region in geographic and economic terms. The aim of this part is to understand the geographical, social and economic assets that explain the settlement of the company in the BMR. The third axis is about the relevance of public policies as well as the image of the city. The main objective of the interviews was to gather information about the relevance of these aspects for the company and, in a wider perspective, for the whole creative and knowledge industries of the region.

The qualitative approach is useful to understand also the relevance of the agglomeration economies and the existing patterns of agglomeration in BMR. In that sense, the ACRE project is interested in the detection of the existing networks of companies and professionals as well as the relationship between companies and customers. For that reason interviews were done not only to managers of companies but also network actors, that is, representatives from the administrations and from business organisations who have specific knowledge about the creative and knowledge sectors and their relevance in Barcelona.

Following the guidelines of the ACRE project, three specific branches of the creative knowledge economic activities were selected. Thus, the report brings us information about the internal structure of the selected branches as well as the main soft and hard factors that stimulate the creation and attraction of companies of those branches. The selected activities are the following:

- Business and Management consultancy activities, which is included in the economic sub-sector 'law and other business services' (code 7411 in the NACE classification)
- Motion picture, video, radio and television activities (codes 921 and 922 in the NACE classification)
- Computer games and Web design, which is part of sub-sector 'computer and related activities' (722 in the NACE classification).

The fist part of the report summarises the relevance of creative and knowledge sectors in the BMR, emphasising on the selected creative and knowledge activity branches. In this part of the report, some insights of the ACRE research strategy and how the qualitative research has been designed are included. The second part of the report summarises the results of the analysis of the interviews. The information is ordered with two complementary criteria. On the one hand, the three different sectors isolated are analysed, looking for the internal coherence of the sectors. On the other, each sector is examined following the same structure which makes possible a transversal analysis of the different issues included in the interview.

2 SECTORS IN THE METROPOLITAN REGION

2.1 Introduction

Creative and knowledge industries are of growing relevance in the Spanish economy. Nowadays, they account for 2.4 per cent of Spain's GDP and for 3 per cent of people in employment (Pareja-Eastaway *et al.*, 2007), and are growing both in number of companies and jobs. Both, the Barcelona Metropolitan Region and Catalonia, play a major role in this growth with a substantial increase in the number of companies and public investment on R&D over the national average. Nevertheless, the evolution of this growth is difficult to determine due to the lack of official surveys on the impact of creative and knowledge activities until recent times (Gámir, 2005). The definition of what is and what is not a creative activity is somehow arbitrary. A wide array of activities –such as motion pictures, television and radio, designer fashion, architecture, arts and antiques trade, publishing, or advertising–, are conventionally understood as belonging to the creative economy. The disparity makes it difficult to analyse their impact on the economic system. Moreover, as several authors point out (Scott, 2006; Markusen, 2006; Gámir, 2005), the relation between culture and economy that runs through the creative industries is very complex. On the one hand, cultural intangible commodities are main assets of the creative economy. On the other, creative industries devoted to the production of culture are closely related to the public sector. This fact, combined with the increasing tertiarisation of the economy, makes the contribution of these sectors to the measurement of economic growth and productivity more complex.

The ACRE approach to the creative and knowledge economy involves the analysis of different sectors[1], each one with its own evolution and determinants, understood as creative. The approach requires the consideration of variables other than the contribution of creative and knowledge industries to economic growth or employment. We have used two basic indicators to assess the relevance of creative and knowledge sectors in BMR and Spain: the number of existing companies and the number of jobs in the sectors under study. Unfortunately, there are no available data of the number of companies in the Metropolitan Region of Barcelona. Therefore, economic data for the whole Autonomous Community of Catalonia has been used as it is quite representative of the metropolitan economy: 85 per cent of the economic activity at the Autonomous Community takes place in the BMR (Pareja-Eastaway *et al.*, 2007). These economic data are completed with information obtained through qualitative research on the selected sectors. This qualitative data is detailed in Chapter four.

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[1] For a complete list of sectors included in the ACRE project see Musterd *et al*. (2007).

2.2 Barcelona in the Spanish context

Barcelona plays a key role in the Spanish economy. Roughly 20 per cent of the economic activity of the country is conducted in the city and its metropolitan region, which is the second most relevant metropolitan agglomeration after Madrid. The economy of the Barcelona metropolitan region is highly diversified; there is not only a strong industrial sector –an inheritance of the huge industrial development in the past, but also an emerging and advanced services sector. Whereas Madrid concentrates most of the financial activity of the country, Barcelona has developed a services-oriented economy with tourism as its leading activity. Here, cultural production has become a prominent activity. Besides, the region is strengthening its transformation towards the knowledge economy with the involvement of public and private agents. Different policies –i.e. creation of scientific, technologic and creative parks, and policies to promote innovation in small and medium enterprises– are being implemented across the territory to foster the development and attraction of knowledge and creativity (see Pareja-Eastaway *et al*., 2007 for further elaboration).

Despite the ongoing tertiarisation process, industrial sectors have still a major role in the regional GDP production. Other sectors, namely construction, have had a huge growth in the last years. In fact, the construction sector has been the economic driving force in Spain, and has allowed for the creation of new companies not directly linked to this sector. New business consultancy companies and finance businesses are examples of this growth. As a consequence, the construction sector has induced the creation of clusters of services. However, construction has stagnated since 2007 due to the effects of a real estate crisis caused by the fall of housing prices. This stagnation has resulted in an increase in unemployment rates in some parts of Spain. The impact though has been somehow weaker in the BMR thanks to its diversified economy and the existence of emergent activities linked to creative and knowledge activities. As mentioned previously, to gauge the economic relevance of these sectors in the regional economic growth and productivity is not an easy task.

Thus, although creative and knowledge industries are not the most relevant industries in number of companies or jobs in the BMR, they are contributing to the overall economic growth of the region. Furthermore, the BMR concentrates most of the creative and knowledge companies in the Spanish context. Considering all the economic activities, 18 per cent of the Spanish companies are located in Catalonia. In the case of knowledge and creative industries, the percentage is higher for 25 per cent of software companies and 21 per cent of motion pictures and video companies are located in Catalonia. In spite of this, some creative and knowledge sectors are still weak in Catalonia. As developed later, radio and television activities are concentrated mostly in Madrid where the presence of national public television studios has attracted private companies to the city. Economic transformation from manufacturing to services is noticeable. Table 2.1 shows the inward capital flows in BMR; it is interesting to note the relative importance of activities like logistics –because of the BCN harbour–, administration and finances and design and R&D. All this activities are knowledge intensives and shows a feature of the orientation of the economic activity of BCN from of international point of view.

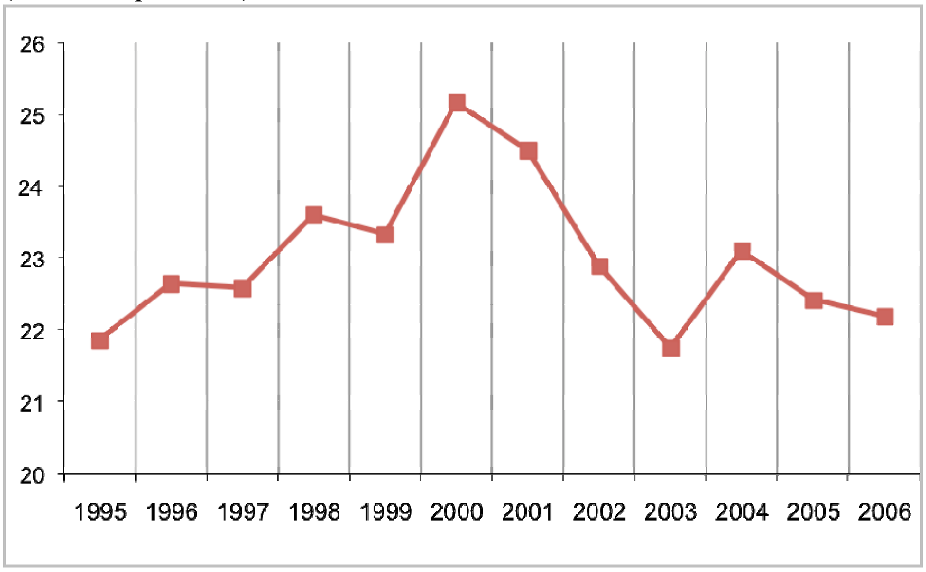
Table 2.1 - Activities of multinational companies in the BMR

Activity	Percentage
Trading and marketing	33.3
Manufacturing	18.0
Logistics	15.8
Services	12.5
Administration and finances	10.3
Design and R+D	8.2
Other	1.9

Source: Ajuntament de BCN and Generalitat de Catalunya, 2007

The diversified economy of the BMR consists in an entrepreneurial fabric of, mainly, small or medium size businesses. Historically, the main economic activity developed in the BMR was the textile manufacture. In the last decades new creative and knowledge sectors, such as software development have emerged whereas the traditional activities have declined. The transformation of the regional entrepreneurial fabric has not only entailed a change in the productive activities of the area. It has also brought about new organisation structures that have affected employment patterns. Figure 2.1 shows the percentage of creative and knowledge employment over the total employment in the province of Barcelona for the period 1995-2006. The figure evidences considerable variations with a peak of creative and knowledge jobs in 2000. The loss of jobs after that year was due to the financial crisis in the technology sector, but the continuous decline of textile industries and its transformation towards more productive activities –i.e. design and innovation– has played also a role in that loss of jobs.

Figure 2.1 - Employment of creative and knowledge industries over total employment (Barcelona province[2])



Source: INE

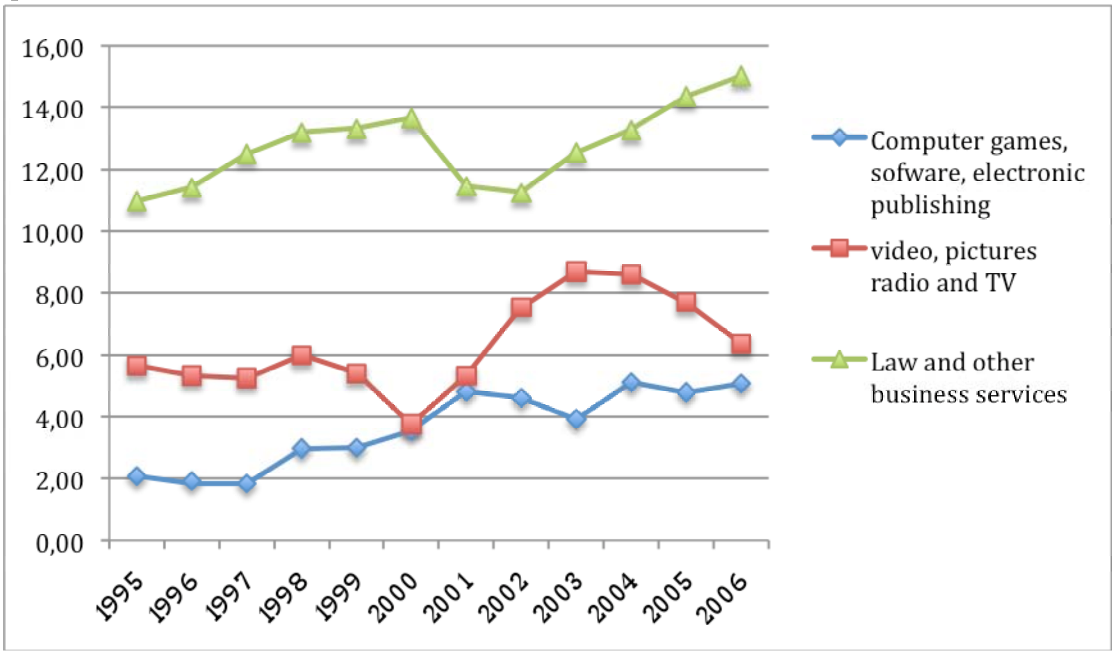
[2] The lack of data of the BMR forces the use of data for the whole province of Barcelona. BMR represents 85 per cent of the total population of the province.

The selected activities for the ACRE survey are not of foremost relevance neither in Spain nor in the BMR. Nevertheless, their contribution to the national and regional economies is increasing. In the following section we describe the situation of the selected sectors in the BMR. We will pay particular attention to their relevance in terms of jobs and companies. Besides, some insight on the geographical distribution of companies and governmental policies aimed at promoting the sectors under study are explained.

2.3 Relevance of the selected sectors in the BMR

In this section an assessment of the relevance of the selected sectors in the overall creative and knowledge economy of the region in terms of employment will be done. Figure 2.2 shows the contribution for the whole province of Barcelona. The three sectors represent 26.8 per cent of total jobs in creative and knowledge activities. Law and other business services contributes 15.3 per cent, computer games and software accounts for only 6.4 per cent, and the percentage of jobs in motion pictures, video, radio and television is 5.1 per cent. As it has happened in all the creative sectors, the increase in jobs in the three selected activities has been noticeable in the last decade. Law and other business services grew 40 per cent between 1995 and 2006. Software increased 140 per cent, and motion pictures, video, radio and TV rose by 10 per cent in jobs in the same period.

Figure 2.2 - Employment evolution of selected sectors over total creative and knowledge sectors (province of Barcelona)

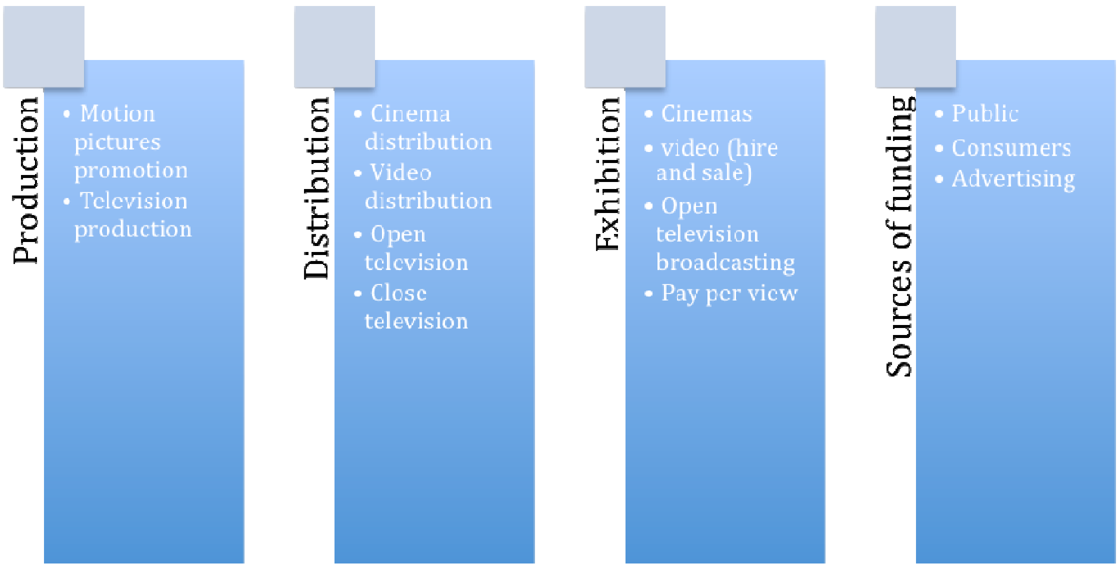


Source: EPA, INE

2.3.1 Motion picture, video, radio and television activities

Motion picture, video, radio and television activities are part of what some authors have conceptualised as the ‘cultural industries’. Using this concept, Gámir (2005) has analysed the evolution of these sectors in Spain. His analysis reveals a considerable increase in the number of companies and jobs, as well as in turnover. However, this growth is determined by two main factors: the size of companies and their distribution in the territory. Media industries are highly dependant on huge investments and media groups. As a consequence, the sector consists in a core of big companies and a network of auxiliary small companies. Thus, 1.1 per cent of the companies employ 48.6 of people in the sector, whereas the other half of employees works for micro or small businesses. Likewise, the major part of the total turnover is generated by the above mentioned 1.1 per cent of companies (Gámir, 2005). Small companies and micro-businesses account for more than 80 % of the total existing companies in the BMR, and there are 18 motion picture and video companies and four radio and television companies with 200 or more employees[3]. In the context of Catalonia, the audiovisual sector –motion pictures, video, radio and television activities– is the main contributor of the cultural industries in terms of Gross Added Value (GAV) and employment. Table 2.2 shows the interdependence between different activities in the audiovisual sector. A detailed analysis of the sector reveals that companies that develop television activities are the main contributors to GAV in Catalonia, closely followed by motion pictures distribution and production. Radio activities are currently losing relevance in terms of GAV.

Table 2.2 - Interdependences in the audiovisual sector



Source: Cambra de Comerç de Barcelona, 2005

[3] Data based on the 2007 Central Enterprises Directory (DIRCE) provided by INE.

Path dependency strongly determines the territorial distribution of companies. Most of them are located in Madrid and Barcelona metropolitan regions. 79 per cent of jobs in these sectors are in these two cities. This concentration is explained by the role played by public television and radio companies located in the metropolitan regions of Madrid and Barcelona, which has favoured the creation of clusters of media industries in these metropolitan regions. In fact, until the second half of the 1980s, the structure of television market was centralised and public. The public television company was located in Madrid, but had several regional centres. The regional production centre in Barcelona was the most developed and active of all. The radio market was far more decentralised than television and allowed for the existence of both public and private companies. 1980 saw the regularisation of the audiovisual sector which brought about a process of liberalisation and progressive decentralisation Since then, new broadcasting companies have been established, competition has grown and marketing and content production have also experienced an increase.

The role of private and public television in the national motion pictures industry is quite relevant. Thus, not only radio and television activities are mainly conducted in Madrid in Barcelona but also cinema and video activities are developed in these cities. There are more cultural industries in Madrid than in Barcelona. In 2002, the Madrid Metropolitan Region concentrated 31,252 jobs of the overall media jobs, whereas Barcelona had only 8,869 jobs. Table 2.3 shows the contribution to the turnover of the sector of Madrid and Barcelona. A more detailed analysis of the sub-sectors shows that Madrid still concentrates most of the radio and television activities whereas cinema and video are mainly concentrated in Catalonia. Roughly 20 per cent of the overall cinema and video companies, including production and distribution companies, as well as businesses based on the offer of audiovisual products to the public (cinemas, video hiring, etc.) (Cambra de Comerç, 2005), were located in Catalonia in 2004. Some of these companies resulted from the diversification strategies carried out by companies which in the 1990s worked in management of rights. In the present decade they have moved towards audiovisual production.

Madrid and Barcelona have a higher turnover per worker, which means a higher value added in this activities in both regions than in the rest of the country. Besides, both regions concentrate the mores important enterprises and the more qualified workers in these activities.

Table 2.3 - The audiovisual sector in the Autonomous Communities of Spain

	Turnover (thousand €)	Percentage	Turnover per worker (€)
Madrid	572,686	52	214,960
Catalonia (BMR)	356,861	33	202,124
Andalusia	46,959	3	88,537
Galicia	41,288	4	60,000
Basque Country	27,300	3	73,270
Valence	22,400	2	60,620
Others	16,922	2	105,338
Total	1,084,256	99	

Source: Anuario FAPAE 2003. Adapted from Casado (2005)

In the last years the audiovisual sector (NACE codes 921 and 922) has experienced a significant growth in the BMR. In the whole Autonomous Community the number of companies grew more than 14 per cent between 2000 and 2005. In terms of job creation, in the same period the rise was 29 per cent (Table 2.4). This general trend is determined by the polarisation in the size of the company and the emerging role of the free-lance or self-employed worker in the audiovisual sector.

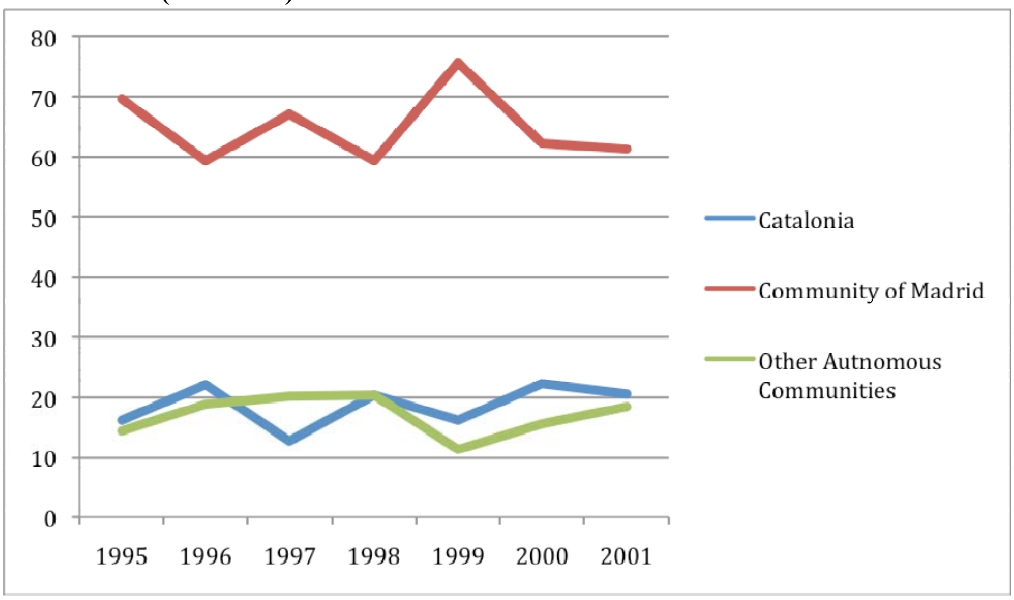
Table 2.4 - Evolution of cultural industries in Spain (NACE codes 921 and 922)

Year	Companies in Spain	Companies in Catalonia	Jobs in Spain	Jobs in Catalonia	Turnover in Spain (thousands €)
2000	5,375	1,411	61,186	11,928	8,394
2001	5,744	1,277	65,333	11,499	9,104
2005	7,631	1,609	73,109	15,375	11,069

Source: Gámir 2005, INE, IDESCAT

Motion pictures, video and radio and television companies are territorially distributed within the metropolitan region. Whereas some small and medium companies are established in the city, most of the private and public television studios and studios of production companies are located in the metropolitan region. The public television studios are in Sant Joan Despí and Sant Cugat, both in the first ring of the metropolitan region. Private media companies have equipments on the metropolitan region whereas the offices are in the city centre. The most important companies in the city are Gestmusic (television activities) and Mediapro (television activities and audiovisual distribution and production). Regarding size, motion pictures production companies are mainly small or medium. The atomisation of the sector is visible in the fact that, in an average of 25 motion pictures produced per year there are 14 different companies engaged. This means 1.4 motion pictures per company. Large companies are involved in television production and distribution, motion pictures distribution and exhibition.

Figure 2.3 - Percentage of participation in the national film production per Autonomous Communities (1995-2001)



Source: Cambra de Comerç de Barcelona, 2005.

As mentioned before, the sector is formed by state-owned and private radio and TV enterprises, which are the driving forces of the sector. The other enterprises are quite dependant on the big firms and work form them. Table 2.5 shows the leading firms in Spain, in each Autonomic Community, and in BMR.

Table 2.5 - Main broadcasting companies in the BMR and Spain

<table>
<tr><td colspan="3">National companies</td></tr>
<tr><td>RTVE</td><td>Radio and television</td><td>State-owned</td></tr>
<tr><td>Antena 3</td><td>Television</td><td>Private</td></tr>
<tr><td>Tele 5</td><td>Television</td><td>Private</td></tr>
<tr><td>Cuatro</td><td>Radio and television</td><td>Private</td></tr>
<tr><td>La Sexta</td><td>Television</td><td>Private</td></tr>
<tr><td colspan="3">Regional companies (Autonomous Communities)</td></tr>
<tr><td>RTVA (Andalusia)</td><td rowspan="11">Radio and television</td><td rowspan="11">State-owned (regional government)</td></tr>
<tr><td>CCRTV (Catalonia)</td></tr>
<tr><td>RTVM (Madrid)</td></tr>
<tr><td>CRTVG (Galicia)</td></tr>
<tr><td>ETB (Basque Country)</td></tr>
<tr><td>RTVC (Canaries)</td></tr>
<tr><td>RTCM (Castilla-La Mancha</td></tr>
<tr><td>RTVRM (Murcia)</td></tr>
<tr><td>CARTV (Aragon)</td></tr>
<tr><td>EPCPA (Asturias)</td></tr>
<tr><td>EPRTVIB (Balearic Islands)</td></tr>
<tr><td colspan="3">RMB companies</td></tr>
<tr><td>BTV</td><td>Television</td><td>State-owned (Barcelona city council)</td></tr>
<tr><td>Other Local television companies</td><td>Television</td><td>State-owned (different city councils)</td></tr>
<tr><td>8TV</td><td>Television</td><td>Private</td></tr>
<tr><td>Localia</td><td>Television</td><td>Private</td></tr>
</table>

Source: Own composition

Most of the TV channels are state-owned, especially in the hands of autonomous governments. Consequently, they are quite relevant politically. Autonomous channels have served as cultural tools to protect regional languages and culture, for instance in Catalonia, the Basque Country and Galicia; but their use can extent beyond the above scope and it has happened on occasions. Table 2.6 shows the share of public financing of various autonomous channels. Government financing means government control in some aspects.

Table 2.6 - Public financing of autonomous channels in 2005 (in percentage over the total budget)

	CCRTV (Catalonia)	**RTVV (Valencia)**	**RTVA (Andalusia)**	**EITB P. Vasco**	**CRTVG Galicia**	**RTVM Madrid**
Budget (mill. €)	443	264.4	214	147.5	125	124.3
Autonomous Government financing (%)	58.0	80.3	68.7	72.5	66.0	55.7

Source: Intermedios, nº 239

Besides, state policy has influence over the sector structure and behaviour; for instance, laws made by central or autonomous governments regulate TV, cinema and other audiovisual activities. In many cases, TV and radio firms have become leader enterprises of clusters of audiovisual activities. The concentration of audiovisual activities is in Madrid and BMR mentioned above has turned these areas in the leading regions for clustering audiovisual activities. The clusters consist in low number of large firms and a high number of small firms and freelance employees.

In the BMR the main companies are CCRTV, the acronym that designates the autonomous TV and radio corporation, some local radio and TV and a few large companies that produce audiovisuals for TV channels. They are detailed in Table 2.7.

Table 2.7 - Large size companies in audiovisual activities by number of workers (2004)

Name	Workers	Owner	Main activity
TV Catalnya (TV3)	1945	Government	TV
Catalunya Radio	412	Government	Radio
Sonoblok	406	Private	Dubbing and scoring of cinema and video films
Filmax Entertainment	320	Private	Production and distribution of films
Infinia S.L.	120	Private	Production of audiovisuals, cartoons, etc.
Mediapro[4]	111	Private	Production of TV and cinema films
Cromosoma	89	Private	Production of cartoons
Media Park[5]	86	Private	TV production
Onda Rambla	83	Private	Radio
El Terrat	77	Private	TV and radio productions

Source: Own elaboration from España 30000 and CIDEM.

The role of large companies is fundamental to the development of the sector and cohesion of the cluster. Most small companies are spin-offs from the biggest ones and a considerable part of their activity is to work for these large companies; most freelance employees have a close relationship with them too. Taken together they can be considered the main part of the media cluster in BMR.

The activity of this cluster is quite dynamic, information flow is quick and specialisation is high. Most small companies do not have the necessary structure to manage every part of the value chain; therefore they must share the process with other small firms or freelance employees. The situation makes of, information, relationship and the sharing of ideas and projects key tools to improve creativity. The number and diversification of companies and the number and quality of workers allow BMR to develop and improve the media cluster to compete in large markets. That is, BMR is facing competition in the Spanish market and in the international market, especially from the USA and Latin American markets.

In fact, Barcelona is promoting the improvement of the audiovisual sector, especially the production of motion pictures. A new technology park for audiovisual activities is under construction in 22@. The *Parc Barcelona Media* wants to agglutinate public and private

[4] The multinational group (Globomedia) tales part in this company. They have subsidiaries in USA, Latin America, Netherlands, Hungary and Qatar.
[5] Skandia Media Invest takes part of12.5 per cent of this company.

agents of the media industries. The giant media enterprise Media pro is based in 22@ as well as the Pompeu Fabra University, the academic institution that teaches audiovisual creation.

Figure 2.4 - The Barcelona Media Park at the 22@ district

Picture by Montserrat Pareja-Eastaway

Apart from the above companies and institutions, there is an emerging sector that works on video art and video production for artistic purposes. Although this kind of activities cannot be considered as video production in the strict sense, they have close links with video production companies[6]. Finally, the role of the public administration in the promotion of culture through museums, exhibitions and festivals is essential for this sector because especially micro and small businesses are engaged in the production of materials such as documentaries and other visual products. Thus, the rest of activities of the cultural industries are converging to the audiovisual sector. As we shall see in the next chapter, the engagement of micro-businesses in the public cultural production is of foremost relevance.

2.3.2 Software, computer games and electronic publishing

Computer activities are usually analysed as part of information and communication technologies. Moreover, new digital technologies have allowed the creation of common procedures for all kinds of signals (television, radio, telephone, etc.). The limits exist between software and telecommunications as economic activities are blurred. In Spain, the sector as a whole has experienced a relevant growth in the recent past. Between 2000 and 2004 the

[6] The industry plays a role also in the artistic production of the city.

number of companies in computer activities rose by 62.2 per cent. Consultancy and software development –labelled as 721 and 722 in the NACE codes– are the main activities of this sector. Thus, 57.3 per cent of computer businesses in Spain engage in consultancy and software development and are responsible for 82 per cent of the turnover. As an emerging sector, most of the companies (more than 50 per cent) are micro-business or self-employed people. As regards to territorial distribution, most of the economic activity of these sectors takes place in Madrid and Catalonia.

Table 2.8 shows the growth of companies included in the NACE codes 721 and 722 – computer consultancy and software development – in Catalonia. Calculations show that more than 90 per cent of software companies are located in the Barcelona Metropolitan Region (Trullén, 2005). Following the trend of Spain, activities related to software development are increasing their relevance in the BMR. From 1995 to 2006 employment in that sector rose 3.81 points. However, the financial crisis of technological companies caused a slight decrease in the in the number of jobs between 2002 and 2003.

Table 2.8 - Evolution of companies in the software sector (NACE codes 721 and 722)

Year	Companies (national)	Companies (Catalonia)	Jobs (national)	Jobs (Catalonia)
2000	9,650	3,340	99,486	25,769
2001	12,651	3,360	125,845	28,678
2002	13,940	3,677	132,543	30,500
2003	14,531	3,740	134,968	29,760
2004	15,221	3,903	141,089	28,652
2005	16,477	4,836	148,314	33,435

Source: IDESCAT

In recent years the sector has evolved and new business models have emerged. These have expanded the range of activities for they do not only work on internet development but also on the use of software for a wide spectrum of purposes. Besides, the sector upturn has brought to new business models not only based on Internet development but also in the use of software for a wide spectrum of activities. Even more, new businesses based on software development encompass a creative dimension since they incorporate design. Software development companies are integrating design and other creative activities in the value chain of their software products. Thus, companies are integrating former isolated software products in complex products that involve internet or telecommunications turning the definition of software products even more complex. For example, Web pages design can include development of small interactive games, or games can be developed for a marketing company. At the same time there are new platforms for software development such as mobile phones, which integrate telecommunication services and software products. The videogame industry for mobile phones is of growing relevance. Nevertheless, the most prominent activity in Barcelona in the field of software activities is Web design development as well as on-line computer games integrated in web services. As regards computer games development, there are several studios in the region which produce mainly for the European market[7]. In spite of that, it essential to highlight the weakness of this activity in Spain where there are only 66 leisure software development companies.

The territorial distribution of software activities in the metropolitan region is determined widely by the evolution of the sector. The oldest companies in the region are established outside Barcelona, because they followed the common pattern for industrial companies at the moment of their foundation. But the core of the entrepreneurial tenure on software activities is located in the city of Barcelona. Moreover, most of the pioneering companies have generated spin-offs. As we will see in the next chapter, in many cases employees of these companies have become entrepreneurs and generated horizontal relations with the mother company.

As a cornerstone of the knowledge economy, computer activities and ITC in general are main objectives in the promotion policies of the Barcelona City council and the strategic planning. Most of the innovative projects in the metropolitan region, such as 22@, are aimed at the promotion of ITC businesses. In this line, Barcelona Activa[8], encourages the creation of new businesses engaging in computer and software development. Nevertheless Business Associations of computer games in Spain demand investments and promotion for the sector in the whole country[9].

2.3.3 Business and management consultancy activities

Law and other services to enterprises is one of the most relevant sectors in Spain, with 18 per cent of the overall national entrepreneurial network of the services sector. The sector is concentrated both territorially and in the market. Companies without employees account for more than sixty per cent of the total, whereas only five per cent of the companies have ten or more employees. This five per cent generates 60 per cent of the turnover and has two thirds of the total number of employees. From a territorial perspective, the community of Madrid and the Autonomous Community of Catalonia concentrate half of the companies of this sector in Spain: 37.2 per cent in Madrid and 21 per cent in Barcelona. The weight of financial companies in Madrid explains this huge difference between the two cities. In addition, a considerable number of companies establish their headquarters in Madrid attracted by its condition of capital of Spain. This is especially relevant in the case of multinational companies.

As shown in Table 2.9, Madrid generates 35.7 per cent of the turnover and has average earnings over the national average. Thus, the added value of the sector in Madrid is higher than in other regions. In spite of Madrid's relevance, the BMR concentrates 18.2 per cent of

[7] During the eighties Spain had a relevant leisure software development industry. Nevertheless, the flourishing computer games industry could not adapt to technological change. The re-emergence of some companies can be understood as a recuperation of that tradition.
[8] A public municipal company engaged in prmoting innovation and raising companies.
[9] *Asociación Española de distribuidora y editora de software de entretenimiento* (ASEDE) stated that national production represents only one per cent of the Spanish market (website http://www.adese.es visited on April 9th 2008).

employees and develops activities with added value in a greater extent than the other Spanish regions except Madrid.

Despite the fact that business and management consultancy companies represent 41 per cent of total Law and other business services, this activity is not a relevant contributor to the weight of the sector in the Spanish economy (Table 2.9). In fact, other activities linked to finance and law, have been more relevant during the last decade. That relevance can be understood taking into consideration the force of the construction sector and the housing market in Spain which have generated demand for auxiliary activities on law and services, but not on business and consultancy activities. In 2006 the whole sector of law and business services –in which consultancy is included– generated 3.3 per cent over the total of existing jobs in the province of Barcelona, and had a significant increase in the last ten years[10].

Table 2.9 - Weight of Madrid and Barcelona in the total services activities in Spain (2005)

	Workers	Turnover	Average earning (€)
Madrid	24.1	35.7	15,682
BMR	18.2	18.9	13,598
Spain	100.0	100.0	12,647

Source: INE

As shown in Table 2.10, business and consultancy activities (7414 in the NACE code) have grown in number of companies and jobs. Nevertheless, the sector decreased significantly in Catalonia in 2005.

Table 2.10 - Business and consultancy activities (7414) in Spain: Main figures

	Workers		Firms		Turnover (Thousand €)	
	2000	**2005**	**2000**	**2005**	**2000**	**2005**
BMR	7,996	8,830	1,907	1,526	556,130	744,265
Spain	39,122	50,111	9,508	11,008	2,697,886	3,552,168
BMR / Spain	20.4	17.6	20.0	13.9	20.6	21.0

Source: Encuesta annual de Servicios, INE, IDESCAT

The evolution of business and management consultancy activities in the BMR in recent years deserve some comments. As Table 2.10 shows, there are some differences in the evolution of the sectors in Spain and in the BMR between 2000 and 2005. The BMR experienced an increase in jobs although it was less relevant than the increase in the whole country. As a consequence the BMR's weight in the sector is, currently, weaker in terms of employment. Besides, while there was an increase in the number of companies in the sector for the whole of Spain, the BMR lost firms between 2000 and 2005. Nevertheless, in terms of turnover these activities have seen an increase of 33.8 per cent in the BMR, whereas in the whole country was of 31.6 per cent. In short, the relevance of the BMR has decreased in terms of labour market and number of firms, but has increased in terms of its contribution to the sector's turnover.

[10] Between 1995 and 2006 the sector increased 2.14 per cent its relevance in terms of jobs.

These statistics reveal a restructuring in the business and management consultancy activities. The restructuring affected only the BMR and took place between 2000 and 2005. It involved three parallel processes: reduction of waste in workforce, increase in turnover and in clustering. As a consequence, the number of companies decreased and competitiveness rose. The restructuring of activities in the BMR was at great extent due to the downturn in business suffered by of some consultancy companies between 2003 and 2005[11].

Data and opinions show a large diversity of enterprises, in size and in the sector orientation of their main activity[12]. Broadly speaking, it is a concentrated sector, with a few big firms, of more than 100 workers, and a big number of small firms, most of them with fewer than 6 workers. In many cases firms work in diverse activities, closer to "business management and consultancy", such as accounting, advertising and engineering; to classify these activities is not an easy task. Diversification activities are depending on the size of firms; biggest firms are more diversified than small ones.

Firms of more than 50 workers usually diversify activities and clients. They work for the government and also for private firms. When they work for public bodies, they work for the national or regional governments as well as for local governments of medium-size and large cities. In contrast, small firms tend to work for local governments of small cities or for private big firms. They specialise in one of these two areas because it is impossible for them to do both due to their size.

The origin of small firms is diverse; we found small firms that were created by several individuals who started their career from scratch, and others that are a spin off from big companies. These two types of firms are different both in behaviour and activities. The former works mainly for a local government, small firms or individuals. Besides, they find it difficult to create networks and therefore they do not develop networking activities. The latter, that is, spin-off firms, have a wide range of relationships with big firms and managers for they started their activity in close connection with the big firm and then they diversified clients.

Although this aspect will be explored later on in the report, it seems that there is neither a cluster structure nor strong networking activities in this sector. Small firms do not know very well the activities in which other firms in the sector are engaged. Information does not flow easily between firms, because there is strong competition for both, private and public markets. The existence of a considerable number of small firms means that there is big pool of human capital in the sector: lawyers, economists, engineers and others. This could be an impediment for generating a cluster structure in the region. The sector should evolve towards cooperation and should engage in joint activities between firms thus improving networking activities and relationship.

[11] The down seems to be related to a similar one in the sector in the USA, and that was generated by the activities of ENRON.
[12] Data from España 3000, edited by Fomento del Trabajo and provided by CIDEM.

3 RESEARCH DESIGN AND METHODOLOGY

3.1 Description of methodology: Qualitative research and selecting cases

The data that support the analysis presented in this report were obtained through qualitative research methodology. That is, through a methodology that allows the researcher to gather responses on discourse, motivations and perspectives from the groups under study. Qualitative analysis is an essential instrument when the aim is to offer detailed analysis since it interacts with the reality under study (Mayorga Fernández, 2003). However, qualitative analysis needs to be supported by quantitative research in studies such as the present one. The incorporation of quantitative research allows the researcher to compare and contrast information and thus to offer an integral analysis. For, when faced with complex objects of analysis as in the case of the present ACRE report, methodological pluralism is the mean to offer an integral perspective.

The interview has been the selected technique to research the competitiveness of three economic sectors in the BMR. The use of this qualitative tool aims at confirming and corroborating different points of view on the subject under study.

Since all the interviews were conducted at the workplace of the interviewees, observation constituted also an important part of the research. The totality of the interviews took place face to face in the office or workplace of the interviewee and by previous appointment. 22 in depth interviews were conducted in a time span of two months.

As pointed out in the previous section, the selected economic sectors are not the most relevant for the strategic economic development of the BMR; however they are relevant in the metropolitan areas of the remaining ACRE case studies. Therefore, the first criterion of selection of the interviewees has been their belonging to the sectors indicated by the ACRE guidelines. The different companies and interviewees were divided in three groups: freelancers, 2 to 5 employees, and 6 to 200 employees. However, there were no companies which had over 30 employees. This derives from the nature of companies in Catalonia where small and medium size companies are in the majority. Besides, the sectors under study present a considerable number of emerging companies that have been in operation for a relatively short period of time. The sample was equitably distributed in terms of the sectors studied and the size of the companies (Table 3.1).

Table 3.1 - Distribution of the sample

	Freelance	**Small**	**Large**	**TOTAL**
Consultancy	2	2	2	6
Media: TV, radio, video and motion pictures	2	2	2	6
Electronic Publishing	2	2	2	6
TOTAL	6	6	6	18
Networks			4	**22**[13]

Source: Own calculations

Moreover, we took into account the geographical location of the companies, entities and institutions approached. In the core city, Barcelona, the majority of companies that feature in the report are located in the city centre, followed by those that operate nearby, and in 22@. The remaining companies are located in other cities of the BMR. Finally, the relevance of the institution or company for the development of the metropolitan region was taken into consideration when selecting the sample.

Within the sector business and management consultancy the companies that constitute the sample are public relations companies, human resources companies, consultancies, and companies operating in the field of analysis of processes. For the media sector we interviewed cinema and TV directors, documentary directors, producing companies, animation producers and audiovisual producing companies. Finally, the representatives of the electronic publishing and computer games sector are mainly companies that design web pages and organisations that work in hypermedia.

Besides, 4 interviews were conducted in networks organisations both in the public and private sector. That is, to institutions that promotes the establishment of links between companies, between companies and the territory, and between companies and research organisations. Within this group our informers were people that work in Chambers of Commerce, technology parks, research parks, business associations and one consultancy specialised in organisations in the knowledge economy. Moreover, a series of interviews conducted during a previous fieldwork were also used for the present report. These are interviews done to members of Institut de Cultura de l'Ajuntament, Districte Econòmic de la Ciutat –22@–, Departament de Promoció Econòmica de l'Ajuntament de Barcelona, Institut Català de les Indústries Culturals, Pla Estratègic de Barcelona and Barcelona Activa. Table 3.2 shows the relation of interviewed companies and networks. In order to maintain anonymity, name of companies and managers have been removed.

[13] Another extra interview was not recorded.

Table 3.2 - Relation of firms and networks included in the fieldwork

N.	Sector	Size	Location
1	Web design	Free-lance	Inner city
2	Web design	Free-lance	Outskirts
3	Web design	Small	Inner city
4	Web design	Small	Outskirts
5	Web design	Large	Inner city
6	Web design	Large	Outskirts
7	Motion pictures and television	Free-lance	Inner city
8	Motion pictures and television	Free-lance	Outskirts
9	Motion pictures and television	Small	Inner-city
10	Motion pictures and television	Small	Inner-city
11	Motion pictures and television	Large	Inner-city
12	Motion pictures and television	Large	Outskirts
13	Consultancy and business	Free-lance	Outskirts
14	Consultancy and business	Free-lance	Inner city
15	Consultancy and business	Small	outskirts
16	Consultancy and business	Small	Inner city
17	Consultancy and business	Large	Inner city
18	Consultancy and business	Large	Inner city
19	Network	–	Region
20	Network	–	Region
21	Network	–	Inner city
22	Network	–	Region
23	Network	–	Inner city
24	Network	–	Inner city
25	Network	–	Inner city

Source: Own elaboration

3.2 Semi-structured interview

The methodology employed for the actual interviews was that of the semi-structured interview. With this approach the interviewer is able, as the interview progresses, to adapt the questions according to the responses that the interviewee gives. Consequently the interviewees feel that they are leading the conversation and that they have absolute freedom to express their opinions. The role of the interviewer is to follow a semi-structured script and to make sure that the main points of analysis are tackled in the course of the meeting. The actual questions, 49 in total, were designed to gather information on the following four thematic areas:

- Company and company organisation.
- Networks, links, and collaborations
- Location factors and the importance of the city.
- Development policies in the sector and future perspectives.

Each of the above topics opened the possibility to address further sub-topics. Thus questions that related to particularities of the sector or questions related to concerns such as the position of the company in the national and international markets, relationship between customers and suppliers, strengths and weaknesses of the city, the role of hard and soft factors in the metropolitan region and local economic strategies were incorporated in the conversation when it was felt that the informer's contribution was relevant for the research. The same guidelines were used in the interviews to members of networks, although, in their case, questions specifically related to company organisation were omitted.

The interviews were arranged formally and by appointment. The interviewees were first contacted by telephone or e-mail in order to make an appointment for the actual interview. The interviewed individuals were, in their majority, managers and senior employees that were supposed to have relevant information on location factors and strategic planning. The difficulty of finding female employees in managerial positions was remarkable. Therefore, the majority of the interviewed are men. In the media and consultancy sectors we have a female informer in each, but none in electronic publishing. In this sector the majority of employees, not only managers, are male.

With the individual's consent, all the interviews were digitally recorded and transcribed at a later stage. The transcription technique employed was very close to anthropological methodology. That is, the transcriptions are literal and no alterations of order or language to the oral discourse were made. Besides, the transcribed material incorporates notes and observations made during the meetings. Likewise, whenever possible observations made after the ending of the interview have been included in the written documents. The aim was to collect possible relevant aspects that could not be incorporated in the actual recordings. The shorter interviews lasted 25 minutes and the longer 1 hour and 20 minutes. However, the majority of interviews were about 40 minutes long.

3.3 Data analysis: Steps of interpretations

The information obtained through the interviews was processed and organised in two main directions: in terms of the subjects approached and according to the sector under study. Thus the information was organised in order to reveal the specific objectives of the research and at the same time in a way that allowed the researchers to access the contents depending on the sector they were analysing. The material thus organised allowed, firstly, to obtain a transversal view of the different topics of the analysis since they could be approached in an integral way, and, secondly, it enabled the researchers to analyse the different economic sectors surveyed. In order to access the information the following categories were established:

- Networks
- Policies
- Trust and proximity
- Evolution of the sector
- Image of the city
- Soft and hard factors

The above categories were obtained through a manual selection of the information and through the use of software ATLAS.ti. Besides, quantitative techniques such as the processing and counting of key words in the discourse of the interviewees were employed.

Parts of the conversations where the informers addressed very concrete and personal project were discarded. The reason for this decision is that the researcher needs to have access to the global discourse in order to reach specific points of research. The most expressive and informative comments of the interviewees have been used to enrich the analysis presented in Chapter four.

3.4 Problems and limitations

The deadlines for the fieldwork made it impossible to meet with companies or professionals of other regions and countries. Foreign professionals, companies, and companies from other regions of Spain are under represented. This has been partly compensated with the incorporation of members of networks. They all work with both local and international institutions and companies, and can therefore offer the international perspective.

The number of companies in the sample is not equally distributed along the territory of the BMR. Here, the core city, Barcelona, has greater relevance than the rest of the metropolitan region in the selected sectors. We have reflected this relevance by contacting a higher number of companies located in the core city, although companies form the periphery and from other cities in the region also feature in the sample. Our approach offers a more accurate perspective of the situation of the selected sectors in the BMR. This would have been impossible, if we had selected the sample on a strictly territorial base.

Regarding problems during the data analysis, it is necessary to point out that it was necessary to distinguish between content analysis, and discourse analysis. The research has been based mainly on content analysis. In spite of that, discourse analysis is an essential tool to understand qualitative assessments on the city and the location factors. We used this kind of analysis to compare managers' assessments with available economic and social data of the city.

4 MAIN DRIVERS FOR SETTLEMENT

This chapter describes the main drivers of managers to settle their companies in the BMR following a qualitative approach. Firstly an analysis by sectors is presented. In this analysis main features of each sector are taken into consideration to understand assessments and discourses of managers and the role that hard and soft factors play in each sector are analysed. Secondly, a more general perspective is adopted to understand common relevant elements that explain settlement of companies.

4.1 Computer games and web design activities

4.1.1 Main features of the companies

As has been stated in the previous chapter, the relevance of the software development sector in the BMR is increasing. Nevertheless, computer games development play a marginal role in the regional and national software industry. In contrast to that, far from developing only software applications, most companies are focusing on new activities, linked to new forms of communication that employ digital technology. These new kind of activities include Web design, viral marketing, digital audiovisual communication, electronic publishing and a wide range of other activities in which coding has a key role but is not the only relevant activity. The idea behind these businesses is to create new forms of communication in which design and interactivity play a key role. All the interviewed companies work along the above lines. Although all the companies have a basis on programming, some of them are more oriented towards design whereas others are devoted to developing new ways of digital communication for different platforms (mobile phones, television, internet etc.). The digital basis of signal allows these software companies to work in different environments.

Some of the interviewed companies were created during the last years of the nineties, with the rise of technological companies all over the world (Table 4.1). Due to the weak internet development in Spain at that time the interviewed companies based their business on multimedia developed on CD-rom and on the first web applications. The consolidation of internet and its increasing significance for the economy has allowed these companies to grow despite the global crisis of the technological sectors. That has had consequences in terms of creation of more companies and professionals in the sector as well as the development of new professional profiles.

Table 4.1 - Main features of the interviewed companies

Size	Main activities	Date of foundation
Free-lance	Web design and design,	2004
Free-lance	Web design	2007
Medium	Digital Communication	2002
Medium	Digital communication	1998
Small	Web design, electronic publishing	1998
Small	Web design and software development	2005

Source: Own elaboration

All interviewed managers consider internal organisation as one of the components of the added value of their services. As in the other analysed sectors, the organisation in the companies of leisure software development and web design is horizontal rather than vertical. Despite horizontal relations between workers and managers and high degree of autonomy, founders and managers of small companies control and supervise all the process, while, at the same time, they carry out creative and directive activities.

In the case of the medium-sized companies there is a parallel structure inside the company: the horizontal organisation between creatives is overlapped by a more hierarchic structure that is responsible for the accounts and for analysing the funds needed for the projects. The reason for this kind of structure is justified by the nature of creative workers:

> *It is very difficult for an idealist [creative] worker to understand accountancy. For them the objective is to do it well, and the process is not finished until it is not well done. [...] and we are producing in the most expensive way, handcraft production* (interview 5, large web design company).

The company has to balance between expensive ways of producing with being competitive. In spite of that, creativity and intrinsic motivation is part of the added value offered:

> *[Our added value] is something intangible, our implication. I mean one of the reasons of having such customers, the reason for our success is our brutal intrinsic motivation and that we like what we do. That gives the idea that we care for our products, and that generates trust in our customers* (interview 6, large web design company).

Most companies have specialised workers with two main profiles: technicians and creatives. Nevertheless in one of the medium-sized companies technicians are considered also creative workers:

> *We work in a sector with a relevant creative component [...] and that is valid for creative designers and creative technicians. Because one thing I have learnt is that technicians and drawers have the same profile, they are creators, idealists by definition* (interview 5, large web design company).

In contrast, people engaged in small companies are less specialised and they are forced to learn about new needs of the market as well as management skills.

> *In a small company we need to do all the roles necessary for managing a business, from working in finances, sales, management [...] all the creation of added value is done by ourselves* (interview 4, small web design company).

In the case of free-lance creatives they are specialised in creative design activities, mainly web page design and internet applications (i.e. games in flash). The evolution of internet, that has allowed the massive creation of web blogs and web pages, forces free-lancers to offer more complex services to their customers.

> «*In 1995 only experts did web pages. Nowadays everybody has a blog or a self-made web page. This fact forces professionals to stay a step forward in knowledge and projects» (*interview 1, free-lance web designer).

For that reason, besides elaborating more complex products, creativity is one of the major elements of added value of free-lancers:

> «*I sell good ideas. When you do a piece [...] there is always a technical part but there is a specific creative part that is what defines a good product* » (Interview 1 free-lance web designer).

Despite the differences in internal organisation, all the companies tend to enhance networks of collaboration. Medium-sized companies tend to subcontract part of their activities in order to achieve more efficiency and reduce costs. That is, they create networks with small companies and professionals. This allows them to increase the turnover of the company without generating large structures:

> *It is not necessary to have a lot of internal staff ... what you need is talent and knowledge. [...] If you see our activities, at the end of each one you can find an independent specialist* (interview 5, large web design company).

On the other hand, small companies look for collaboration with other companies as subcontracted or more oriented peer-to-peer relations.

In this sense, the role of self-employees and free lancers is determinant for the sector. The outsourcing of specialised tasks to these agents allows for small structures in the companies. In fact, the company has its basic technical core that constitutes its activity and specific value. The company hires also specialists for additional specific tasks. In this way the company profits from the externalities of the sector, minimises costs and becomes more competitive.

All the interviewed managers of the sector point out the relevance of formal and informal networks in their businesses. There are two levels of collaboration between companies and professionals: a first level of exchange of information and a second of professional collaboration. For the interviewed this collaboration is the result of the consolidation of the sector in the region during the last ten years. Information exchange can take place virtually or in informal meetings of professionals. As regards virtual collaboration, internet is the platform for exchange of ideas and projects:

> *I participate in forums in which I attach a draft of a webpage in progress and everybody says their opinion and helps me sharing their knowledge. We share articles too. There is a huge community* (Interview 6, large web design company).

Professional meetings take the shape of networks in which there are formal and informal relations:

> *I have some friends in networks and we share information. I have a friend who has created what she calls 'Creative Happenings', meetings every month for exchanging ideas* (Interview 1 free-lance, web designer).

Interviewees point out the relevance of the social environment of the city in the creation of the necessary conditions for these exchanges of information:

> *In the sector of new technologies, and design and creativity there is a lot of movement [...] here we have a compound of talent and informal networks that reinforce everything*" (interview 1, free lance web designer).

The informal way in which networks are created and the lack of institutional support are seen as key elements that explain their success. Professionals think that the networks work because of their informality:

> *When the administration tries to participate [in networks] is seen as something like 'hey, here comes father to say what I have to do'. This is the feeling in the sector. Things work thanks to the everyday wit* (Interview 6, large web design company).

4.1.2 Image of the city and the relevance of soft and hard factors

The public image of Barcelona is based mainly on the attractiveness of the city as a place to live and enjoy oneself (Pareja-Eastaway *et al.*, 2007). Moreover, design is one of the main features of the image of Barcelona. The historical development of activities such as design, publishing and advertising has played a major role in the consolidation of design as a distinctive feature of the city. These different activities have common elements and can generate clusters. Tradition and the positive assessment of the image of the city explain the consolidation of web design and digital communication:

> *We have received an inheritance in terms of graphic design, advertising… in these fields Barcelona has a relevant history. All of this has generated the idea of city of design and I think that [this idea] is helpful for our sector if not directly, in an indirect way. Because the sector has a reflection in the city, becomes visible and relevant… is not the same being in Barcelona as being in Madrid* (Interview 6, large web design company).

In fact, design schools and the development of this activity are main elements of identification of Barcelona. As we have already seen, design is also at the basis of most of the interviewed companies in their different profiles: digital design, advertising for the net or publishing. All the companies recognise that design is behind the image of Barcelona. Thus, managers consider the image of Barcelona as a positive asset that benefits the sector.

The image of the city is the umbrella that concentrates all the companies in the foreign markets and also a factor that attracts talent from the rest of Spain and abroad:

> *They come here because there is an image of Barcelona as the capital of creativity and design, weather is fine and there is a civic environment. All of that favours the city* (Interview 1 free-lance, web designer).

In that sense the image of the city is strongly linked to soft factors of location. Quality of life, climate and the size of the city are reasons to locate a company in Barcelona, especially for freelancers:

> *I chose the city for its climate, for its quality of life… Here is better than UK, you can have a better life* (Interview 2, free-lance web designer).

Historical development of design is also relevant for these professionals:

> *What Barcelona has is [design] tradition, initiative and the fact that is a centre that attracts talent.* (Interview to 1, free-lance web designer).

The compound of tradition on design and attraction of foreign talent allows the creation of the social networks described previously. The interviewed companies assess the 'communication of the city' as a success. They consider that there have been strong political efforts to create a global image of the city based on architecture and design:

> *In the field of communication there is an image. There is an image and it gives Barcelona international recognition. That is what Barcelona has. Rather than airport, it has sea and Gaudí and Passeig de Gràcia* (interview 5, large web design company).

Besides, this attraction of foreign talent could be an opportunity for the internationalisation or globalisation of this sector in Barcelona. Foreign professionals and enterprises working in Barcelona and selling their product abroad could be a way to improve competitiveness of the sector in Barcelona and to enhance Barcelona as a global city in this sector, through the improvement of quality. This strategy allows competitiveness with low cost countries, like

India, and with high quality goods and services of other regions. In spite of all the positive opinions, some interviewees consider that the attractiveness of Barcelona in the global arena is Janus-faced. The attraction of tourism is generating increasing problems for inhabitants and for the sector:

> *Sometimes image damages [...] even attracting tourism of quality; it generates problems for the citizens because prices rise and everything is directed to tourists with an idyllic idea of our society* (Interview 1, free-lance web designer).

Furthermore, the idea of soft factors having a direct impact on computer games and web design generates doubts:

> *Barcelona is a beautiful, little, city with a wonderful historical centre and good new urban infrastructures. With sun, good weather, good food, and good culture…but at what extent these things generate business? They generate business on leisure and culture, but for a company that offers services to other companies I think they are not advantages* (Interview 5, large web design company).

In spite of the relevance of the image of Barcelona, strongly linked to soft factors, there are other elements that attract companies and talent to the city. In the first place interviewees assess the relevance of Barcelona in the national context. The city is the second most important agglomeration in Spain after Madrid both in demographic and economic terms and this has consequences in terms of economic activity:

> *It is a core; it has three million and a half inhabitants. If you are in the city you avoid costs associated to transport. The immediacy, if you are side by side, when the customer phones, you can be there in half an hour. If you are outside the city, this is more difficult* (interview 3, small web design company).

Thus, public transport that connects Barcelona with the rest of the metropolitan region is a factor that explains the concentration of these companies in the city core:

> *Public transport is fine if you don't live outside the city. Highways are always jammed and public transport (railway) does not work… it works inside the city but not outside* (Interview 4, small web design company).

Also technological needs, namely internet connection, generate more demand in the city of Barcelona. In the city, infrastructures for internet provision and other services for companies are better developed than in the rest of the region.

Within the city of Barcelona, costs of hiring or buying an office are at the basis of the decisions of locating companies:

> *[We work here because of] rent, because there are good communications, urban highway, two underground lines, and buses. What they offered in terms of square metres for the price was a good option. We would like to be in the city centre or in the*

> *22@ district but we decided to stay here because of the prices, these premises are good-value* (Interview 3, small web design company).

In fact, the 22@ district, the technological district of Barcelona promoted by the city council, is attractive for all the interviewed companies, but they consider that they cannot afford the high rents of the offices there:

> *To go there is a luxury. Why is it expensive to go to the 22@ district? Because of land owners speculation. If you have no money you are not there* (Interview 5, large web design company).

Besides, they do not consider indispensable to be in the 22@ district. The size of the city and the public transport infrastructures allow them to locate everywhere in the city and continue having proximity networks. Nevertheless, most of the interviewed companies are in the city centre.

In the case of free-lance workers, soft factors seem to play a major role in the decision of working in Barcelona. There is a relevant group of foreign professionals of design development that have chosen Barcelona as the place to conduct their activity. Their customers are mainly foreigners; therefore they benefit from the quality of life of the city, but have an income with foreign standards. These foreign free-lancers work also for national and foreign companies that require English speakers.

4.1.3 The role of local government and governance arrangements

All our interviewees agree on the following idea: the authorities, basically at municipal level, have done a good job regarding promotion of Barcelona at national and international level. The Barcelona brand gives an added value to goods and services produced in Barcelona, mainly to those related to design. The brand generates also trust to the companies working in the sector. Opinions of the interviewees ratify this:

> "*The fact that Barcelona is a city of design helps directly and indirectly to our sector, because it gives relevance to the city*" (Interview 6, large web design company).

> *"When they look from outside we have an added value of design and creativity"* (interview 4, large web design company).

Interviewees consider also positive the role of public administration in the promotion of training through courses which has resulted in better human capital. Although this positive assessment of the role of local government in the past, interviewees show their scepticism and criticism with recent policies at municipal and regional levels, and also with some results of the promotion of Barcelona. Nevertheless the problem is not only a political mistake. After having created an image and having been recognised by it, companies of the sector "*are too focused on that image*" (interview 4, large web design company) with little orientation to other typologies of business outside the brand. According to one of the managers "*public* *administration can do almost nothing*" (interview 4, large web design company) in this situation.

Initiatives such as 22@ concentrate criticisms. 22@ is considered too exclusive because of the high prices of rents for companies. Although most of the interviewed companies consider positive to be settled in the 22@ district (interviews 5 and 6), they consider the prices too high. In this sense some opinions consider that after the promotion of the past years, nowadays the strategy seeks only the attraction of excellence, that is to attract large, quality firms. That is considered contradictory with the promotion of spontaneous creativity: "*Graffiti is forbidden… and there is promotion over already promoted sectors*" (Interview 6, large web design company).

The spectacular growth of tourism is another critical aspect of the promotion policies of Barcelona. Interviewees consider that although the policies have attracted talent as well, promotion has really succeeded in attracting tourism and has generated undesired consequences like the high cost of living. Thus, to make tourism compatible with productive activities in the same cities is seen as difficult.

In general, there is no visible coordination between local policies and companies in the sector, who, most of the time, have no clear knowledge of these policies. The municipal promotion policy, based on 22@ district, seems to move forward to the objective of a qualitative up scaling and the improvement of competitiveness of technological activities. Nevertheless, interviewed managers of the sector do not feel involved in that process. They consider necessary to improve quality and widen markets to the exterior, but they see problems and do not understand municipal government intentions. Some of them are sceptic about public intervention in the sector, considering that it can be counterproductive to achieve their objectives.

4.1.4 Conclusions

Computer games and electronic publishing is a relatively new sector in Barcelona, where it started to grow in the 1990s. It is based on intensive technical knowledge and creativity, very diversified, and with a rapid growth in the last years. The historical development path and soft factors are amongst the most relevant aspects of this growth. Previous and long-standing promotion of Barcelona as a city of design has played a role in the development of the sector. The former development of textile activities, design, publishing and advertising, as well as the creation of specialised institutions and schools are the basis for the existence of a wide labour market in the BMR. In the digital era this labour market has been moved towards software activities.

The features of the sector, with plenty of small businesses and freelancers, have created a new work dynamic based mainly on communication. Barcelona centralises the main networks, communication forums and exchange of ideas of the sector in Spain. These relationships are both informal, with personal relations between professionals of the sector and also formal relations, regular forums located in Barcelona. Virtual communication has played a central role in these forums.

Formal and informal professional relations have a central role as a way to exchange ideas and share professional information about the sector. This has two main consequences: a sense of belonging and internal cohesion of the members of the sector and an improvement of the efficiency of the work of these professionals. The existence of external economies for companies and professionals of the sector is a good example.

The most relevant soft factors are the quality of life, the weather, architectonic and urban quality, the atmosphere and the creative milieu. These are considered elements that empower the development of computer games and web design activities in Barcelona, because they attract foreign professionals to the city. In a nutshell, these factors are attracting talent, fostering formal and informal networks of professionals and enriching and diversifying the sector. Moreover, these soft factors can contribute to the integration of the sector in the global markets.

All these elements have created an image of Barcelona, the Barcelona brand, which constitutes an asset for all the companies and professionals of the sector. These companies and professionals feel that this generic brand promotes their products. In the creation of the brand the former role of the public administration was decisive. Nevertheless, nowadays the role of the public sector is less relevant and is considered counterproductive in some aspects in the development of the sector. In fact, the search for excellence, promoted by the public initiative with projects like 22@, can hinder possibilities for development for already existing small companies in the sector. Other collateral effects of the promotion of Barcelona, like tourism, have also negative consequences for the sector, for example in the rise of land prices. Thus, most of the interviewed managers consider that public institutions should engage exclusively on an active policy on training and education.

The consolidation of the sector, is now facing the challenge of international competitiveness. One of the ways for internationalisation or globalisation can be the attraction of talent. In any case, the activities done in Barcelona, as in many other cities of Europe, can have an added value of being designed and created in the city and manufactured in countries with low labour costs like India.

Computer games and web design activities
Key aspects

- ➔ The sector is new at the BMR but growing fast.
- ➔ Companies focus on new products and activities where creativity is essential
- ➔ Activities with a large tradition at the BMR such as textile design or publishing explain the success of this sector
- ➔ The internal and external organisation of the sector is based on collaboration rather than on competition
- ➔ Informal networks are essential and the lack of formal agreements is considered key for their success
- ➔ They recognise the benefit they indirectly obtain from the Barcelona brand. However, companies stress the need of an active policy in terms of education and training.
- ➔ Hard factors are well developed. However business premises are too expensive and internet connections should be improved

4.2 Motion pictures, video, radio and television activities

The media sector in the ACRE project is formed by motion pictures, video, radio and television activities (NACE codes 721 and 722). As mentioned in Chapter two, the sector in the BMR is driven by a few medium-sized companies that stimulate the emergence of small, flexible and specialised companies. In these, there are a considerable number of self-employees and people engaged in freelance activities. The vast majority of companies are located in the city and its metropolitan surroundings rather than spread out in the region. This fact is a consequence of the role played in the past by large public companies.

Cultural industries have an idiosyncratic character in all regions and cities. They present a patchwork of integrants involving, among others, all the local components of this sector. The recent evolution of the sector in the BMR is neither isolated from the general growth in culture consumption of citizens nor indifferent to public efforts to stimulate the emergence of cultural industries (Chamber of Commerce, 2005). However, as Pareja-Eastaway *et al*. (2007) point out, the BMR has a solid tradition in certain enterprises such as editing or museums that have favoured and influenced developments in the sector under analysis in recent times.

Within this sector, audiovisual activities have grown considerably in the recent past, and have become the main contributor, in terms of percentage, to the cultural GDP of the region (34 per cent in 2001). However, this sector is inevitably threatened by the massive productions from the USA, which force the BMR companies to compete in other aspects other than amount of investment. Therefore, the recognition of the task developed by these companies, and those closely related, with internationally well-known prizes (i.e. Oscars[14], Goya[15]) is a stimulus to their efforts. Simultaneously, the digital era has shaken the media sector, especially television. This has forced traditional media companies to adapt to the new landscape. They have, for example, turned to the development of devices and products for mobile phones or laptops.

A singular variable within the trajectory of the media sector in the BMR is the traditional role played by the public sector. The perception of managers of the public sector initiatives and policies is an issue to develop over this section. The production of culture together with the achievement of a certain threshold in companies' profitability is a typical feature of the media sector. This fact might create a certain trade-off between both issues; it explains the relevant engagement of public institutions. It is a fact that not necessarily high quality culture means large audiences that represent high profits for companies.

In order to explore the current situation of the "Motion pictures, video, radio and television activities" sector, 6 interviews were done in February-March 2008. Given the aspects that the team identified as common occurrences in the companies in the sector, all of the interviews were done in the city of Barcelona and small companies or freelance employees were overrepresented (Table 4.2).

Two of them were done strictly to managers of small and medium companies, two to free-lancers, and one to a representative of a network, also production manager of a large media

[14] Make-up award in 2006.
[15] Best director and best first-time director in 2008.

company. Finally, given the importance of the role played by the public sector, an interview done in 2006, at the beginning of the ACRE project, to the local representative of ICUB, *Institut de Cultura de l'Ajuntament de Barcelona, has* also been used. ICUB is a public network of cultural companies.

Table 4.2 - Main features of the interviewed companies

Size	Main activities	Date of foundation
Medium	Cultural production artistic video production	2003
Small	Motion picture production Television production	1998
Large	Animation picture production Network of talents on animation Web design and computer games development (recent)	1998
Freelance	Cinema director and writer	-
Freelance	Cinema director and writer	-

Source: Own elaboration

The following sections will deal with the description of the companies where the interviews were conducted and of their managers (Section 4.2.1), the location of firms and the image of the city that they have, through analysing the importance of soft and hard factors for the sector (Section 4.2.2) and finally, the role played by public intervention (Section 4.2.3).

4.2.1 Main features of the companies

A relevant issue to be taken into account all over the analysis of the sector is that all the companies present flexible patterns. Flexibility is detected in two main spheres; on the one hand, in terms of employees for the majority of companies have a hard core of one-two people while a large percentage of work is done through *ad hoc* collaborations depending on the volume of their projects (interview 7, free-lance media agent).On the other, in terms of activities which they engage in, for these are usually not in just one segment of the sector, that is, motion pictures, video, radio or television nor does their work represent only one part of the value chain, that is, production, direction or management. Usually, they participate in different projects (cinema, radio, video or television) according to the topic or to customer requirements and besides, they develop different tasks over the production process.

The final output of an activity in this sector might involve a large team of 50-60 people. Certainly, the vast majority of companies specialise in a number of tasks. Therefore, they need to create teams for those projects that demand for tasks that fall outside their specialisation, a situation that is of common occurrence for the majority of films, documentaries and videos made in the BMR. As mentioned in Chapter 2, and because of the procedures described above, the media sector is characterised by strong cluster cohesion. The transfer of ideas and of labour force that are of necessity to complete a given project favour this singularity. Moreover, in this aspect the sector takes a quite different approach to industrial integration.

Two or three people form the initial cellule needed to start a new project. Usually, they constitute the production company. This is enlarged according to the requirements of the final output. Hence, informal contacts and networks between companies and free-lancers are an essential tool in the sector (Interview 7, free-lance media agent; Interview 10, small media company). This structure of work is possible given the relative low amount of people that work in the sector in the BMR and in the rest of Spain[16]. «*We all know each other*» (interview 8, free-lance media agent). Hence, a particular characteristic of this sector is that informal mechanisms are key for the development and completion of a project. In addition, festivals associated to the sector such as the Festival of Sitges[17] are invaluable means to approach people working in similar projects and areas within the sector (Interview 7, free-lance media agent).

In this line, the ESCAC, High School of Cinema and Audiovisuals, *–Escola Superior de Cinema i Audiovisuals de Catalunya–* provides many of the recent graduated professionals in the sector[18]. It has become a central place to provide future non-formal and professional networks of young graduates in the sector. This is quite relevant for, as one of our interviewees remarked (Interview 7, free-lance media agent), formal associations as the scriptwriters association, in whose hands the role above should fall, do not seem to act as the ESCAC does, and are not considered essential as a provider of contacts.

Digitalent, a recently created foundation «whose main aims are to detect latent and incipient talent and to encourage digital culture by bringing this digital talent into the industry and the circuits of cultural dissemination by promoting the extensive use of information technology and new mass media» (Digitalent web page), works in a similar way to ESCAC. This foundation is formed exclusively by private members, but it has received, at the launching stage, public funds. Digitalent aims at extending its influence and scope in other European cities: They will do so by developing international "talent factories" and internationally connected networks of talent (interview 11, large media company).

As we pointed out, in the BMR, the activities of the sector are basically located in the city of Barcelona and its nearest surroundings. In the rest of the region, "*there is almost nothing*". (interview 8, free-lance media agent).

Within the different typologies of people working in the sector, there are two main profiles; on the one side, those professionals that are basically creative such as script writers or directors and, on the other, those that have specialised technical skills such as light technicians or even film managers. Certainly, people in purely creative areas might find themselves in a precarious labour situation given the random process of opportunities in the sector. However, those with technical abilities are relatively well-paid and are easily appreciated and consolidated within the media sector. According to this and given the random volume of work, self-employees and free lancers usually combine their dedication to the sector with other job that are not necessarily are linked to it. This affects especially young

[16] The internationally well-known production company "El Deseo" which belongs to Pedro Almodóvar is only formed by 10-12 people (interview 8, free-lance media agent).
[17] Festival de Cinema Fantàstic de Sitges.
[18] It is located in Terrassa, a large city in the BMR.

professionals who are starting their careers in the media sector. «*In practice, there are few professionals working in cinema only. Nobody can survive exclusively from this activity. It is pretty badly paid* » (interview 7, free-lance media agent). Usually, for motion pictures professionals, television is seen as a better, because it is a more secure, alternative. However, many professionals feel that television work, given the quality of the products, is less demanding in terms of creativity and also it offers them less freedom in their work.

Indeed, the labour market opportunities and attractiveness, mainly as regards wages, are under the European average[19] in the media sector. Therefore, although talent and creative professionals might be attracted by the city and its surroundings, low salaries and wages act as a brake on people willing to move in. This might be the reason why those attracted by the city are mainly young professionals (interview 11, large media company).Barcelona is certainly not the place for huge products which involve high amounts of investment and involve large numbers of people:

> «*If you are looking for job in a large product, then you have to go to Paris, London or the States*» (interview 11, large media company).

An interesting feature within the audiovisual sector is the relative precarious structure that accompanies the promotion and distribution of certain films developed in the BMR. The reason behind this is probably the fact that private investors are afraid of taking the risk that this involves. In fact, a key factor for the success of the recent awarded film "*El Orfanato*" – The Orphanage"[20] in the Goya national prices was that the promotion, marketing and advertising of the film was done in typically American way as Guillermo del Toro, participated in the production of the film. (interview 7, free-lance media agent). However, another interviewee presents a dissimilar story concerning the need of large amount of investments to promote and consolidate the success of a film. Creativity and good quality are considered as main drivers of success rather than a huge outlay in performing the product. The film "La soledad" directed by J. Rosales is given as an example of a good quality product with a low budget. (interview 8, free-lance media agent).

Customers do not work in the media sector as in other markets. Workers in the sector belong to different steps of the value chain. Thus, for instance, free-lancers are usually under contract by project and their main customers are other companies in different steps of the value chain such as production companies. From then on, free-lancers are wage-earners depending on the company for the length of the project. Usually, customers of the final output are diverse local governments or other public institutions[21].Co-productions, even within the public sector, are usual in the sector as it is a way of sharing risks, increase investment and diminish losses.

Given the high amount of creativity and personal involvement, two media products are hardly ever similar:

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[19] Although as Pareja-Eastaway *et al*. (2007) point out, creative sectors in the BMR receive higher wages than the rest of Spain.

[20] A young Catalan professional, Jordi Bayona, formed in the ESCAC School, directed the film.

[21] In fact, well-known production companies such as El Terrat or Gestmusic, were created under the umbrella of the large public television company, TV3.

> «*The relationship with other companies in the sector is collaborative rather than competitive. Competition within the sector is relative*» (interview 7, free-lance media agent).

In fact, competition works around quality and cannot be monetarily measured. However, the popular use of emergent media devices such as mobiles or internet together with the rising of piracy is forcing companies to adapt to this new landscape given that former funding possibilities such as the sale of the films in DVD support are disappearing.

4.2.2 Image of the city and the relevance of soft and hard factors

The media sector is closely bound together with the production of culture and creativity. The working environment might be more important than in other sectors. Hence, soft factors in the BMR acquire a high relevance and act as a stimulus for creativity location linked to this sector. Indeed, intangible aspects of everyday life in the BMR contribute to the emergence of a favourable environment for creativity. Furthermore, the media sector does not depend as much as other sectors on traditional hard factors provided by the city such as infrastructures or telecommunications given that ideas are the main added value of the sector.

As one of our interviewees in the public sector remarked, the city of Barcelona has been historically attached to cultural issues:

> «T*he Barcelona brand is linked to the cultural sector. However, the Cultural Strategic Plan' diagnosis pointed out that, although the city has good diffusion policies and a strong cultural system, creative people are in need of support at the basic structural level*[22]*, other European cities work much more on this aspect*» (Interview 24, network).

As explained in the introduction, the BMR presents a certain degree of specialisation and the significance of the sector for the region is growing, in particular as regards the audiovisual sub-sector. However, the BMR is in direct competition with Madrid. History plays here a key role since in the dictatorship the scarce cultural production in Spain was located in Madrid[23]. This aspect has unquestionably affected the current situation as the strongest tradition in motion pictures belongs to Madrid. In fact, Madrid produces the "official culture" of the country while in Barcelona there is a more dynamic cultural arena which takes on a critical role towards the official version of culture.

In many cases, Madrid is seen as the right place to develop initiatives linked to the sector as it is there where motion pictures, especially cinema, are in constant swing and ebullient dynamics (Interviews 7 and 8, free-lance media agents). In many cases, the wider market in Madrid encourages production companies to move to the capital, however, competition is higher there (interview 7, free-lance media agent).

[22] The interviewee was referring here to infrastructural spaces for creativity (workshops at a good price, etc).
[23]Also censorship was located in the capital of the country.

Certainly, large investments do not characterise the productions made in the BMR. Although Barcelona is seen as the right place for design, Madrid, given the large amount of capital needed to produce a film, is the epicentre for motion pictures (Interviews 7 and 8, free-lance media agents). However, efforts are being made in order to stimulate the private industry. The above-mentioned Digitalent foundation is an example of this since the initiative will rely on public financing only at the beginning of its development. The network is expected to become a privately financed initiative later on.

The fact that all potential customers, including televisions, are in the city or in the nearby urban fringe (Interview 7, free-lance media agent) favours the location of companies in the city. In addition, the relevance of contacts within companies and people working in the sector gives to Ciutat Vella, the historical centre, a comparative advantage in terms of facilitating contact and communication among colleagues.

Two official languages co-exist in the BMR, Spanish and Catalan. This fact is of extreme importance given the characteristics of the sector under analysis. Certainly, films, videos or documentaries made in the Spanish language have a potential extended audience for they can be sold in Spain and in Latin America, while the potential target audience of products made in Catalan products stands at about 7.5 million. This situation is responsible for a dichotomy and for certain dysfunctions; productions in the sector have to choose between profitability (in terms of potential audience) and the promotion of Catalan culture. This fact certainly influences location of companies (Barcelona vs. Madrid) but also, the freedom of execution if dependent on public funding. For instance, a usual demand for companies receiving money from the Catalan institutions, specially the Autonomous regional government, is to translate the film into Catalan. This creates a double need for companies (to ask for public funding outside Catalonia) if they want their film also translated into Spanish.

> «*To locate in Catalonia is a disadvantage for companies and professionals of the media sector*» (Interview 8, free-lance media agent).
>
> «*Again, they are rewarding only the use of the language (Catalan), neither the cinema done in Catalonia nor by Catalan people*» (interview 7, free-lance media agent).

In addition, globalisation has arrived to the media sector at the BMR. Many local productions aim to be in English.

Some interviewees were born in Barcelona. Although in the majority of cases, they all love Barcelona and its environment, their concerns are related to the consequences of the high popularity achieved by the city in the recent years. The ability to attract not only talent but also all kinds of people is certainly due to a large campaign of promotion of the city designed by public authorities. For people from abroad «t*here is a clear image of Barcelona (…) an image of creative people in the street, a lot of artists and this especial dimension of continuous cultural activity in Barcelona*» (Interview 10, small media company). However, the overwhelming presence of tourists, the high prices in housing, goods and leisure activities, and the oversupply of entertainment activities with a relative low quality are, among others, potential threats for the success of the city and the quality of life of its current residents:

> «*I live in the old centre. I never listen to people speaking Catalan or Spanish. It is a city of tourist*s» (interview 7, free-lance media agent).

Certainly, the branding strategies in Barcelona have attracted professionals, foreigners and also from the rest of Spain, of the media sector. The American film director Woody Allen was the most well-known case in 2007[24]. Like him, people from abroad have responded to the branding efforts made by authorities and have benefited from the warm welcome of local government and public institutions in the city. Besides, Barcelona's multiculturalism and the rich variety of landscapes make the city «e*ligible as a real set*» (interview 8, free-lance media agent).

Barcelona is also attractive to people from the rest of Spain who are forced to choose between Madrid and Barcelona, given that these two cities are the only ones in the country that can provide the needed equipment and technicians. Besides professionals, also foreign cultural industries invest capital and locate in the city. However, it is not clear that the locals (professionals, technicians, etc.) benefit from this investment (interview 7, free-lance media agent).

Alternatively, another view is presented by another interviewed:

> «A *Barcelona quality brand does not exist. In fact, all local images were related in the past to low quality cinema, with a low international profile and too oriented to local issues*» (interview 8, free-lance media agent).

Hence, many interviewees stress the point that the quality of professionals in the BMR is excellent with independence of the city marketing promoted by the local government.

4.2.3 The role of local government and governance arrangements

The media sector is clearly one of the main sources of culture production in Barcelona. Culture in general and cultural industries in particular, is a priority in the Barcelona local policy agenda. A strategic plan was designed in 1996, and revised 10 years later. The main objective of the plan is to work together with the private sector in the city, and to play a leadership role especially in the task of providing funding at the beginning of the different enterprises. Besides, public support to the creation of a network of proximity (to different cultural approaches and sensibilities) is a clear priority. (Interview 24, network)

Given the high degree of competition within the sector, especially national vs. international productions, many companies rely in grants and subsidies derived from the public sector in order to ensure national production of cultural issues. Usually, companies which belong to the "motion picture, video, radio and television activities" sector are dependant on who is in the position of commissioning the development of products. This capacity is normally in the

[24]The name of the city features in the film title: *Vicky, Cristina, Barcelona.*

hands of public institutions. Therefore, given the distribution of power between the different levels of government in Spain, national, regional and local authorities are the main customers of the sector. They make up for the lack of strong private investment in the sector.

> «*There is a certain private patronage, some private entrepreneurs which will consume culture but without large amount of capital. Therefore, who is the main customer in Spain? And what happens in Barcelona? There is a public sector which consumes a lot (...) Cultural industries in Spain have specialised in offering services to the public sector*» (Interview 10, small media company).

Besides, public companies act as engine and drivers of the sector for they are directly involved in or are the main providers of radio and television programmes. Thus, they offer secure jobs to scriptwriters or to other professionals of the sector. This might create a sort of "cushion" for those free lancers that are randomly dependant on new projects. Two aspects concerning public policies seem to be relevant for managers: on the one hand, the media sector would extremely benefit from long-term strategies implemented by the local /regional government (interview 7, free-lance media agent). On the other, the stimuli towards co-productions at an international level would also be very welcome. Some interviews point out that the relative vulnerability of the sector, especially against American super productions, requires a strong public support for companies. As it has been explained before, the Barcelona Media Park in the 22@ area in Poblenou emerges as the main large future project on the sector under the auspices of the Barcelona local government. Interviewees showed different feelings towards this project; on the one side, it was welcomed as a cluster of industries in the sector, since the area concentrates companies, tools and mechanisms needed all over the value chain (interview 8, free-lance media agent). On the other, despite the efforts made by the public administration, professionals were sceptical about its repercussion in the sector activities (interview 7, free-lance media agent). However, certain opinions suggest a potential path for public interventions:

> «*Given the considerable importance of contacts and networks in the sector, a good role to be performed by the public sector could be to stimulate and grant the organisation of events (festivals, exhibitions, etc.) within the sector*» (interview 7, free-lance media agent).

As it has been mentioned, the public sector in Catalonia is promoting Catalan identity by subsidising cultural projects related to this issue and also stimulating the use of the Catalan language. However, doubts remain about the standards of quality in some of the projects and about the type of identity that is being promoted. Tensions arise between promoting identity and cultural quality.

> «*Do we want to create identity in the sense of more identity policies? Or in the sense of creating a cultural identity as a creative region (nation) where all people are invited?* » (Interview 10, small media company).

4.2.4 Conclusions

As we have seen there are relevant differences between the activities included in the NACE codes 921 and 922. Nevertheless, motion pictures, video, television and radio activities find common elements that influence the settlement of companies in the BMR. In first place The image of the city attracts creativity and there is a favourable cultural milieu. In spite of that, Madrid is seen as a city in which there is more venture capital and industrial structure. This fact is linked to the strong role that public administration has historically played in the development of these sectors, what has lead to a concentration of these activities in Madrid. In second place it is relevant to point out the relevance of formal and informal networks of professionals. These networks and the institutions sustaining them (mainly cinema schools and universities) are key to understand cultural production linked to media at the BMR. Finally, the role of local and regional public bodies is certainly noticeable not only as investors through direct funding, but also in an indirect way, as customers of audiovisual production.

Motion pictures, video, radio and television activities
Key aspects

- ➔ Both formal and informal networks are relevant in the sector
- ➔ The public sector acts as a main customer and as a provider of funds
- ➔ The labour market shows a precarious situation, especially for young professionals
- ➔ Lack of strong private initiative and huge amounts of investment: new emerging initiatives to cover the gap
- ➔ Technicians and creative people do not evidence the same labour trajectory
- ➔ The Barcelona brand attracts talent (creative people) to the city. However, quality of the product goes first rather than the location (the brand)
- ➔ Barcelona as a place of massive tourism contributes to the lost of essence
- ➔ Madrid appears to be the place where capital (money) is concentrated
- ➔ The issue of language raises the trade-off between cultural identity production and quality

4.3 Business and consultancy activities

4.3.1 Main features of the companies

The interviewed companies that work in the field of business and consultancy activities in the BMR offer a wide range of services of added value to other companies and public and private institutions. The selection includes businesses that provide classic consultancy services, such as recruitment of qualified personnel, and companies that offer new services in the knowledge economy, such as consultancy about technologies and software, communication strategies or information on social cohesion for public administrations and third sectors (Table 4.3). The common element that connects the above services is the use of information and knowledge, which has become the product supplied. As many interviewed managers point out, working with information and knowledge brings new forms of internal organisation of companies and new ways of operating in the whole sector. The main features of these organisation patterns are common in the creative and knowledge economy: flexibility and networks.

Table 4.3 - Main features of the interviewed companies

Size	Activities	Year of foundation
Small	Design, communication, advertising	2006
Micro-company	Legal advise, recruitment	+1998
Medium	Human resources	2004
Self-employed	Consultancy on knowledge society	-
Small	Consultancy on technological changes, human resources..	+1998
Medium	Services to local administration: reports on economic development, social cohesion etc.	2001

Source: Own elaboration

In the first place companies tend to avoid vertical hierarchies and promote horizontal networks both inside and outside the businesses. This means more flexible, peer to peer relations between workers and managers. This pattern of organisation is explained for rational purposes since flexibility is necessary to adapt the service to customer demands. The wide array of demands calls for a flexible organisation and a strong network with other companies to provide complementary services. But there are also reasons not directly related to the every day running of the business. Many of the selected entrepreneurs decided to create their own business to escape the bureaucratic structures of multi-national companies.

> «*Our motivation to create a new company derived from negative facts and negative experiences. I and my partner were managers of a big multinational German company (...) but we were fed up with that environment of multinationals and high executives, and we resolved to create a consultancy company»* (interview 13, free-lance consultant).

The fact that most of the entrepreneurs have former experience in big companies reveals a pattern of business creation that consists in new entrepreneurs from the middle-classes who want to avoid the industrial model of business and create more flexible structures to work in the knowledge economy. The strong culture of entrepreneurship in the region is somewhat related with the rise of these new companies. Besides, some companies that work mainly at local level have established networks with companies of other cities to offer their services. This kind of networks serve the demand of multi-national companies placed in different cities at the same place:

> «*We tend to establish relations with small companies from other cities which can offer services to our customers of Barcelona. These relationships are aimed at winning our customers trust* » (Interview 18, large consultancy company).

Secondly, and in an apparent contradiction, the main customers of small and medium companies are big multinationals or middle companies in process of expansion. The public administration also uses their services, although at a lesser extent. Small companies can offer flexibility and adaptation to the big firms and the possibility of avoiding bureaucratic processes as in the case of manager recruitment. At the same time, consultancy companies are organised in networks in which different companies offer complementary services:

> «*We have relations with other freelance consultants and other professionals. Relations are sporadic but constant (...) they are very flexible, small companies. We need to have agility and flexibility»* (Interview 18, large consultancy company).

As far as services to public administration are concerned, networks between companies are less relevant. In this case networks are used to exchange information about the needs of the public administration, and to establish collaborations to provide services, but they are the exception rather than the norm.

In spite of the existing networks, managers consider that it is necessary to strengthen relations based on trust and increase the exchange of information between companies. At the moment the sector is perceived as being fragmented for there are lots of small and micro-businesses which find it difficult to grow and to gain the confidence of large companies. In the managers' views improved exchanges would help to overcome the above difficulties.

> «*When you present a project to a large company, they always say: this is a great project, but they are scared, they do not trust us. They find our way of working difficult to understand. They do not understand that we, small and medium companies, operate as partners on occasion. We join other companies in the sector. Deutsche bank commissions an event and our company does not have everything, we do not specialise in events, but we can find a company to do that part of the project. We do not make audiovisuals, but if our customer needs a video, we'll find a company that will do it»* (Interview 16, small consultancy company).

The network of companies is far from being strong and institutionalised. On the contrary, one of its main features is its weakness and the informal basis that sustains it. Relations with old student partners, colleagues in previous workplaces and old satisfied customers are understood as key elements for the survival of the company. The relative weakness of these relations prompted two different assessments about the sector in the BMR. In the first place the idea that public bodies should encourage more communication between companies, as well as between companies and other economic sectors. Communication is seen as necessary to improve the contribution of the sector.

> «*... Communication is necessary. As an example, ESADE*[25]*, they are a strong network that concentrates a lot of graduates and entrepreneurs when they finish their studies. In our field more independent, something similar is necessary»* (Interview 16, small consultancy company).

[25] ESADE is a business school founded in 1958 that offers postgraduate studies. The most famous program is the Master in Business and Administration. In 2006 *the Wall Street Journal* considered ESADE as the best international business school.

The second assessment is about the reasons for the lack of communication between companies. This lack is seen as undesirable not only for the consultancy and business services sector but also for the general growth of the knowledge economy. As one of the managers remarked

> «a *better communication would improve trust between businesses because we would be more powerful, effective and we would create more added value. We share only when we are forced to, and I am speaking not only about small companies but also about big multinationals that work in networks. It Is a very individualistic job where professionals do not trust each other»* (Interview 18, large consultancy company).

The lack of trust between companies is seen as an old-fashioned mentality that hinders the consolidation of the knowledge economy in the BMR. In that sense, lack of trust can be used as an indicator of the general situation of the knowledge economy in the BMR and of the consultancy and business sector.

Moreover, most of the companies interviewed consider that Barcelona has lost some orientation in its strategy to become an area devoted to the knowledge economy. We will address the above perception in section 4.4 of the present report. At this stage, though we would like to point out that there has been a lack of policies that promote the knowledge economy in Barcelona in the last ten years and that the city is loosing its competitive advantage when compared to other cities such as Madrid. In terms of the sector, interviews reveal that since the beginning of the twenty first century private companies have been reluctant to work on the idea of excellence and knowledge. The concepts of talent and knowledge management are not in the strategies of the companies. Moreover, from their perspective there has been a lack of strategy towards the city of knowledge.

> *«20 years ago Barcelona was almost deprived [...] the city has improved a lot, but there has not been a qualitative change towards the city of knowledge. We need more time»* (Interview 14, free-lance consultant).

4.3.2 The city and the relevance of hard and soft factors

As has been stressed in the previous section, consultancy and business activities depend at great extent on the existence of companies and institutions that need their services. Thus, their clients are mainly big companies and public administrations with special needs on consultancy. This is what determines the location of these activities in a metropolitan region.

> *«We need cities with structured companies, with powerful organisation systems, this means medium-sized enterprises committed to the improvement of efficiency or big trans-national companies. This is why; trendy cities that work with technology and innovation in markets that are growing are the most interesting cities for us»* (Interview 18, large consultancy company).

Thus, the sector is very dependant on the existence of other knowledge-intensive activities that demand their services, and Barcelona is seen as a city that concentrates most of those services. Nevertheless, whereas some consultancy companies consider it essential to be in the city, some of the small companies interviewed point out that is only convenient.

Hard factors of location of companies are relevant for the sector in an indirect way. Despite their relevance in the whole economic development, hard factors are not key issues for part of the interviewed managers. *"We are not affected by these trends. At the beginning we worked at home (...) we could be working in Helsinki, except for when we had to visit customers*" (interview 17, large consultancy company). Most of the interviewed managers expressed their concerns about the position of the city in terms of infrastructures and communications. The lack of an international airport is seen as a problem that hinders Barcelona attractiveness in favour of Madrid:

> *The objective of having an international airport in Barcelona with international flights is strategic. Cities without a good airport won't be an option for transnational companies seeking location, because they know that transport is expensive* (Interview 18, large consultancy company).

In a similar vein, soft factors seem to have an indirect effect on business and consultancy companies. In first the place, and according to one of Florida's main arguments, consultancy and business services need to be placed where talent, knowledge and creativity is, because these creative and knowledge-based companies are the ones who hire their services. Quality of life is seen as one of the major assets of the region in order to attract companies and talent. Nevertheless lack of services and other problems of the region linked to 'hard factors' hinder the potential of this quality of life:

> *Barcelona is OK, good because of the sun and the life style here, but we have had some problems in trying to give a comfortable life for managers in issues such as education, housing or transport'* (Interview 18, large consultancy company).

Although there is a general consensus about the relevance of the image of Barcelona and its metropolitan region in attracting creative and knowledge-based industries, one of the main concerns of the consultancy sector companies is that this image is the evolution of this image. Most of them consider that this image nowadays is only attracting tourism and not knowledge-based companies. According to the opinions of our interviewees, the attractive image of Barcelona is constituted by different elements, such as the perfect size of the city, quality, life or comfortable way of life and weather. Those elements have positioned the city as a European reference but are not enough to consolidate the city as a leader in the knowledge economy. Moreover, most of the interviewed perceive a change in the evolution of the city since the end of the nineties that is having consequences for their sector:

> *There is not enough happiness here, Barcelona needs to stop looking at itself and has to start to look outside… Barcelona before 1992 had colour, music, life. Now, it is grey, boring and small. This is the Barcelona that I don't like* (Interview 16, small consultancy company).

Most of the criticisms with the image of the city are based on its capacity to attract tourism but not added value activities. In fact, Barcelona is mainly a leisure-based city with tourism and cultural industries as its main asset and income source (Pareja-Eastaway et al. 2007). From the point of view of knowledge-based companies this model is obsolete and has had undesired consequences such as too much influence of the construction sector and an increase in the cost of living. But the most relevant concern is that there is a sense that the city is loosing positions in the global economy of knowledge.

> *I think that the image of Barcelona is somehow exhausted. The city is has been trying to profit from this image for twenty years,. …Moreover the city is being sold in Europe and the USA not as a city with added value, but as a tourist destination. I admit that the product is well made but they need to get their act together…because the tourism that we are getting does not create attractive added value* (Interview 14, free-lance consultant).

In fact, there is the sense that the city has lost opportunities to become a European leader in the knowledge economy and that this loss has had an impact on the consultancy sector. Moreover, the general sense is that Madrid is surpassing Barcelona in terms of business attraction.

> *A few years ago we were miles ahead from Madrid, now they are in the lead. They have beaten us unfortunately because of our narrow-minded views. We believed we were the best and they have overtaken us. Here we have been busy with fruitless arguments about Barcelona being the motor of the country. I won't remind you of some of the statements of our previous mayor, who became minister later, eh... but we got lost and we have lost momentum* (Interview 16, small consultancy company).

In fact, as we have seen in Chapter two, Madrid concentrates more multi-nationals and big business than Barcelona. Managers in the consultancy sector consider that Madrid is doing better in attracting talent for different reasons. Most of them are related with hard factors: Madrid has better infrastructures of transport, a better airport, but also a more clearly cultural policy, something that until recent times was a distinctive feature of Barcelona. Thus, the consultancy companies feel that there is a strong competition between the two cities.

> «*We do not need to look at Madrid all the time, and it does have to be our target, but it is the competition. Nobody admits it, but there is a war between Barcelona and Madrid and we fight for big projects.* […] *I'm talking about the big multinational. Sometimes, one of the arguments –when debating about Madrid and Barcelona– of the professionals that will finally be chosen to develop executive tasks is the tissue of talent.*[…] *We were better regarded [than Madrid], but we are losing ground, and nowadays it is easier to find someone who speaks English in Madrid than in Barcelona. Today Madrid is more cosmopolitan; there is a wider variety of faces* (interview 18, large consultancy company).

Nevertheless, neither Barcelona nor Madrid is considered leaders in the European context. Our Interviewees point out structural problems of the country as the main cause, not only as far as consultancy activities are concerned, but also in the knowledge economy. One more time, the growth model of Spain, based at great extent on tourism is seen as the responsible for most of the structural problems:

> *"Spain is one of the countries with more fiscal incentives on innovation but innovation cannot advance if anybody demands it. Knowledge economy is not consolidating, you can offer innovative initiatives but if anybody is demanding them…*" (Interview 14, free-lance consultant)

The situation has consequences for the sector in terms of its strength in the economy but also in terms of labour force and recruitment. The main view of the situation of the labour market for their sector is that there is a lack of skilled workforce. In fact the capacity of the city to attract talent has a direct influence on it, but also the lack of consistent connection between universities and the labour market is of foremost relevance. The structure of the sector in the BMR implies also a reinforcement of this negative aspect for small companies cannot afford salaries of skilled workers and are forced to recruit people without experience. This implies also investments in vocational training and education. Moreover, most of the time small companies are not able to retain those workers after their training:

> *"They are not prepared and then you need to invest in training (…) It is impossible for the small entrepreneur to pay a skilled, experienced worker. You need to recruit graduates without experience* (Interview 13, free-lance consultant).

Nevertheless, to recruit graduates is not an easy task. Managers point out the need of university degrees oriented towards the labour market and more connection between university and society. Thus, one of the elements that work against the competitiveness of BMR is the lack of preparation of graduates and the weakness of the university system:

> *"If we could have a powerful university system… there is also the fact that policies in the last four years, education policies and R&D policies as well, are being affected by a lack of continuity… looking at the result, policies are large and with social cohesion*" ((Interview 14, free-lance consultant).

Another problem is the attraction of non-EU qualified workers to the region because of the lack of homologation of professional qualifications. These considerations are part of a general perspective on policies aimed at improving the sector and the knowledge economy. The next section describes this perspective on policy issues.

4.3.3 The role of local government and governance arrangements

The role of public bodies at local and regional level is of foremost relevance to understand the opinions of managers in the consultancy and business sector. As has been stated above, managers of the sector have the idea that the city has lost an opportunity to advance in the knowledge economy in the last decade. Thus, they demand strong policies to improve the situation of the BMR. In a more general way, they demand a change in the way of doing politics:

> *In the private sector the brand Barcelona is well placed but in the public administration it is not. Our public administrations are always behind, always. We are the 'intellectual bike'* [the intellectual promoters] *of the country we could innovate in concepts like ecology, magic, music... I am angry not with the city or with its people but with the power structures of the city, which have allowed this lack of correct evolution and the fact that the city is not the leader in the national trends* (Interview 16, small consultancy).

Managers highlight the lack of clear and common strategies as one of the most important reasons that account for BMR weakness in the knowledge economy. There is a general positive assessment of the policies done, but they feel there is a lack of coordination and of objectives to achieve with these policies:

> "*In India they bet for the computer sector, in Silicon Valley they created a clear profile and they know what they want. Here I don't know if they are even promoting something. I think they try to promote everything and they should have a clear idea: We go for that, not for all*" (interview 18, large consultancy company).

Thus, the perception is that there has been a lack of political leadership in recent times. This is considered a loss when it is compared to the past when the city improved its position thanks to charismatic leaders such as the former mayor Pasqual Maragall (1986-1996).

The current strategies of economic development of the city are seen as not directly useful for the sector. Policies are aimed at attracting big companies but not at fostering the development of small companies.

> "*There is a clear policy towards the attraction of big companies (...) but for small companies, consultancy companies and whatever not enough is being done…*" (Interview 13, free-lance consultant).

Small companies demand more direct help through more public funding for small enterprises and indirect help with the creation of good conditions for the consolidation of companies (elimination of bureaucratic processes, legislative changes, facilitating networks between companies etc.). For some companies, big strategies of the city such as the 22@ district are failing to attract companies and are not useful for small locally based businesses. I think that it was an urban policy… Its capacity to attract foreign companies is low (Interview 14, free-lance consultant)). "*22@ is useful for propaganda (...) is not useful for small and medium companies*" (interview 16, small consultancy company). These views support the idea of lack of coordination and leadership outlined above.

The Spanish culture of politics is seen as a factor that accounts for the failure of these projects. The interviewed managers explained how informal relationships and forms of reciprocity often underlie political action. Therefore only a small number of companies benefit from certain policies. For this reason some of the interviewed are reluctant to the participation of the public bodies and defend their role as creators of good conditions.

4.3.4 Conclusions

The basis of the work of consultancy and other business services is information and the processing of knowledge. Consequently, opinions and discourses of the companies in the sector are influenced by the situation of the knowledge economy in Spain. Moreover, the sector is not influenced by the ideas on creativity and the paradigm of the creative city (when looking at all the interviews of the sector, we find that the word creativity appeared only one time). The sense of lost opportunity of the city must be read in that direction. Until 2000, city strategies and development were based at great extent on knowledge. In that paradigm technologies played a key role. Nevertheless, the plummet of the NASDAQ put an end to the optimism about the 'new economy' at global level (Florida, 2004). As many other regions, BMR saw a slump in its economy and in the development of knowledge intensive activities, which are necessary for the consultancy sector. The opinions of companies about the situation of the city must be understood in this framework of diversification of strategies in which creativity and cultural industries play a major role. They demand a strong knowledge economy without taking into consideration the growth of cultural activities. Nevertheless, some consultancy companies are also providing added value services linked to creativity in communication strategies and recruitment.

Companies demand strong policies to support the knowledge economy and more attention of the local government through indirect investments. Nevertheless, the lack of trust between companies is also extensive to the public administrations. Consultancy companies do not trust the actions of the public administration and they consider that there is a general lack of leadership and consensus on the strategy for improving the position of the region.

Business and consultancy activities
Key aspects

- ➔ Information and processing of knowledge is on the basis of this sector, creativity is not seen as a key factor within their activities
- ➔ Business and consultancy activities are highly dependant upon the general trend of the economy and on the demand they receive from other knowledge-intensive companies
- ➔ Competition rather than collaboration characterises their business attitude.
- ➔ As a way to overcome critical periods in terms of the economy, companies have diversified they outcomes
- ➔ Barcelona is the city that concentrates most of the services they need and the services they might supply, so location in the city matters
- ➔ A certain negativity is perceived on the role exerted by the public sector and on the (lack of) knowledge companies at the BMR
- ➔ Lack of trust on other companies extends to the public sector activities
- ➔ High demands on decisive policies regarding the knowledge economy

4.4 Classic and new factors for settlement: Path dependency, location factors and public policies

This section presents main drivers for settlement of creative and knowledge companies in a wider perspective. The analysis of the three sectors in previous sections shows that there are different outstanding elements that account for companies' decisions. In the present transversal analysis of the three sectors we will identify the common trends and features of the city that influence location of companies as well. Three main dimensions have been taken into consideration. In the first place we consider the path dependency of the city. Historic economic development of a city is a pivotal element that determines development and consolidation of sectors and companies. It is, therefore, necessary to assess the relevance that path dependency aspects have for companies in their decisions and their assessment of the city. As we shall see, a compared analysis of sectors reveals that the whole social and economic development of the region is relevant for settlement.

Secondly, the influence of different location factors is analysed. Barcelona has an attractive image based at great extent on its soft factors (climate, alternative lifestyles, tolerance, cultural development, etc.). Nevertheless this image is supported also by some classic factors such as public policies and skilled workforce. However, some features of the metropolitan region, such as the condition of public transport facilities can hinder its attractiveness. The companies interviewed have different needs and are organised differently. This fact implies that they assess the relevance of soft and hard factors differently. As we shall see, the idiosyncrasy of sectors has a bearing in how the different sector representatives assess location factors, but there are also common assessments on key aspects.

Finally, it is necessary to assess the role of the public administration and public policies. Public bodies promote a certain economic and social development of the city. In that sense the urban coalitions between economic, social and political actors are relevant to understand the current situation. The strategy of the city and the policy-making is of foremost relevance to understand the creation and location of companies in the city. Particular strategies attract different sectors.

This analysis must be the first step towards a definition of strengths and weaknesses of Barcelona in the attraction of creative and knowledge companies and the specific role which soft factors play in the city. This definition is presented in the next chapter.

4.4.1 Path dependency and economic tradition as key elements for settlement

Path dependency plays a key role in the success of certain activities in the city of Barcelona. Here path dependency is understood both from an economic and social point of view. As has been stated elsewhere in this report, the BMR has a strong tradition on family small and medium-sized businesses. Historically, these small companies have shown capacity to adapt to new demands and trends, and have created clusters in economic sectors such as textile or chemistry. (Pareja-Eastaway *et. al.,* 2007). This entrepreneurial class has created institutions that comprise not only organisations and formal institutions but also norms and values and informal institutions. Since the nineteenth century, culture and creativity have been elements of local values and part of the productive activities of the city. Activities now considered part of the creative industries have a long tradition in the city. Relevant examples are publishing, advertising, architecture and designer fashion. With the coming of the post-industrial era, the creative milieu of the city gained in relevance due to the tertiarisation of the economy and the growing role of services linked to leisure and culture. Moreover, the 1992 Olympic games made of creativity in general and design in particular one of the core elements of the 'new Barcelona'. Thus, creativity and innovation linked to design has a growing impact in all the productive system.

Changes in food industries are a good example of such transformations. Since industrialisation, food industries have been present in the BMR. With the tertiarisation of the economy the region has seen the emergence of restaurants and other services that have inherited this tradition. There are restaurants and food services, which sustain their activities on the creativity and capacity of innovation of their cooks such as Ferran Adrià. At the same time, they interact with the existing food industries to bring new products to the market. Furthermore, these internationally renowned creative cooks are key actors in the internationalisation of food industries of the region. This example shows the growing relevance of creativity and design in most of the productive activities of the region.

The significance of culture, creativity and design in the institutional framework of Barcelona is seen as an advantage to locate a company for sectors in which creativity plays a role. Interviews to creative and knowledge managers corroborate this. Firstly, when comparing the perceptions of managers of the three sectors it is visible that computer games and web design is seen as well developed and consolidated field whereas consultancy and media are seen as less relevant in economic terms. As has been stated in section 4.1, design is a relevant part of the final products and services of the computer games and web design sector. Most of the interviewed companies of this sector offer services and products in which design is the element that gives added value. This fact allows the sector to engage in existing dynamics of other sectors such as advertising or publishing in which design plays a key role. Creative workers of computer games and web design activities can benefit of the existing institutional framework not only through schools of design and official boards, but also through the informal relations and meetings between designers where there is exchange of ideas and spreading networks.

Path dependency seems to give advantages also to the media sector. The role of cultural activities in the city, as well as the public promotion of cultural industries, generates also an institutional framework favourable to motion pictures, video, radio and television activities. Nevertheless, as we have seen in section 4.2, the historical competition between Madrid and Barcelona in the field of cinema production has hindered the development of cinema industries in Barcelona. On the other hand, the development of the media sector is historically determined by the emergence of Catalan public television and the promotion of Catalan culture by the autonomous government. The lack of venture capital in the city is of foremost relevance to understand the weakness of the sector in Barcelona due to the strong investments needed to make a movie. The origin of that lack of venture capital is due to a general lack of demand of media products in the local and regional markets. In this sense, in Spain private producers have tended to concentrate their activity in Madrid. The above historical developments are seen as negative assets of the city for the location of a company.

Nevertheless, as we shall see when analysing the relevance of soft factors, informal creativity networks are of foremost relevance to understand the existence of motion picture activities in the city. As we have seen, the companies of the sector have specialised in small productions that use and extend these networks.

In contrast, managers from consultancy and business services companies assess that their sector is small and unstable partly because of the lack of tradition of the whole law and finances sector in the city. Given the fact that financial headquarters have always been inexistent in Barcelona, companies devoted to financial activities are not relevant. In a similar vein, most of the consultancy and other business services companies are not knowledge-intensive. Nevertheless, Barcelona is a harbour city and therefore the historic development of the city entailed the consolidation of business services companies of logistics and distribution of goods. Moreover, with the tertiarisation of the economy consultancy activities have increased their weight in the city and have diversified their services. As we have seen, the interviewed managers belong to knowledge-intensive companies that provide added value services. Consequently, they consider that the economic structure of the city which is made of small and medium companies generates a lack of customers and hinders possibilities of consolidation. As has been stated, the sector offers its services to medium or large companies with complex bureaucratic organisations. One more time, the competition posed by Madrid in attracting these companies is seen as an obstacle. Thus, as we shall see later, managers of the sector are prone to accept policies aimed at the attraction of big transnational companies to cover the historical lack of big businesses. In fact, services to enterprises in general and consultancy and business services in particular are considered key in the strategic of economic development of the city (Interview 25, network) and the city council is giving special attention to them, especially to emerging knowledge-intensive companies.

Summarising, as shown in Table 4.4 at the end of the section, path dependency of the city strongly affects the current situation of the analysed sectors and influences their strengths and weaknesses. Companies that fit with the institutional framework of the city –in which design activities are crucial– are attracted in a greater extent than other creative and knowledge companies[26]. Moreover, the historical lack of venture capital in the city determines the growth of some companies and holds back the consolidation of big companies from sectors such as motion pictures that need large investments.

4.4.2 Hard and soft factors as key elements for settlement

Comparison between sectors reveals common positive assessments of soft factors. For all the interviewed companies' elements such as quality of life, weather, tolerance, diversity and cultural scene are relevant assets of the city in attracting companies. As Table 4.4 shows the influence of soft factors differs depending on the sector. Besides, companies' assessments differ on account of size, internal organisation and way of working. Self-employed creative

[26] Although the sector is not included in this report, architecture is another example of a growing activity of the city linked to design. In fact, Barcelona is considered 'the city of architects' (for further information see Pareja-Eastaway *et al*. 2007).

workers and small companies assess as highly relevant an atmosphere that generates trust and diversity to develop their activities. These freelancers and companies are organised through formal and informal networks that they perceive as sustained on these values. The attraction of talent through elements such as the quality of life or the weather is seen as essential for the strength of the informal networks.

In computer games and wed design development and motion pictures, video, television and radio sectors informal networks are of foremost relevance for different reasons. In the case of computer games and web design sector there is an exchange of information between creative designers and creative programmers to improve their activities and to share opinions and results. In the motion pictures sector, on the contrary, informal networks are necessary to sustain a project without large investments. As has been stated previously the final product in this sector requires the involvement of over 60 professionals and teams are created through informal networks. Nevertheless the two sectors share a common feature: a collaborative model between actors in the market instead of a competitive model. This brings to light the network structure that lies behind these two sectors. It is characterised by a horizontal labour market with large numbers of self-employed and small companies working in a collaborative way.

One more time consultancy presents a different profile. In this sector companies consider that there is a lack of trust between them. The causes for this are attributed partly to traditional relations between entrepreneurs in Catalonia. This lack of trust translates into the fact that medium-sized companies of the consultancy sector are organised vertically. Small companies do generate networks with other companies, but in a different way than in the other sectors. In this case, small companies share services and are complementary, but they do not exchange critical information. The value of the information these companies manage –for example customers' lists or systems of entrepreneurial organisation– are key to understand their unwillingness to share it.

Although soft factors of BMR are key elements for settlement of creative and knowledge industries, the role of classic location factors –such as infrastructures or skilled workforce– is still relevant. Assessment on the relevance of these classic location factors differs from one sector to another due to their different needs and features. Computer games and web design activities require technological infrastructures such as good internet connection at reasonable cost. For that reason this sector concentrates in the inner city, where telecommunication infrastructures are better than in the rest of the region. Moreover, computer games and web design companies do need neither specific transport nor physical infrastructures. Thus, managers do not see transport connections with other cities as an essential element in the decision of locating a software company. The technological basis of their production allows them to work from distance. Nevertheless, most of the interviewed managers consider the proximity with the customer essential. As the sector works mainly for the local market, external connection through airport is seen as correct, but a lack of good internal public transport system is considered. As previous research reveal (see Pareja-Eastaway et. al., 2008), the lack of good public transport facilities has an influence on the satisfaction with job of creative knowledge workers. That would have an influence on the decisions of companies to settle in some parts of the BMR.

In contrast, hard factors seem to be more relevant for motion picture, video, radio and television activities. These activities have specific needs in terms of affordable space, transport infrastructures and public funding. Nevertheless, the productive structure of the media sector in Barcelona consists in small productions and this minimises the weight of these needs. If producers need big infrastructures and investments, production takes place in Madrid, where there is a sustained industry. On the other hand, as we have seen in the first chapter of this report, infrastructures and other needs related to the television and radio activities are highly dependant of state-owned television companies which are the main customers of private production enterprises and therefore the main customers of the sector are in Madrid. Finally, in the case of consultancy activities, hard factors related to infrastructures are considered relevant as elements that bring knowledge economy companies to the city. In that sense companies of these sectors have complaints with the airport and the competition with Madrid in the attraction of companies.

As regards skilled workforce recruitment, Barcelona is seen as a place in which talented professionals can be found. The existence of skilled workforce is due to a consistent universities system and relevant training institutions of creative professions. But skilled professionals are also attracted from other parts of Spain and abroad. In accordance with Florida’s terminology (2004), foreigners are mainly young members of the super creative core –designers, film directors, writers– attracted by quality of life and soft factors. In opposition to that, creative professionals –programmers, film editors– are mainly natives. Companies of computer games and motion pictures assess positively this situation although low incomes do not allow them to retain skilled workforce. In a similar vein, it is interesting to highlight the case of those creative workers who have come to Barcelona to enjoy its quality of life but work with foreign customers.

In the views of the interviewees, the image of Barcelona is essential to understand the settlement of companies in the city. This image not only attracts talent and tourists to the city, but also gives symbolic added value to the goods and services produced in the city. That is especially relevant for computer games and web design activities and, to lesser extent, for motion pictures, video, television and radio. In that sense the Barcelona brand is of foremost relevance for the creative sectors.

4.4.3 Public policies and role of public bodies

The institutional governance framework of the city is seen as a key location factor. Some interviewees pointed out that governance mechanisms at local level are main contributors to the positive image of the city. Institutional engagement in governance mechanisms allow consensus around the city project. Hence participation of the chamber of commerce, entrepreneurs’ associations and other institutions in the policy-making has allowed a rapid adaptation to new economic trends. This has no direct effect for small companies and micro-businesses but has long-term consequences for the city. That competitive advantage should be of foremost relevance in the next years given that since 2007 the country has been in recession.

In spite of the positive framework, the deficient engagement of the local level into the wider framework of has been a pitfall for competitiveness. During the last decades there has been a lack of co-ordination between municipalities of the metropolitan region and also between these municipalities and the regional and national governments. In addition, coordination and unified strategy for the BMR are difficult to achieve due to the high diversity of partnerships and other soft governance arrangements. Since 2004 Barcelona city council –and most of the municipalities of the region as well–, the regional government of Catalonia and the national government are ruled by the same political party, PSOE (social-democratic party)[27]. This has brought about dynamism and coordination, and has had an impact on the development of infrastructures, especially in the field of public transport. Since the beginning of 2008, national, regional and local governments are making definite efforts to improve both the internal and the external public transport system of the BMR. Since January 2008, high-speed train connects Madrid and Barcelona. At the same time, the intraregional railway system is being improved. Given the assessments on the relevance of public transport infrastructures, the recent policies to improve infrastructures should have an impact on location patterns for companies. Coordination between policy levels has allowed also for the decentralisation of the airport system in Spain that has resulted in the participation of regional and local levels in the management of the airport, and the attraction of new air connections.

Regarding economic development, Barcelona city council current strategy has two different dimensions: attracting investments and businesses of the whole country and competing in the European framework with other cities with similar features. In the strategy the image of the city as a place to live and to invest plays a key role. Consequently policies are being oriented to promote Barcelona as a brand by means of promoting certain sectors considered a priority in the competitive international arena (Pareja-Eastaway *et al*., 2007). In this brand, design plays a key role. Recently also cultural industries and software development have been included in this promotion. This should have an effect on the attraction of companies and the generation of excellence.

Interviewed managers have different opinions on the results of the strategy. In the first place they consider that Barcelona is loosing economic weight in the national context. With better transport facilities and more public investment, Madrid is seen as attracting more businesses and talent than Barcelona. Managers consider that during the last years the city was under certain disorientation, and Madrid has taken advantage. As part of the most consolidated sector, computer games and web design companies see Madrid as a future menace to their activities since Madrid concentrates most of the software development companies that can be potential customers. In the case of motion pictures, video, radio and television activities, Madrid is seen as having industry and tradition that attracts talent from Barcelona. For managers of this sector, Barcelona is not a relevant city in terms of production. They consider that strong policies to promote the sector are needed. Finally, managers of consultancy sectors consider that Barcelona needs a clear policy in order to attract knowledge if it wants to compete with Madrid. As has been stated in the previous sections, this discourse is linked to

[27] In the regional government of Catalonia and in the city council the socialist party is forming political coalition with ecosocialist party (Iniciativa per Catalunya-Verds-EUiA) and with leftist nationalists (Esquerra Republicana de Catalunya).

the situation of transport infrastructures in Barcelona. In fact, managers of consultancy sectors consider that deficient or the lack of hard factors hinders the competitiveness of Barcelona in the national arena.

In opposition to these arguments, most of the interviewees consider that Barcelona has a huge potential as a creative knowledge city. In fact, soft factors attract talent, and the already existing pool of talent of Barcelona attracts companies from different activities. In addition, in all the interviewed sectors, Madrid is seen as a city that is doing well and that has strong public promotion but not a direct rival in the global markets. In that line they consider BMR well positioned for internationalisation. As we have seen the three sectors have European networks with companies located in other cities and some of them are starting to produce for international markets.

The main outcomes of the strategies for the international competitiveness of Barcelona differ from one sector to another. Therefore assessments on the relevance of policies are also different between sectors. In spite of that, there are similarities between small companies of all sectors. These companies feel that there is a lack of public promotion of the entrepreneurial fabric of the city, which is sustained precisely, on small and medium-sized enterprises. Entrepreneurs and free-lance workers consider that the policy framework makes difficult to create a business in the city. Some of them are the long bureaucratic process of creating a company and the lack of funding mechanisms supported by the state.

As has been stated previously, the transversal analysis of sectors evidences a certain perception of lack of leadership in the last years. The general sense is that the city council has a wide range of objectives. All the sectors analysed feel that the growth strategy for the city has not been consistent. In the case of computer games and web design development the sense is that the city council has abandoned direct promotion after a decade of active policies in this direction. Nevertheless, they consider that informal networks based on cooperation between companies and exchange of information does not need public promotion. In a similar vein, some managers are sceptical about formal mechanisms for the promotion of entrepreneurship such as *Barcelona Activa* whereas some others find it a positive asset of the city for the creation of new innovative and knowledge-intensive companies.

The strong cultural policies of the city council of Barcelona and the regional government have had a push effect on the cultural industries through public investments and public consumption. This strong role generates non-desired effects, namely the imposition of political conditions for the development of cultural products. For example, companies perceive that cultural policies are biased towards the promotion and use of Catalan, and this inhibits the growth of the sector to external markets. Regarding public television policy, media companies consider that the autonomous public television has a conservative policy for it prefers products for big audiences to quality. Finally this sector assesses that new legislation and strategic policies are needed to improve the sector and its entrepreneurial fabric.

Table 4.4 summarises the main differences between the three selected sectors in the analysed dimensions. In addition to all the presented features it is necessary to take into consideration the changing framework of Spanish economy. Since the last months of 2007 Spain is in economic recession. This fact can hinder the perspectives for economic development for

Barcelona because although Barcelona has a diversified economic system, the housing market crisis of Spain is having strong effects that can impact on the whole economic context.

Table 4.4 - Main features of the selected sectors

	Consultancy	Media	Computer games and web design
Main element	Technical knowledge and information	Creativity linked to culture	Creativity linked to design
Path dependency	Industrial and trading development generated demand in logistics, human resources etc.	Historical development of radio, advertising and television. Motion pictures as residual activity	Design linked to textile industry, school designs, publishing, and advertising. Software development since the early nineties
Hard / Soft factors	Indirect relevance of soft and hard factors	Soft factors relevant to create a creative milieu but janus-faced (massive tourism attraction)	Soft factors as essential elements for attracting talent and possible elements for internationalisation of the sector
Barcelona brand	Attracts multinational companies	Not relevant because it is janus-faced	Direct effect on the sector. Is the umbrella of design activities in Barcelona.
Policies	Agreement in the attraction of excellence Lack of targets Lack of leadership Attraction of creativity not considered	Lack of policies fostering entrepreneurial fabric Lack of good legislative framework	Good training institutions Disagree with the attraction of excellence Disagree with big city projects such as 22@.

Source: Own elaboration

5 STRENGTHS AND OBSTACLES FOR FUTURE DEVELOPMENT

This chapter offers a transversal analysis of the advantages and obstacles of Barcelona in order to become a metropolitan area devoted to the creative and knowledge economy. The main object of study, in this section, will be the city itself rather than the economic sectors analysed in previous sections of the present report. We focus on the sections of the interviews that referred to the role of the city as driver in the development of a creative and knowledge-intensive society. We analyse the discourses that offered a global assessment of Barcelona and the BMR, the city strategy, and the role of local and regional governments.

We will begin by describing how strategic planning in Barcelona is mainly directed to highlighting soft localisation factors. However, we will also consider how traditional localisation factors are addressed. Secondly, we will analyse the role of local and regional governments in order to offer a comprehensive perspective of the city's strategic planning. We will pay particular attention to how public institutions address the needs of companies and employees. We will, then, move onto the main characteristics of companies and businesses in the BMR in order offer some insights into the local market trends of the sectors under study and their scarce internationalisation. The final section of the chapter will deal with the image of Barcelona and its capacity to contribute to develop creative and knowledge intensive activities. The emphasis will be on the advantages and obstacles of Barcelona's image.

5.1 Hard and soft factors in the development of the BMR

Previous steps in the ACRE research have shown that soft factors play a determinant role in the model of development of Barcelona (Pareja-Eastaway et. al. 2007). A survey to creative and knowledge workers of the BMR showed that quality of life and diversity were relevant elements in the decision of these workers to live and work in the region (Pareja-Eastaway et. al. 2008). This statement is also substantiated by the opinions offered by the representatives of the economic sectors under study in the present report. It is possible to affirm that, in the case of Barcelona, the dichotomy soft-hard factors translate into the dichotomy strengths-obstacles. The soft factors of the city are quite powerful thanks to its mild climate, tolerance and a singular creative atmosphere. This atmosphere is not only the result of a heritage in design, architecture and literature, among other fields, but also a creative condition that exist in the present time thanks to the proliferation of creative talent which has achieved international recognition in such diverse fields as cinema, dance, architecture, advertising and gastronomy. Undoubtedly the above mentioned soft factors contribute to the positive image of Barcelona and are instrumental in the attraction of talent.

> « *Barcelona is a creative city for a number of reasons. It is something intangible, impalpable (...) It's tradition, drive, it attracts talent, and all this translates into a creative atmosphere*» (Interview 1, free-lance web designer).

However, the main obstacles that the city needs to address are directly related to hard factors. BMR has been having serious problems in its infrastructures for over a decade now «*culture on its own does not work (...) if infrastructures do not help us to be competitive, I do not care about the rest.*» (interview 16, small consultancy company). The airport in Barcelona does not have enough intercontinental flights and is in risk of becoming obsolete. The intra-regional train system is deficient because it has not been properly updated. As the ACRE survey to creative and knowledge workers reveal, problems of internal and external transport connections are also main concerns of the creative and knowledge workers in the Barcelona Metropolitan Region (Pareja-Eastaway et. al., 2008). These problems contribute to explain the concentration of both creative knowledge companies and workers in the inner city. However, the connection with the rest of Spain has been recently improved. The arrival of the high speed train and the construction of a new track and a new terminal in the airport- which will duplicate the number of current passengers and will have over 30 flights a day- are two essential aspects for the development of Barcelona.

BMR needs also to improve Communication infrastructures. Access to IT and particularly to internet is difficult because of the bad quality of the network and because of the cost, which is one of the highest in Europe.

> «O*ur needs in technology and communication are not covered. We have to make an effort to bring IT to European or American standards. It is not acceptable that we have the most expensive broad band system in Europe*» (Interview 6, large web design company).

In a similar vein, also the housing market has a negative influence on location. The extremely high prices in the sector make it difficult for companies to access offices in certain areas of the city. It is particularly difficult to access those areas that offer better location conditions – mainly communication and transport infrastructures–, that is, the centre of the city, the economic districts, or the richest areas. However, the recession that is affecting the housing sector in Spain, and which has caused the housing bubble to burst, makes it difficult to predict how this aspect will evolve and how it will affect location.

The ACRE fieldwork and its analysis reveal that there are positive perspectives for certain hard factors, especially for those that relate to education and training. The proliferation and the quality of educational institutions that cater for the creative sector was positively assessed. The level of education of professionals that attend institutions in Barcelona and the BMR is considered quite high. However, this positive assessment is restricted to certain sectors, especially those related to creative sectors. Education in more technical areas is not as good.

Soft factors are a definite advantage for Barcelona. However, the determinant weight of soft factors needs to be balanced by improvements in the classic location factors. Otherwise there is the risk of becoming an area exclusively attractive for the tourism and leisure sectors. It is undeniable that the culture of design, tradition, and the creative atmosphere attract talent and give the area international recognition. However funding is essential to retain talent and to keep excellence.

> *«From the creative perspective, and because of the fun, and the sun and because it has given great creators Barcelona has power of attraction. (...) Economically we do not have the capacity to attract. Creatively and because of image, definitely» (interview 11, large media company).*

Barcelona is attracting talent but it needs to attract the economic and financial sectors. The industrial structure needs to be improved with the presence of bigger companies and multinationals. Furthermore, it needs to promote business initiatives that involve more capital risk and innovation.

Although the general concern on the need to have bigger companies settled in the BMR, it is necessary to point out that the traditional structure of companies in the area, that is, the existence of small and medium size companies offers the advantages of a diversified economy. Moreover, the sectors analysed reveal a structure of micro and small companies with added value. Likewise there are independent agents and professionals of quality that belong to the creative and knowledge economy. This allows for the creation of a solid network system, both formal and informal. This network structure reinforces collaborations in particular sectors and creates synergies that are essential for continuity and development.

5.1.1 Role of local and regional government

Culture and creativity have been of growing relevance in the policy agenda of the city council. Since 2000, and especially after Forum de les cultures 2004, the local government began to emphasise the notion of creativity beside that of knowledge. Since then, culture passed from being only a citizenship right to be considered also a motor of economic growth. The strategic plans for culture of 1999 and 2007 show the growing relevance of that element in the policy-making. Thus, both the Barcelona Strategic Plan and the Local Action Plans are directed towards a new strategy in which economic development will be based on culture and creative knowledge. Thus, a discourse based on the knowledge society appeared after the Olympic games of 1992 and it has been enriched with a broader perspective including cultural activities. That change in the discourses has had an impact on strategic planning.

This shift towards a cultural development as a motor for economic growth goes hand in hand with an emphasis on social cohesion. This issue is regarded as an essential aspect in the strategic development of the city. In this sense, one of the advantages in Barcelona is the political situation, that is, a local government and regional institutions that are striving to implement a model of development sustained in creative knowledge, policies that have been in implementation for sometime now and that are somehow consolidated. The public initiatives have, on occasion made for the lack of determination in the private sector to work for innovation. Currently one of the five strategic lines of the *Pla d'Acció Municipal* is "to achieve cohesion and inclusion in Barcelona" (Pla d'Acció Municipal 2008).

However, is it enough to have governments and institutions committed to creativity and knowledge? How does this discourse permeate into society and business actors? There are a series of obstacles that, for the time being, are hindering the complete implementation of the political strategy of the city. In the first place, there is a lack of consensus about the new theoretical strategic guidelines between institutions, civil society and business actors. Therefore the discourse has not permeated and the needed instruments to implement it have not been identified.

> "*I think that we have moved forward in the discourse, businesspeople, the Chamber, are already talking about knowledge (...) the problem is that nobody knows how. The steps to take are not clear*" (Interview 20, network).

An example of this first obstacle, that is the lack of consensus, is the challenge that the administration faces in harmonising the new strategy with the opinion of small and medium sized businesses that have mixed feelings about the new model of development. The interviews reveal that the model is perceived as favouring the attraction of large companies and multinationals and that it does not support small and medium size businesses, who have been the main economic actors of the area, appropriately. The economic district 22@ exemplifies the situation described above. The area is being strongly promoted by the local government and local entrepreneurs admit that the district is generating a positive image. Likewise they value the advantages that the district entails for them. However, for the majority of entrepreneurs it is impossible to set up their businesses at 22@ because of the expensive prices of land, offices and business premises that are on offer there.

> "*I know that the project is cool [...] so that professionals like me can have access to excellent business premises and to have such good neighbours as yahoo, but the truth is that am looking for a place to rent and I can't find it*"(Interview 6, large web design company).

Only big companies and foreign companies can afford a site in the new district. Moreover, local small and medium size entrepreneurs receive a lower amount of information about the district than the information that is being given abroad. Consequently, local professionals believe that the local government is, for strategic reasons, favouring big companies and multinationals.

The strategy of the city must face also a major problem: there is a historical lack of efficient multi-scalar governance mechanisms. In fact, since the democratic transition, local, regional and national levels have been under continuous political conflicts. The Catalan nationalist regional government and the municipalities of the BMR –controlled mainly by the socialist party– defended antagonist projects for the region. In 1987 the regional government abolished the governance institution created for the coordination of municipalities of the BMR. As a consequence, the lack of coordination between municipalities has generated competition for resources amongst them. In this sense, the success of the Olympic games of 1992 must be understood as a success of coordination in a context of strong political competition at different political scales.

The far from optimal level of co-ordination between different local institutions and between the different levels of government has often posed problems to development.

> «*Disagreements between institutions have hindered the development of important projects* (…) *The difficulty resides in making people realise that projects do not belong to someone in particular*». (Interview 20, network).

The lack of internal and transversal communication and competition between administrations work against projects or against the implementation of strategic action. In this context it is difficult to work for the common interest. Moreover, the contradiction with the desired model, which has cohesion as a pivotal aim, is evident. Nevertheless, we would like to point out that, in recent years, the situation has improved slightly because the governments in Barcelona, Catalonia and in Spain belong to the same party.

As mentioned elsewhere in the report, tourism and leisure industries have been of foremost relevance in the economic development of the city, being the sector that contributes the most to GDP. Although the political discourses are giving more relevance and support to creative and knowledge activities, it will be quite difficult to redirect the tourism sector towards the new strategic model. Given its current dimension, tourism has become an element conditioning the whole development strategy. The challenge for the region is to transform tourist sector to fit it in the overall strategy for the knowledge society.

As far as the opportunities of Barcelona are concerned, we would like to remark that local and regional strategies have translated in a series of advantages for the creative sectors. That is, public administrations promote creative sectors. Funding is realised in two main forms: through subsidies and through the customer position of public entities. This allows for the continuity of the weaker cultural and creative sectors and it is a stimulus for those that are already consolidated.

However, economic support is sometimes identified as political intervention and this aspect generates mistrust from cultural and creative businesses.

> «*What happens is that Catalan politics is a bit interventionist. It is using culture for nationalist purposes (...) sometimes there is tension and different interests at play*» (Interview 10, small media company).

The sectors that are more dependant on public funding, as for instance cinema, are also sectors that demand great creative independence. In order to prevent interventionism in the sector of culture, the regional government passed the *Consell de les Arts* law (Arts council law) in May 2008. The law aims at eliminating mistrust through the creation of a board that will be independent from the government and who will decide who and what will receive public funds.

Other sectors in the knowledge economy such as electronic publishing, which is far more evolved that the cultural sector, are also critical of the role of the administration. They affirm that the discourse of the government has always been a step behind of the latest trends. This, according to the representatives of the sector has resulted in the loss of opportunities to innovate and to generate more added value.

> «*I think the government lacks initiative; they do not know what's going on. They are always late, we are doing something completely new and they are looking at something else, something that was new two years ago*»(Interview 6, large web design company).

All the sectors under study have repeatedly expressed three weak aspects as regards the actions of local and regional governments are concerned. Firstly, they complain about the excessive bureaucracy. This refers mainly to the establishment of a company and the applications for funding and subsidies. Secondly, the interviewees admit the existence of policies to manage activities related to culture and knowledge, but they see the need to reinforce and support cultural businesses, such as the creation of talent factories. Finally, they complain about the lack of continuity in the political strategies for the cultural sectors. This is a serious disadvantage for those sectors that are especially weak since they are dependant on public funding.

> «*When the government changes, they never take advantage of the previous policies, of what was good in them. They always say they'll do it better, and change everything. The sector suffers with radical changes*» (Interview 7, free-lance media agent).

In this sense, the sectors do not demand long-term strategies, but they would like to have guarantees for the continuity of the policies that concern the sectors. The change in government every four years and the lack of commitment in continuity are problematic.

The 22@ district: challenges and opportunities

As can be seen elsewhere in this report, 22@ district is one of the most relevant projects for regional development. In 1996 the city council planned to transform the former industrial district of the city (Poblenou) in a knowledge-based district in which different clusters could emerge. The idea behind the project was to attract foreign investments and companies. These new investments were called to be the leading force of the regional economy, based mainly on medium and small companies. From the very beginning critical voices argued the lack of attraction strategy of the project and the force of promoters in the urban development (part of this discourse can be seen in some interviewed managers in this report). In fact, the urban transformation of the district is so radical that more than ten years after it has not finished. Nevertheless, the project is achieving a new phase. After a first long period in which building sector has played a major role, today city council is looking for a major embeddedness of the companies in the territory and put more emphasis in the role of civil society organisations. The agreement between the city council and the bottom-up initiative of Hangar is a good example. Hangar is an independent cultural production centre aimed at helping young artists in different disciplines such as video-art, sculpture, etc. settled in Poblenou. The centre was placed in an old factory that 22@ plan wanted to eliminate. That envisaged a conflict between the city council project and Hangar. After an agreement between the two parts the centre will be enlarged and will obtain public funding to sustain young artists initiatives. Furthermore, the centre will be the model for public policies aimed at fostering artistic creativity in the city. This case illustrates also a new emphasis on culture production that the project never had before.

From the point of view of policy-making, in order to consolidate the 22@ district the city council is promoting four strategic clusters: media, biomedical, ICT and energy. The 22@ urban clusters meeting is being held in the city since 2007. The idea in these meetings, open to companies, academics and policy-makers is to look for attraction strategies.
All these new focus will bring to the building sector a more secondary role. In addition, the crisis of land prices in Spain can be an opportunity to consolidate the district. The role that this sector has played not only in the 22@ development but also in the Spanish economy as a whole explain negative assessments of creative and knowledge managers.

5.1.2 Creative knowledge companies in the BMR

The traditional characteristics of Catalan companies, that is, the existence of a considerable number of small and medium size companies is an advantage for the companies in the sectors under study. Diversification and the tradition of outsourcing are favourable aspects for the development of creative and knowledge intensive companies. There is a positive context and favourable conditions for the creation of networks which on the one hand ensure the continuity of companies, and, on the other they favour the constant exchange of knowledge and generate synergies that promote the development and progress of the creative sectors in the city. The city acts as a market where formal and informal networks feedback into the sectors. Barcelona has enough experts and the quality of its professionals is considerable.

The disadvantage of the situation above is the excessive localism of the companies. Apart form those sectors that are absolutely forced to establish collaborations abroad, such as the media sector; the trend is to operate in the local market and to have few contacts abroad.

> *«People do not travel enough. We hardly travel and we do not understand that this has been successful in other places»* (Interview 14, free-lance consultant).

Diversification, a local market and the economic support of the different governments constitute a model that has worked well thus far and that has not needed to expand abroad. But localism of entrepreneurs must be understood as a more complex issue. Content analysis revealed that there are other factors such as language limitations or lack of technologic transformation of businesses. These elements are linked to the local culture on entrepreneurship. This conservative nature of Catalan companies is also regarded as a disadvantage. A mistrust of relocation and a fear of growth are characteristics of Catalan entrepreneurs who have always relied on small local companies.

> *Art in Catalonia cannot be understood without the entrepreneurs that supported it in the past. Small and medium size companies have to continue in their driving role* (interview 16, small consultancy company).

Companies are reluctant to grow, but they also encounter difficulties if they decide to expand. It is difficult to access communication infrastructures, such as IT, optic fibre, broad band, and internet services of quality at an affordable price. On their part governments demand from companies more investment in capital risk and more commitment to innovation. In this sense, the scarce connections between companies and universities in Spain are a clear drawback. The interviewees coincide in the need to improve collaboration and reciprocity between the academia and the labour market if we are really committed to effect a transformation towards the creative and knowledge society.

Several soft factors play a significant role in perpetuating the model of small companies in the BMR. A considerable number of the interviewed managers quitted jobs in multinationals to create their own companies. The possibility to work independently, to establish suitable working hours and the possibility to have more time for their family commitments were the main reasons for their decision.

5.1.3 The image of the city

The image of Barcelona is one of the main advantages of the BMR in terms of soft factors. This image is associated to what has come to be known as "Barcelona brand". The concept summarises a particular urban and economic model of development and a particular image which is advertised to the world. Since then, public institutions promote this soft factor and use marketing strategies to promote the city locally and abroad. (Pareja-Eastaway *et al.*, 2007). The brand is also related to the leisure and cultural sectors, to high living standards and to tolerance. The fieldwork reveals that Barcelona's image confers prestige to the city and its products.

> «*I think that the real value resides in the fact that Barcelona acts as a loudspeaker. You do something small here and, in Galicia, it will be perceived as something important*.» (Interview 10, small media company).

Barcelona and its brand sell well and retain a power of attraction and this is one of the main advantages of Barcelona when compared to other European city. The magnetism of the city is something evident and difficult to question. The problem arises when we look at the kind of actors that is attracting. The interviewees in all the sectors studied agree on the fact that this model, which is sustained in soft factors, attracts more tourism than talent and excellence.

> *This is a city for tourism…the product is well made, but the institutions need to get their act together…because the tourism that we are getting is not generating attractive or added value jobs*» (Interview 14, free-lance consultant).

However, the relevance of the tourism sector in the city does not have to be always assessed negatively. It is a considerable income source for the city and projects the city to the world. These facts create opportunities. But it is necessary to study the kind of tourism that the city is attracting and to promote quality tourism to attract consumers to the cultural field.

The fear to become a leisure city has prompted some institutions and the majority of our interviewees to consider a revision of the 'Barcelona Brand':

> *Now we are leaning too much to leisure initiatives, and this is OK because we have made a lot of money and has put us on the map, but now we can see the disadvantages of this model. This model is not finished, but this model is not over but is at its maximum capacity*» (Interview 19, network).

The interviewees agree on the fact that the model is exhausted and that the image that the city is now projecting corresponds to a previous model. It needs to be redefined. The assessments of the managers about the end of that model are coherent with a creative workers' perception of a worsening of quality of life in the city during the last years due to the consequences of that model of growth[28]. The new model needs to balance soft and classic factors, attract but also retain talent and improve the quality of tourism in the city.

Table 5.1 summarises the main findings on strengths and obstacles of the Barcelona Metropolitan Region as well as the main actions and strategies of the political administration.

[28] Following the results of the ACRE survey 44 per cent of the creative and knowledge workers consider that the quality of life of the city has worsened (see Pareja-Eastaway *et. al.*, 2008).

Table5.1 - Summary of strengths and obstacles for the BMR

Main actions of public administration

- Cultural development as a motor for economic growth
- Policies linked to classic location factors
    - Improvement of multi-level governance coordination
    - Creation of new infrastructures: scientific parks, technological districts and other infrastructures to create clusters.
    - Improvement of public transport system
- Policies linked to soft location factors
    - Improvement of quality of life (social cohesion)
    - Policies aimed at fostering the cultural milieu of the city
    - Decentralisation of culture promotion within the region
    - Promotion of the image of the city at international scale. Creation of a Barcelona Brand linked to design and creativity

Strengths

- **Intangible soft factors** linked to tolerance, climate and cultural milieu of the city
- **Tourism** as an indirect way to attract talent
- **Diversified economy**: Entrepreneurial fabric based on small and medium enterprises allows diversification and networks
- **Quality of skilled workforce and education institutions.**

Obstacles

- **Massive tourism** can be a threat to the quality of life and the image of Barcelona
- Historical **lack of venture capital**
- **Localism**: Entrepreneurial fabric based on small and medium enterprises can hinder internationalisation and growth.
- **Infrastructures:** the lack of transport and communication infrastructures can hinder attraction of companies

6 CONCLUSIONS

The present report describes the main determinants in the decision of location of creative and knowledge companies. At the start of the final pages of our report and broadly speaking we can conclude that soft factors at BMR do matter; in fact, they play a key role in managers' decision of location. In addition, the way in which public intervention also adopts two-side character that directly affects the opinions of interviewees: on the one hand, as main customers of creative products, especially all the output related to culture and, on the other, as providers of the optimum policy framework for stimulating creativity and knowledge production. The following paragraphs discuss these general conclusions.

All ACRE case studies dealt with interviews to managers and representatives of networks in three creative and knowledge sectors. For the sake of comparison, all ACRE regions selected computer games and software production, media and business services although these sectors do not have the same relevance in all the cities that participate in the project. In fact, they do not represent the main creative and knowledge sectors at the BMR. There are sectors that have a larger tradition in the region, e.g. architecture, or have developed significantly in recent years, e.g. biomedical services. However, managers in the selected sectors behave, as far as their reasons for locating at the BMR are concerned, in a way which is comparable to the behaviour of managers in other sectors.

Although the target of the sample was the whole Metropolitan Region of Barcelona, many of the companies where the interviews were conducted are located in the city of Barcelona. Their potential customers and providers are, though, spread all over the region. This should be taken into account when analysing the general conclusions of this report.

Free-lancers and micro companies are overrepresented in the sample because they evidence a specific characteristic of the industrial fabric at the region. This might give a biased opinion on certain topics. Besides, certain subjective negativity is perceived in the opinions of managers in a rough analysis of the discourse in the interviews.

After the successful Olympics, the local government of Barcelona went through a period of indecision and search of new strategies for progress. The lack of a project for the city-region for the major part of the nineties might be reflected in the somehow negative perception of the interviewees. Nowadays, the political class in the city is living a period of political change that might provide new elements of leadership, absent in the former stage.

Finally, following the ACRE guidelines, we were required to interview managers of recently founded companies. All companies featured in the report had to be companies which had been in operation for under ten years. This time constraint might somehow blur managers' perceptions, especially in terms of policy outcomes. In addition, newly-founded companies tend to be small, this fact might explain that their managers feel, to a certain extent, that the public sector, should offer them some protection.

6.1 From the economy at the BMR perspective

The phenomenon of globalisation affects the whole economic activity of creative and knowledge sectors in the world arena. Links with customers and providers are directly affected by the increasing internationalisation of relations. Up to a certain extent, the need for territorial clusters can be questioned by the fact that today it is easier to find a qualified and non-expensive engineer in, for instance, India, rather than to look for him/her in the local market. However, this situation simultaneously reinforces the role of the local factors, especially those that characterise the quality of life in the region. A challenge, partially perceived by the interviewees, is the internationalisation of their markets. The new dimension of the global market is certainly not seen as a turning point in the activity of the creative and knowledge managers interviewed. In fact, they operate mainly at a local level, and they are quite happy to do so. For them, future challenges are not necessarily associated to business expansion. That is, their aversion to risk is more determinant than their ambition of global competition. In this aspect they conform to attitudes generally attributed to Catalan bourgeoisie.

Globalisation therefore, brings to light the weak spots of the Spanish economy and in particular, of the economic fabric formed by the companies located at the BMR. Two issues should be taken into account: on the one hand, the rate of productivity in Spain is still low when compared to other European countries and, on the other; the Spanish labour force has ceased to be one of the cheapest in Europe. The BMR has a qualified labour force who receives salaries that are under the European average, but the current salaries are not a competitive advantage anymore. In fact, although salaries paid in creative and knowledge sectors are higher than in economic sectors where productivity is higher, they are not high enough. It is becoming difficult for companies to retain talented employees. This is especially true for those who came to work in the area because they were attracted by the character of the city. In the present context the traditional competitive advantages of the BMR region which favoured the location of certain large companies, in particular, those that stimulated the production of knowledge and creativity in the area do not stand anymore as key factors for location. Consequently, the role of other issues which are understood as soft factors, have become and are becoming more relevant.

ICTs or creative industries were not the basis of the economic growth that Spain saw from the mid-nineties until very recently, as they were in other countries such as Germany. The role played by the real estate sector as the main contributor to the economic expansion of Spain is barely found in any other European context. The interviews were conducted in a moment of economic change at the BMR. Until the beginning of 2008, Spain and the BMR, in particular, experienced sustained GDP growth rates, low rates of unemployment, and rising percentage of exports. However, currently the change of the economic landscape determined by several factors, among others, an international stagnation of economies and a collapse of the real estate sector will make evident the lacks and deficits of the BMR economy. The relationship between creative and knowledge sectors and the rest of the economy at the BMR will certainly be affected by the above international and national developments.

A broad conclusion in terms of composition of the creative and knowledge sectors in the BMR is that they form a fabric of small and medium enterprises where free lance employees are predominant, but the presence of large companies, national or multinational, such as it is the case of Nokia in Helsinki or Siemens in Munich, is scarce. This situation influences the performance and the results in creativity that the BMR can achieve. Since, undoubtedly, large companies exert a “push-effect” on the rest of the economy and favour the production of creativity. Besides, they collaborate in moving from creativity “per se” towards excellence or “hard core creativity production”. Large companies are the ones who decidedly contribute the most to the production of creativity and knowledge because they face the challenges of international competition and globalisation Without the engagement of large companies in the economic activity of the BMR, the public sector might act as a substitute in promoting stimulus for the production of excellence in creativity. In fact, a high percentage of managers, especially in the media sector, express their concerns about a hypothetical future scenario where the public sector stopped to be their main customer.

In the view of the interviewed managers, the aim of both private associations and the public sectors is to attract large companies, that is, they share interests and this has resulted in several initiatives that were possible thanks to joint ventures between public and private actors. However, free-lancers and micro companies are resentful of the determined effort to attract large companies. They mistrust the efforts because large companies rarely end up locating at the BMR.

6.2 From the three interviewed sectors perspective

The interviews were done in two creative sectors, media and computer games, and in one knowledge-based sector, consultancy. Certainly, differences in terms of functioning and even perception emerge in the opinions of managers according to the sector they belong to. As a general conclusion, creativity is unique and non-exchangeable and this is attributed to media and computer games companies. Not Competition but collaboration is the rule in the sector. However, knowledge is a more general issue and can easily be transferred between companies. Thus, competition in the market and the preservation of customers from other companies, which work in similar issues, is a common trait among consultancy business.

A constant issue in creative and knowledge companies is the considerable importance awarded to the role of formal and informal networks to develop their activity. Contacts are essential although they work slightly differently for each sector. Companies in the media sector work differently form those in the other two sectors as the representativity of free lancers is higher and the sector requires ad hoc agreements per product in order to operate. Contacts between professionals are decisive to complete a high quality product. Cooperation and networks emerge as determinant in their activities and, therefore, the BMR as a welcoming place for social contacts is highly appreciated. Managers in the computer games sector have the same perception. In both sectors to work together with other companies that belong to the same sector is a common occurrence. Sharing knowledge and even customers require a favourable environment where not only social contacts are important but also internet facilities. The BMR offers the above requirements with considerable excellence. However, consultancy companies are aware that they can be exchangeable by others and although they might share services, they do not put in common their information and are jealous of their “know how”.

The profiles of the interviewed managers fall into two main categories. There are those who were born, studied and started their career at the BMR and those that are foreigners and had decided to locate in the BMR. In the first situation, location in the BMR is a mere continuation of their working career. In the second, soft factors of the BMR played a key role in choosing their location. For the latter the previous knowledge of the BMR, as tourists or visitors, determined their decision and attracted business to the area. Although the managers interviewed fulfil the typical characteristics of the entrepreneur, that is they appreciate new ideas and innovation, they favour new challenges at work, etc., recent comments by a well-known Catalan association of professionals, Circulo de Economía, remarked on the lack of entrepreneurship among the companies at the BMR. This might be identified throughout the interviewees in their conservative approach to the market for they try to avoid the challenge of globalisation and focus, maybe too much, on the local market.

One of the facts that can be concluded from the interviews is that certain small companies founded in the past ten years have their origin in the emancipation of the managers from a large company where they worked as high-qualified technicians. Usually, these recently established companies keep good relations with the company of origin and in many cases act as outsourcers of the main company.

An additional challenge to be faced by creative and knowledge sector is the creation of a symbiotic behaviour among them profiting from the externalities originated by both activities. This might be a criteria for specialisation at the BMR as the region cannot compete in a multiple and varied set of activities.

An interesting feature, which emerged when we asked managers for their main activity, is that companies do not specialise in one product or even one sector. A multi-product approach is the main characteristic and it is almost impossible to attach one company to a single sector. Therefore, flexibility is a constant issue in the companies' profile, especially in those that are relatively small.

The main customers of the creative and knowledge companies interviewed are located in the proximity. Certainly, the local context plays a key role as the main source of activity. An outstanding feature for the cultural industries of the media sector is the high degree of involvement of the public sector as the main customer.

6.3 From the attractiveness (soft and hard factors) perspective

Soft factors certainly play a key role in attracting companies and especially talent to the BMR. Almost all of our interviewees feel the attractiveness of the city as an engaging aspect of their activities. However, given the strength of these factors, the key challenge for both private and public actors is, once talent locates in the BMR, to keep it and to exert the ability of holding it permanently.

Hard factors are also perceived as relevant but the degree of importance varies according to the sector. In the media sector, managers are not very much concerned about the quality and availability of hard factors. However, managers in the other two sectors point out the need of improvement and/or of enlargement of certain facilities such as the airport or the public transport. Managers who have decided to locate their company in the BMR certainly regard the BMR, given its airport and harbour, as the main logistic centre of Southern Europe.

The interviews to managers in the three selected sectors confirm a thesis already mentioned in previous reports, namely, the importance of culture in the BMR as a soft factor which attracts creativity and talent. The cultural attributes perceived at the BMR are not only a visible product of the historical trajectory of the city and its surroundings but also as a conscious strategy of the public sector, mainly the local government of Barcelona, in promoting and stimulating the better knowledge of the Barcelona's cultural attractiveness. Historically, Barcelona has been seen as the cosmopolitan capital of Spain, far from the official discourse of Madrid. However, the pernicious effect of the dictatorship in the cultural arena, especially to the new avant-garde initiatives, left Barcelona in a very poor estate. Besides, with the arrival of democracy, the cultural orientation of the nationalistic government was to stimulate (old) traditions and reinforce the Catalan attributes of culture subduing the Barcelona dynamism to the strengthening of the Catalan character. During the nineties, efforts were made from the local government to recover the past cultural symbolism as an alternative to Madrid. Nowadays, the BMR attracts talent and especially the talent linked to cultural creativity.

Tourism as a side-product of the promotion of the city in other spheres rather than the economic is mainly seen as one of the majors threats of the future and simultaneously as an activity the city cannot go without. Efforts are required to transform massive tourism into tourism of quality. Areas of Barcelona such as the historical centre are nowadays almost taken by tourists, as it happens in many other European cities. The strategy adopted by other cities in the region in promoting cultural products related to their historical past (i.e. Textile Museum in Terrassa) is remarkable for it reinforces the attractiveness of the BMR as a whole. In addition, an interesting feature mentioned by the interviewees is the distinction they make between visitors and tourists. They regard visitors as extremely important since they are people that can appreciate the business potential of the city. They come first for conventions, seminars or trade fairs, but these visits might generate future links with the city and stimulate location in the BMR.

6.4 From the policy strategies perspective

Fame and attractiveness, especially after the Olympics and the decided effort of local authorities in order to advertise the Barcelona brand, play a role in the managers' decision to locate at the BMR. The public sector is engaged in supporting the brand and put additional efforts in avoiding obsolescence or a negative image which might diminish the ability of the BMR to attract companies. The attraction of creative and knowledge excellence, that is, high quality investment in these sectors, is seen as a measure to provide new incentives to link to the Barcelona brand. A new economic strategy oriented to attract excellence is, therefore, on the basis of the local government prospects for the future. The former strategy oriented to advertise the city throughout the internationally well-known Barcelona brand has been substituted by a huge effort in drawing the attention of large companies, which, simultaneously, attract high-qualified workers and professionals. Certainly, this turning point in the city-region strategy reinforces the BMR industrial fabric via the creation of spillover effects over the whole economy together with the internationalisation of its activities.

As previous ACRE reports established, local governments at the BMR are certainly in need of a shared strategy and, especially, a metropolitan authority that recognises the links and overlaps which might emerge in the region. Although the Strategic Plan of the BMR has as a target of action the whole region, local policy implementation lacks coherence sometimes. Managers but especially representatives of networks consider such an authority as a key aspect to enhance the competitiveness of the BMR. Related to this, the future of the region is strongly determined by the existence of a common strategy all over the area where large scale projects such as the 22@, the Vallès Technological Park -Parc Tecnològic del Vallès- or the candidacy for the European Technologic park are seen as regional projects rather than local options of Barcelona. The strategy above not only demands political attention but it also requires considerable amounts of investment to improve the traditional hard factors at the regional level such as road connectivity or the public transport system.

Certainly, there is an unavoidable time lapse between the moment of inception of strategies for the municipality or the region, and the perception of outcomes by those to which the policy was addressed. Policies are always linked to a particular process and need of a maturation stage. It might be the case that certain strategies adopted by the municipality of Barcelona oriented to creative and knowledge sectors do not yet show expected outcomes and the perception of managers is biased towards a general criticism of the public policies implemented. As stated before, the Barcelona model was a runaway success but ended after the Olympics. The search for a new model characterised the nineties and there were several unsuccessful attempts such as the Forum 2004. Nowadays, a consolidation of a new model of city-region is taking place. This is, though, not completely perceived by the interviewed managers yet, but the representatives of networks seem to be more aware of it. The local agreement on the exigency of higher social standards in the area against exclusive models followed by other European capitals such as Rome or London brings forward a more decided strategy towards culture and social cohesion at the BMR. In addition, a generational change in key positions of the local government in Barcelona favours new visions on this common project.

An issue, which has emerged in many of the interviews, was the top-down approach in the design of the 22@ district. Controversial opinions on this topic emerge. On the one hand, the project is seen as essential in order to attract certain sectors and companies. On the other, the displacement of traditional activities in the area together with the fact that the starting point the project was a real estate operation, which made available business premises, are strongly criticised. One of the key issues is that the BMR cannot attract all types of knowledge and creative businesses; it certainly has to focus in those activities where there is a cumulative knowledge from the past or where the region has a clear competitive advantage. However, interviews with local authorities engaged in promoting cultural issues and industries in the BMR show a renewed effort in participating in the 22@ project. According to the interviewees, the challenge for this project is clearly to attract new companies but in a selective way as the BMR cannot be competitive in all sectors. Efforts of selling the district done at the "official" level makes it better known abroad rather than in the region. Many of the managers interviewed considered excessively expensive to locate there compared to the advantages offered.

Recent policy developments together with the ongoing economic transformation towards a service-oriented economy are placing creative and knowledge based industries in the core of the regional development process. The BMR soft factors attract talent and creativity from abroad. Policy strategies aimed at retaining not only talent but also companies will be key in the near future. Also policies addressing the development, consolidation and internationalisation of local creative and knowledge industries will be imperative.

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8 ANNEX

8.1 Copy of the interview guidelines

Qüestions claus:

- *Perquè la seva empresa està situada a Barcelona?*
- *Quin grau de importància tenen els factors de localització (clàssics i soft: incentius fiscals, presència d'activitats especialitzades en el sector o qualitat de l'espai, ambient de la ciutat, qualitat de l'habitatge..)*
- *Quin és el rol del govern local o regional: han utilitzat alguna estratègia per estimular aquests sectors o per exemple han ajudat a creat clusters?*

Nom	
Sector	
Empresa	
Càrrec	
Ciutat (Empresa)	
Telèfon	
Mail	
Adreça	
Mida empresa-nº empleats	
Data	
Web	

1. Sobre l'empresa i la seva organització

Què és el que produeix la seva empresa? Quins productes/serveis ofereix?

Què és el que té d'especial la seva empresa o que té d'especial el producte? quin és el aspecte diferencial del seu producte/servei, quin és el seu valor afegit?

Quan fa que es va fundar la seva empresa? Com es va crear? Quina era la situació del sector en aquell moment? I ara? Ha canviat l'escenari?

Com s'organitzen a la seva empresa? Quines diferents tasques implica tot el procés?

L'organització és jeràrquica o implica iniciativa per part dels treballadors?

Quin és el seu paper dins aquest procés? Quina és la part creativa del seu rol dins la empresa?

Quina es la seva orientació cap al mercat internacional? Tendeix a exportar o a importar? Tenen alguna experiència laboral internacional?

2. Xarxes

Qui són els seus clients? Quina és la relació amb els seus clients i/o proveïdors?

On es situen els seus clients? (Estimació aproximada de l'origen dels clients: ciutat de Barcelona, afores, regió metropolitana, Espanya, estranger) on es situen els seus proveidors?

Els seus clients pertanyen a petites o grans empreses? Els seus proveïdors pertanyen a petites o grans empreses?

Interdependències i col·laboracions:

Té un coneixment ampli de les empreses del seu sector o d'empreses que estiguin relacionades amb la seva activitat? Col.laboren o es relacionen amb algunes d'aquestes?

De quina manera? (relacions horitzontals o verticals) (es tracta de veure si són relacions a llarg o curt termini i si estableixen acords de cooperació tècnica).

Col·labora amb altres empreses d'altres sectors? Amb quins sectors es relaciona? De quina manera? (relacions horitzontals o verticals)

Les empreses amb les quals col·labora són petites o grans empreses?

Estan situades a Barcelona, a la Regió a la Resta d'Espanya o a l'estranger?

Les relacions tant amb les del seu sector com amb d'altres, les definiria més com a competitives o de col·laboració? Com d'importants aquestes col.laboracions per a la seva empresa? Podrien millorar? Com?

Col·labora amb algun altre tipus d'actors de la RMB?

- Universitats o Institucions de Recerca
- Gremis
- Cambra de comerç
- Algun sector de la administració, local, regional o autonòmic

Sobre la qualitat d'aquestes relacions: està vostè satisfet amb aquestes col.laboracions? Li agradaria canviar quelcom?

Tenen algun contacte amb el món acadèmic? Tenen algun contacte amb alguna institució de recerca?

Com milloraria les relacions entre el món acadèmic i el laboral?

3. Localització

Per què la seva empresa està situada a Barcelona? Per què no a alguna altra ciutat? Quines avantatges ofereix Barcelona? Quines desaventatges?

Quina diria que és la importància del seu sector en relació a l'economia de la regió? Tant a nivell nacional com internacional. El fet de estar ubicada a Barcelona ajuda (o disminueix) a tenir aquesta importància?

Coneix alguna altra ciutat on aquest sector sigui important o tingui especial presència?

Li agradaria situar la seva empresa en aquesta ciutat?

Quina importància i quin paper han jugat els següents factors perquè la seva empresa es localitzés a Barcelona:

- Infrastructures (transports, infrastructures de tecnologia i innovació, etc.)
- Mercat Laboral
- Administració local
- Costos (nivell de vida, rentes, lloguers, costos d'iniciar l'empresa, etc.)
- Polítiques de suport a l'empresa (subvencions, fiscalitat, suport a noves iniciatives, per acudir a fires i certàmens, per formació, etc.)
- Qualitat de vida
- Clima
- Convivència entre persones de diferents cultures
- Nivells de tolerància de la ciutat (acceptació de la diversitat, respecte per les costums individuals i col·lectives, etc.)
- Activitats d'oci
- Escena cultural de Barcelona

Per què la seva empresa està situada a aquest barri, Districte, àrea?

Hi ha més empreses del seu sector situades a aquesta àrea? Quantes, aprox.? Per què creu que tendeixen a localitzar-se aquí (si s'escau)?

Coneix altres zones de la ciutat on hi hagi una especial presència d'empreses d'aquest sector? Per què creu que es localitzen allà?

Per què la seva empresa no està situada a (Barcelona ciutat, a les afores de Barcelona, a la regió metropolitana)? Té intenció de traslladar-se?

Satsifacció general amb la localització de la seva empresa. Està satisfet?

4. Imatge, la importància de la ciutat per al sector(sector at the location)

Quina creu que és la imatge que dóna Barcelona cap a l'exterior? Projecta una imatge internacional?

Creu que aquesta imatge es correspon amb la realitat?

Creu que la imatge de la ciutat beneficia al seu sector?

Creu que la seva ciutat és una àrea atraient per a empreses del seu sector?

Creu que recull les característiques principals d'una ciutat creativa i innovadora? Quines creu que són les característiques principals?

Promocionaria amb més força algun aspecte o qualitat de la ciutat?

Barcelona quines avantatges ofereix i quines desavantatges per a empreses per al seu sector?

Comparant amb altres regions europees, creu que Barcelona es prou competitiva? Per què?

Diria que Barcelona és una ciutat "especialitzada" o una "ciutat amb certa concentració de sectors determinats" ?

5. Contractació de personal qualificat

Quins són els requisits que demana per treballar a la seva empresa?

D'on procedeixen les persones que ha de contractar: àmbit ciutat, regional, nacional, internacional?

D'on procedeixen els empleats que contracta per a la seva empresa?

- Universitat
- Borses de treball (públiques, privades)
- Institucions de recerca

Creu que l'oferta formativa i es bona i la universitat de la Regió prou competitiva? Creu que els alumnes graduats estan preparats per treballar en empreses del seu sector?

Quins problemes té a la hora de trobar personal qualificat per a la seva empresa? És difícil atraure força de treball jove i nova a la seva empresa?

Diria que hi ha més homes que dones treballant al seu sector?

Segueix alguna política de génere a la hora de contractar personal?

Ofereix la seva empresa algun tipus de política de conciliació entre la vida laboral i la personal?

6. Polítiques públiques

Les polítiques públiques de suport són rellevants per a la seva empresa? Reben algun tipus de suport?

Què milloraria de les polítiques públiques? Pensa que l'Ajuntament o Generalitat promou prou el seu sector? De quina manera podria ajudar al sector?

En referència a les polítiques fiscals, creus que Barcelona es prou competitiva i que hi ha facilitats a la hora de pagar impostos per a empreses del seu sector, taxes que ajudin a localitzar-se aquí aquest tipus d'empreses, incentius o estímuls per crear ocupació al sector, etc.

7. Perspectives

Quin és el pes de la trajectòria històrica del seu sector?, la importància de ser un sector tradicional o no a la ciutat? Com determina aquesta tradició el moment actual?

Quina diria que és el futur de la empresa en aquesta localització? I del sector? Són bones les perspectives de futur?

Què hauria de millorar? Quins són els seus desigs en referència al tema? (punts forts, punts dèbils, reptes i oportunitats)

8. Perfil de l'entrevistat

On va néixer?

On va estudiar?

On viu? Quant temps fa que hi viu? Per què es va traslladar (si s'escau)

Quan de temps fa que està al seu càrrec? Quin càrrec tenia anteriorment? Quan fa que treballa a aquesta empresa?

Ha treballat a altres empreses del mateix sector?

Per què va triar aquesta empresa?

Està satisfet amb el seu salari?

Quantes vegades en els últims 10 anys ha canviat de feina? Sempre a la mateixa ciutat?

Pensa treballar sempre a BCN? Pensa traslladar-se?

Es definiria com a un treballador que viatja sovint?

Quan de temps de la seva feina està a la oficina, treballa a casa o viatja?

Està satisfet amb el barri on viu? Amb el seu pis?

Quantes persones conformen el seu nucli familiar?

Amb quina freqüència surt fora els caps de setmana? I les vacances?

Com passa el seu temps lliure?

Acostuma visitar unes zones de la ciutat més que altres?

El seu cercle d'amistats principal està relacionat amb la feina?