The attractiveness of the Poznan metropolitan region for the development of the creative knowledge sector. The managers' view

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ACRE report 6.8

European Commission

CITIZENS AND GOVERNANCE IN A KNOWLEDGE-BASED SOCIETY

Tadeusz Stryjakiewicz
Michał Męczyński
Krzysztof Stachowiak

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ACRE

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EXECUTIVE SUMMARY

The aim of the study is to give an assessment of the attractiveness of the Poznan metropolitan region (PMR) for the development of the creative knowledge sector based on the opinions of sector managers. The information was obtained through interviews with managers and 'key players' representing the following sub-sectors:

- Business and management consultancy,
- Motion picture, video, radio and television activities, and
- Software and electronic publishing.

The interviews covered the following main issues: (1) general company and interviewee background information, (2) the role of 'soft' and 'hard' location factors for the creative knowledge sector, (3) an assessment of the city as a creative environment and as an arena of operation of creative individuals and organisations, (4) an assessment of the policy and measures of the city authorities towards the creative knowledge sector, (5) relations of the given firm with other entities of the creative knowledge sector, and (6) the operation of the firms on the market and their links with other entities.

The results of the present study largely corroborate the conclusions stemming from the earlier Work Packages, while the research technique employed - an in-depth interview - allowed a more profound insight into the nature of an activity, specific problems involved in conducting it, and factors underlying the decision to locate a firm in the PMR.

In the light of what the managers had said, it was possible to define the profile of the Poznan metropolitan region in terms of its attractiveness for the development of the creative knowledge sector. The profile is characterised in the report by four groups of problems:

1. Growth pattern of firms of the creative knowledge sector and the development path of the Poznan metropolitan region,
2. Locational limitations of creative activities,
3. Role of formal and informal networks of links among businesses, and
4. Level of maturity of firms of the creative knowledge sector and the significance of 'soft' and hard location factors.

The profile of the Poznan metropolitan region is connected with its development path. As follows from the remarks of most managers, the breakthrough moment in the region's economic growth was 1989, the year when the communist system collapsed in Poland. The introduction of free-market rules has brought about a revival of the spirit of entrepreneurship, a feature so characteristic of Poznan residents that it is used even today (the managers claimed) as a marketing element, especially by big PMR-based enterprises.

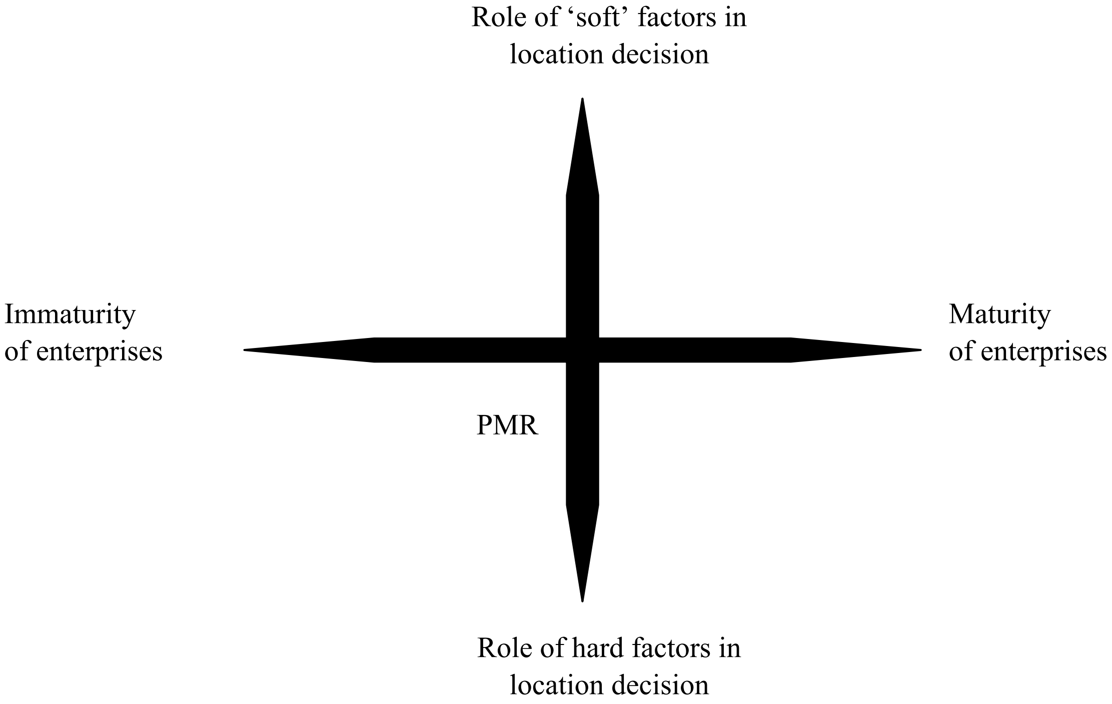
The post-1989 economic changes have led to the formation of two groups of managers. One embraces people who took advantage of their contacts established while they had worked in the public sector before that year to open their own businesses in the early 1990s. The other group includes entrepreneurs of a younger generation who finished their education after the systemic change. Often gathering experience in foreign corporations, they went on to launch firms of their own based on new standards of doing business. This group of managers can be found primarily in the dynamically growing software and electronic publishing sub-sector, which is likely to play a significant role in shaping the region's profile.

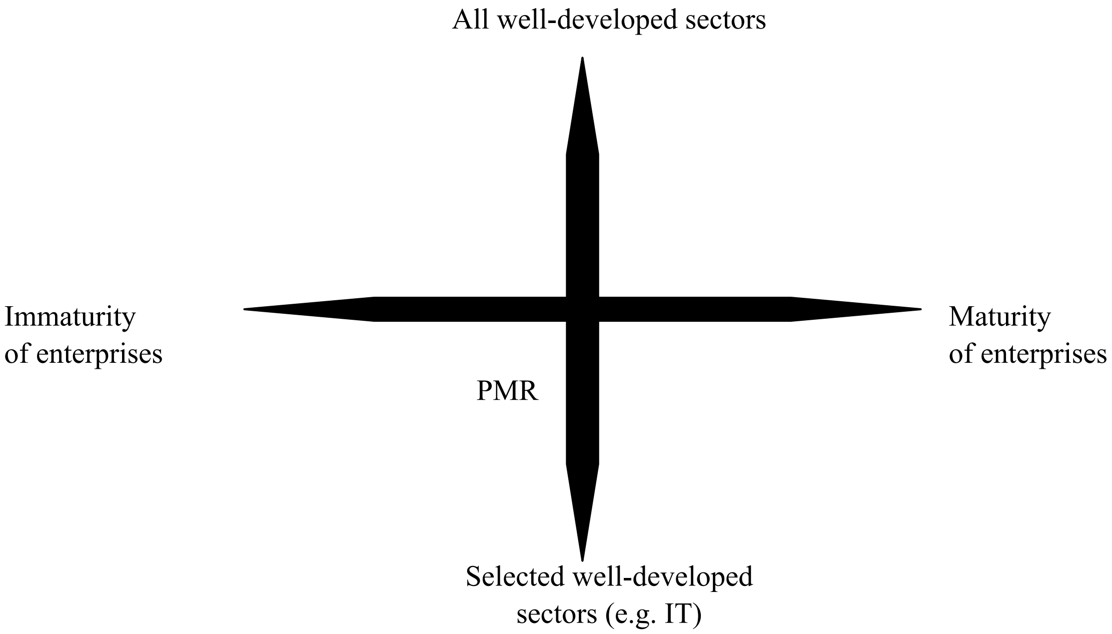
The interviews with the managers show there to be a fairly wide variety of factors responsible for the choice of location of the activity conducted, whether considered by branch or size. For most firms, big and small, in business and management consultancy as well as picture, video, radio and television activities, classic hard factors, especially the nearness of the market, are of paramount importance. However, with technological advances in the services rendered, or output produced, by the enterprises, the nearness of the market loses its former significance, while 'soft' factors feature ever more prominently in their location decisions. This is especially readily visible in the case of big firms of the software and electronic publishing sub-sector. The decision to establish an activity in the given location is often connected with the place of origin of the owner or the closeness of his family and friends.

The formal and informal links among businesses are of crucial importance for their position on the market. The scale of those links determines not only the standing of a firm, but also of the city or metropolitan region where it is based. The firms that have developed the strongest supra-local and international links are those active in software and electronic publishing. In the other sub-sectors there are no such clear interconnections among firms, or between those firms and other enterprises outside the PMR and Poland.

The experience of the earlier research carried out in 13 metropolitan regions of the European Union concerning the development of the creative knowledge sector as well as the significance of the classic, hard, and 'soft' factors of business location makes it possible to state that the latter tend to gain in importance in more advanced economies. From what the managers have said, one can conclude that in the Poznan metropolitan region, which represents a lower economic level than this type of regions in Western Europe, 'soft' factors play a rather modest role in location decisions. Most firms are not fully mature yet, and they still have not got well-developed networks of links. An exception is high-tech firms, especially those relying on information and communications technologies.

Figure1 - The place of the Poznan metropolitan region in the maturity profile of creative knowledge enterprises





The results of the study show that the establishment of creative firms in the PMR has been quite successful after 1989, but they still have to go through the process of maturation.

Since the creative firms in the PMR are mostly small, private and independent, personal factors are of great importance in their development (they are 'attached' to some extent to certain places, e.g. to the real estate belonging to the owner's family, or they continue a generally recognised entrepreneurial family tradition). They usually do not expect any public support, but stress its significant role in the creation of favourable conditions for socio-economic growth. They perceive domestic rather than international competition as the more important. Among the Polish cities, Wroclaw seems to be Poznan's strongest rival in the future development of the creative knowledge sector.

There are differences in the weight that the sub-sectors under analysis assign to various development factors. Thus, business and management consultancy is mainly business-oriented; the motion picture, video, radio and television sector is culture-oriented; whereas software and electronic publishing is education-oriented.

1 INTRODUCTION

1.1 Aim and outline of the report

The report presents the results of the research on Work Package 6, the next stage in the ACRE project. Hence, it is a logical consequence of the earlier review of literature on the role of creative knowledge in making metropolitan regions competitive (WP1), analyses connected with the determination of the development pathway of the Poznan metropolitan region (WP2), and finally the survey research carried out in the first target group - graduates and employees in the region's creative knowledge industries (WP5). The studies conducted under the current work package consisted in interviewing the other group - creative knowledge workers, employed as company managers in creative knowledge industries. This chapter presents the aim of the studies and an outline of the report.

The general aim of the research carried out at this stage of the project was to identify factors that had decided the managers to take up work in the creative knowledge sector of the Poznan metropolitan region. The information was obtained through interviews with persons in managerial positions in the following sub-sectors: (1) Business and management consultancy; (2) Motion picture, video, radio and television; and (3) Software and electronic publishing. While their employment and number of firms were still modest, those sub-sectors showed high growth dynamics; in the future, therefore, they may contribute substantially to the socio-economic development of the region. Besides, valuable information was also obtained during talks with experts representing institutions that play a significant role in creating conditions for the development of the creative knowledge sector in the PMR. The talks concerned not only those conditions, but also the policy of the local authorities stimulating the development of the sector in the region. The interviews, each following a similar pattern, were carried out with five managers each from Business and management consultancy and Software and electronic publishing, three from Motion picture, video, radio and television, and with seven experts.

The interviewees mentioned various aspects of their firms' operation, factors responsible for their location in the PMR, and the effect of the authorities' policy on the development of the creative knowledge sector. The information obtained made it possible to tackle the problem posed by the WP6, which can be expressed in three more detailed research questions:

1. What had prompted managers in the selected creative and knowledge-intensive activities to locate in the given place of the region?

2. What was the relative weight of location factors, both 'classic', or 'hard', and 'soft' ones, that had played a role in their decision to locate the activity in the given place? and

3. What was the role of the local government? Had a firm's location decision been influenced by its concrete strategies designed to stimulate or create clusters of creative or knowledge-intensive activities?

The answers to those questions were obtained during interviews with managers of the selected activities of the creative and knowledge-intensive sector. Each interview started with an outline of the firm's history and its connection with the region's development path. Then it moved to the innovative solutions applied in the firm's operation (e.g. modern technology, well-educated staff) that gave it a competitive advantage over other firms.

The interview was also intended to define the firm's links with the economy of the metropolitan region and outside it. To achieve this goal, the respondents were asked to describe the size and quality of the network of links holding between the firm and its subcontractors, both within the PMR and beyond it.

The third part of the interview was devoted to the role of 'soft' and hard factors deciding about the choice of the PMR as a place of activity by managers of the creative and knowledge-intensive sector. In the final part, experts were asked to assess the policy of the local authorities concerning the development of this sector.

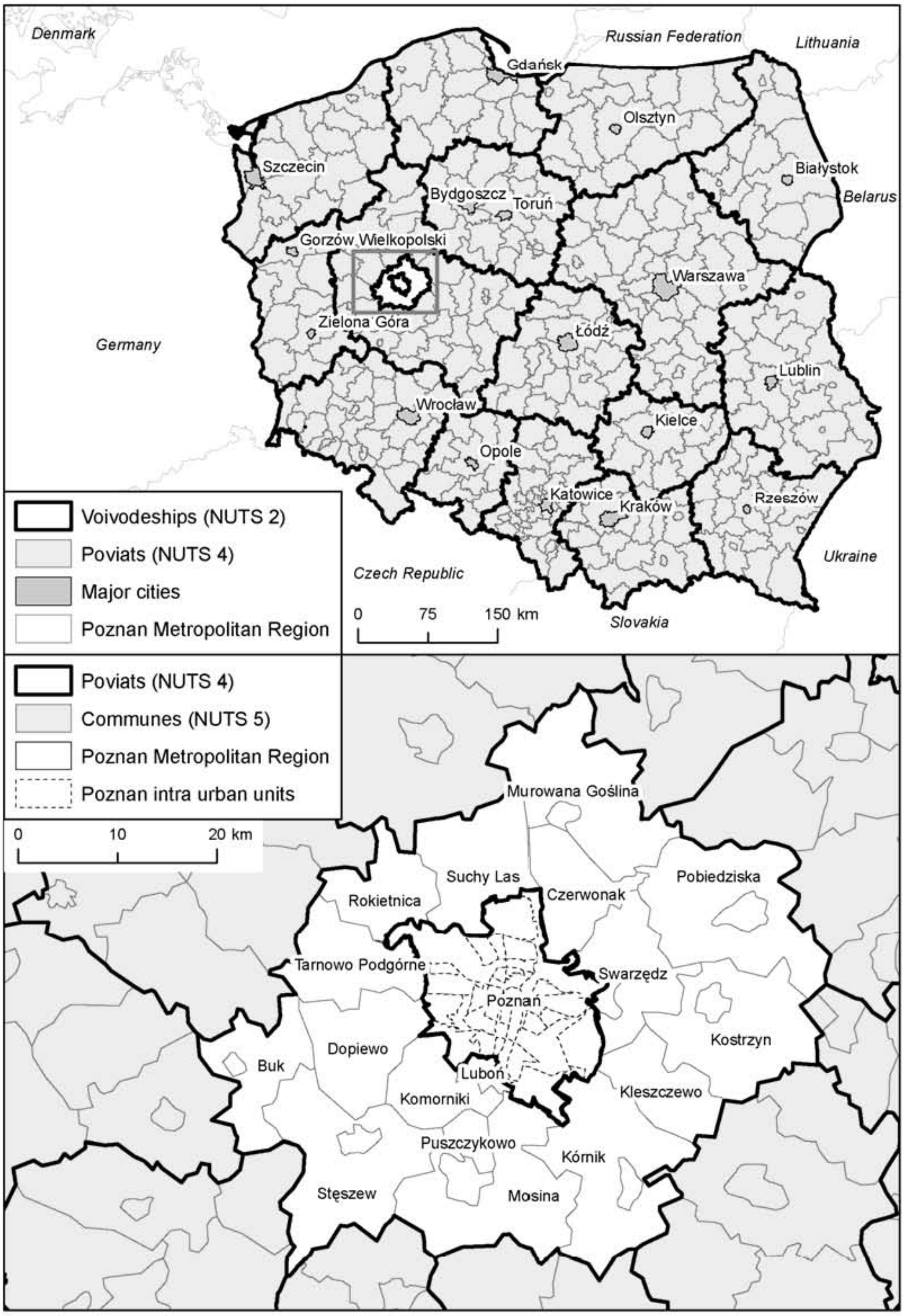
The report presents the results of the research. Chapter 1 comprises executive summary. Chapter 2 states the aim of the research and gives an outline of the report and description of the Poznan metropolitan region. Chapter 3 provides background information on the selected branches of the knowledge-intensive and creative industries in the Poznan metropolitan region. Chapter 3 addresses the methodology of the research and the structure of the interview. Then follows chapter 4 with the actual results of the interviews in the different activities and their interpretation and description of the main factors influencing location pattern of the selected creative knowledge sectors. A final conclusion is in chapter 5.

1.2 The Poznan metropolitan region (PMR) profile

Poznan is one of the largest and fastest-growing cities in Poland. Located in the west-central part of the country and equidistant between Warsaw and the German capital Berlin, it is the place where the Polish statehood originated more than 1,000 years ago. With its 565,000 inhabitants (2006), Poznan is the fifth largest city in Poland (after Warsaw, Lodz, Cracow, and Wroclaw). The position of Poznan among other Polish cities in terms of selected characteristics (including those of the creative knowledge sector) is presented in Table 1.1.

Poznan is the centre and main city of a metropolitan region (PMR) inhabited by about 856,000 people. The spatial range of the region adopted in the ACRE project, apart from the city, coincides with the boundaries of the administrative unit called Poznan poviat (district). It corresponds to the NUTS 4 level and includes the adjacent towns and communes (gmina). These are: two towns (Lubon and Puszczykowo), 8 urban-rural communes (Buk, Kostrzyn, Kornik, Mosina, Murowana Goslina, Pobiedziska, Steszew, and Swarzedz), and 7 rural communes (Czerwonak, Dopiewo, Kleszczewo, Komorniki, Rokietnica, Suchy Las, and Tarnowo Podgorne). Some of these communes within the limits of the Poznan metropolitan region (such as Tarnowo Podgorne, Czerwonak or Suchy Las), although called rural, are among the most industrialised communes in Poland. The spatial range of the Poznan metropolitan region is presented in Figure 1.1.

Figure 1.1 - Poznan metropolitan region - the research area



Source: own compilation

Apart from its municipal and poviat administrative functions, Poznan is also the seat of provincial authorities. The provincial-level unit of the administrative system (corresponding to NUTS 2) is called the voivodeship (wojewodztwo). Wielkopolska voivodeship is one of the largest in Poland (the second largest in terms of area and the third in terms of population).

The position of Poznan in the European network of metropolitan regions is defined by the following features:

1. In comparison with the biggest European cities, Poznan's metropolitan functions are not fully formed yet.

2. Poznan's location halfway between Warsaw and Berlin puts the city under strong competitive pressure from those two capitals.

3. The discontinuity of the city's development path and its inability to keep up with global processes under the communist system (like in other cities of the Eastern bloc) have serious implications for accommodating creative knowledge.

4. In spite of all the above-mentioned reservations, Poznan is one of the most dynamic Polish cities, a leader in the process of social and economic transformation. It also has assets that can make it into a creative and knowledge-based metropolitan region. So far, this type of development path has been far from common in post-communist East-Central Europe. There are signs, however, that this unfavourable situation is gradually changing. Poznan provides many examples of this change.

Poznan is a city generally well perceived by the inhabitants of other regions of Poland, attractive to live and work in. Its milieu is a product of history, an urban layout with a historic centre and numerous architectural monuments, cultural institutions, higher schools, wedges of greenery, retail outlets, practically an absence of degraded areas, and finally order and cleanliness. The city's attractiveness is enhanced by its good location in terms of transport, a diversified economic structure, a low unemployment rate, a relatively low crime rate, and the feeling of safety in the place of residence. The cost of living, while rather high in the Polish conditions, is lower than in the other major cities, like Warsaw, Gdansk, Gdynia or Wroclaw. The costs of housing and municipal services are rather high too. According to Ziółkowski (2004), the Poznanians are perhaps less spontaneous and extroverted, but very reliable and hard-working. All this makes Poznan a place people are glad to live and work in, and glad to visit. It is also attractive to foreign investors, who have for years been siting their investments there, worth now a total of $4.5 billion (it is only in Warsaw that the total stock of foreign direct investment has outstripped that in Poznan).

Poznan offers a friendly environment for the development of the creative knowledge sector. The Poznan scientific milieu is represented by higher schools, institutes of the Polish Academy of Sciences, and R&D institutions. Poznan is the third academic centre in Poland in terms of student enrolment, and the Poznan higher schools are among the best in the country (Adam Mickiewicz University has for years been ranked among the top three universities).

Poznan's cultural facilities and institutions are widely appreciated. The Grand Theatre belongs to the best opera stages in the country and co-operates with many operas abroad. Highly regarded are also the Poznan Philharmonic Orchestra and especially the Amadeus Chamber Orchestra of the Polish Radio and Television, which has performed successfully in Europe's most renowned concert halls.

Table 1.1 - Poznan in comparison with other Polish cities (2005)

	Poznan	Gdansk	Cracow	Lodz	Warsaw	Wroclaw
Population (in thous.)	567.9	458.1	756.6	767.6	1,697.6	635.9
Natural increase (per 1,000 pop.)	-0.01	-0.01	-0.80	-6.10	-1.47	-1.78
Net migration (per 1,000 pop.)	-4.58	-1.39	1.32	-2.44	4.68	-0.18
Employment (per 1,000 pop.)*	271	174	277	143	537	231
Economic entities (per 1,000 pop.)	158.6	128.5	137.5	124.6	176.8	145.3
Mean wages (zlotys)**	2,807	3,155	2,533	2,299	3,488	2,528
Per capita Gross Domestic Product (2003, in zlotys)	42,508	29,719	32,559	26,531	62,896	31,274
Unemployment rate (per cent)	5.5	7.7	6.0	14.0	5.1	9.7
Mean area of dwelling (m2)	63.2	57.6	55.9	52.6	56.0	59.8
Number of higher schools	26	14	21	20	77	22
College and university enrolment (per 10,000 pop.)	2,340.8	1,568.0	2,296.9	1,478.0	1,636.0	2,104.3
Viewers in permanent cinemas (per 10,000 pop.)	3,560	2,639	2,706	1,251	3,377	2,131
Offences (per 1,000 pop.)	25.4	27.9	27.6	22.5	23.7	26.6
Car accidents (per 1,000 pop.)	8.41	5.81	8.93	11.8	4.26	4.44

** private sector*
*** 1 zloty ≈ 0.25 euro (2005)*
Source: Statistical Office in Poznan

Other factors contributing to the city's attractiveness include the exhibition and trade events organised under the logo of the Poznan International Fair as meeting places of producers, traders and buyers from all over the world. During the communist period, the Fairs were a Polish 'window to the world', and to this day they have been a symbol of Poznan's openness, attracting not only commercial, but also cultural exhibitions and events.

The city's attractions also include numerous green spaces: parks, woods, lakes (Malta, Strzeszyn, Rusalka, Kiekrz), and especially the Wielkopolski National Park with its excellent recreational facilities.

The above assets, and others not listed here, make the city attractive to its residents, even though its suburban zone offers them more comfortable living conditions, as reflected in the city's net out-migration.

A detailed empirical analysis of the creative knowledge sector in the Poznan metropolitan region carried out under WP2 of the ACRE project shows that in 2005 there were 22,200 entities of the discussed sector, or 17.6 per cent of all businesses in the region, whereas the employment figure was 94,260, or 17.5 per cent of total employment. Those firms show a high growth dynamics. In 2001-2005 their number increased by 45 per cent, which contributed substantially to the increase in the total number of economic entities over that period (two-thirds of the new businesses were those in the creative sector). Also employment dynamics was higher in the creative and knowledge-intensive industries than in the economy as a whole. Over the years 2001-2005 those industries increased their employment in the Poznan metropolitan region by 31.9 per cent as against a rise in total employment of 10.3 per cent, with the increase being higher in the suburban communes than in the city. The highest dynamics was recorded in ICT services, in which employment grew by 137.3 per cent, followed by law and other business services - by 84.7 per cent.

A characteristic structural feature is a huge number of small businesses (with under 10 employees), which constitute 95.6 per cent of the total number of creative firms. Almost 75 per cent of them are located within the city limits (mostly in the downtown and the densely populated areas around it). The highest concentration in the city is characteristic of publishing, R&D and higher education.

The existing creative knowledge policy as seen from the start of the transformation (1990) has been a reflection of stages in the development of the city, in the transformation of its substantive, economic and social spheres. In contrast to many Western cities, Poznan's problems resulted primarily from huge ownership changes, the necessity of devising new land, fiscal, spatial and other policies, the restructuring of the economy from the manufacturing sector to services, and catching up on technical and social infrastructure. All those processes are closely connected with the creation of a new economic base of the city and improving the quality of life of its inhabitants. This took place in a period of the rebirth of true local government and laying the foundations of civil society. Naturally, with this host of tasks to tackle, urban policy could not have been a consistent and long-term one, and its instruments have not always been up to the West European standards. This was also due to external factors, like defective and ever-changing legal rules, political fights at the central level, variability of the process of power decentralisation, etc. In the recent years, urban policy has been greatly affected by financial help coming from the European Union's pre-accession and structural funds, whose chief beneficiaries are target-oriented projects, mainly involving an improvement of the urban infrastructure but, regrettably, neglecting 'soft' factors which might facilitate the development of the creative knowledge sector.

A consequence of the above limitations has been the lack of a spatially and functionally cohesive policy whose objective would be the building of a creative knowledge sector in the city and its region. Luckily, the local authorities seem to ever better understand that the development of Poznan as a creative and knowledge-based city will decide its future competitiveness and its position among European metropolitan regions.

2 SECTORS UNDER STUDY IN THE POZNAN METROPOLITAN REGION

The Poznan metropolitan region is characterised by a high growth dynamics of its creative knowledge sector. The research carried out to date under the ACRE project has revealed that this process embraces both the number of economic entities and employment figures. This high dynamics has been due to socio-economic factors, including the classical, or 'hard', ones, and those called 'soft', which have been an object of special attention in the recent studies of the attractiveness of cities. Both types of factors were expected to be listed by the interviewed managers representing three activities belonging to the creative knowledge sector:

- business and management consultancy (NACE sector 741);
- motion picture, video, radio and television activities (NACE sector 921); and
- software and electronic publishing (NACE sector 722)1.

While those activities are neither the most dynamic nor the biggest in the PMR, the methodology adopted for the international project in question indicated them as an object of study, which made comparative analyses possible. Apart from the managers, additional opinions as to the attractiveness of the PMR were expressed by representatives (key persons) of organisations and institutions crucial for the development of the creative knowledge sector in the metropolitan region. This allowed a broader view of the level of development of the sector in the PMR and of the locational attractiveness of the region.

In the present chapter an analysis is carried out of spatial differences in the distribution and dynamics of the basic statistical indices connected with the selected creative activities (number of entities and employment). Also, an assessment is made of the policy of the city authorities concerning programmes and strategies associated with the growth of the creative knowledge sector, including the three activities.

2.1 Location pattern

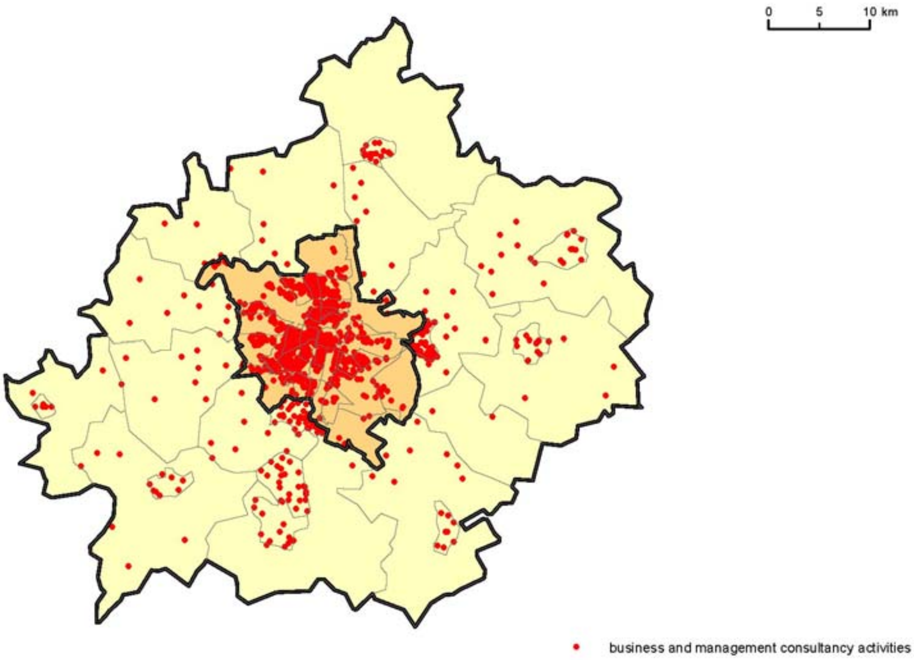
The presence of highly skilled human resources and the requirements specified by the PMR-based economic entities as to the performance of the business environment determine the location of most of the activities of the creative knowledge sector under analysis. The dominant position is that of Poznan city, where the greatest number of firms representing the chosen activities are sited (Figure 2.1). They are largely situated in the quarters forming the historic centre: the Old Town, Wilda, Jeżyce and Łazarz, and in the housing-estate quarters of the northern part of the city, e.g. Piątkowo and Winogrady. In the poviat area, firms engaged

[1] Because it was impossible to identify computer game firms in the PMR, in the subsequent part of the present report this subsector is referred to as 'software and electronic publishing'.

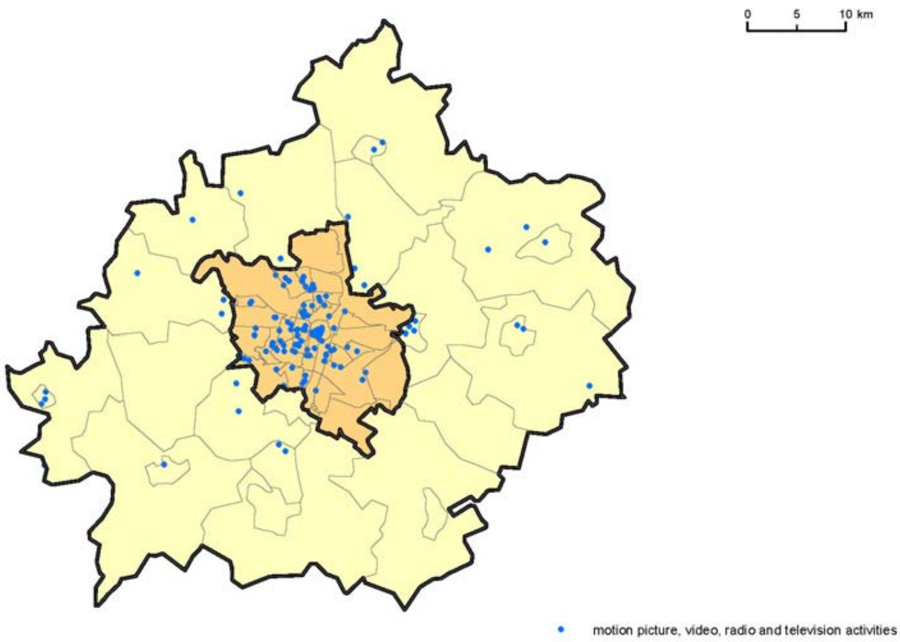
in the activities selected for the research are scarce except in the commune seats, where their number is somewhat higher (e.g. Swarzędz, Luboń, Pobiedziska).

Figure 2.1 - Location of entities in the selected activities of the creative knowledge sector in the Poznan metropolitan region in 2005

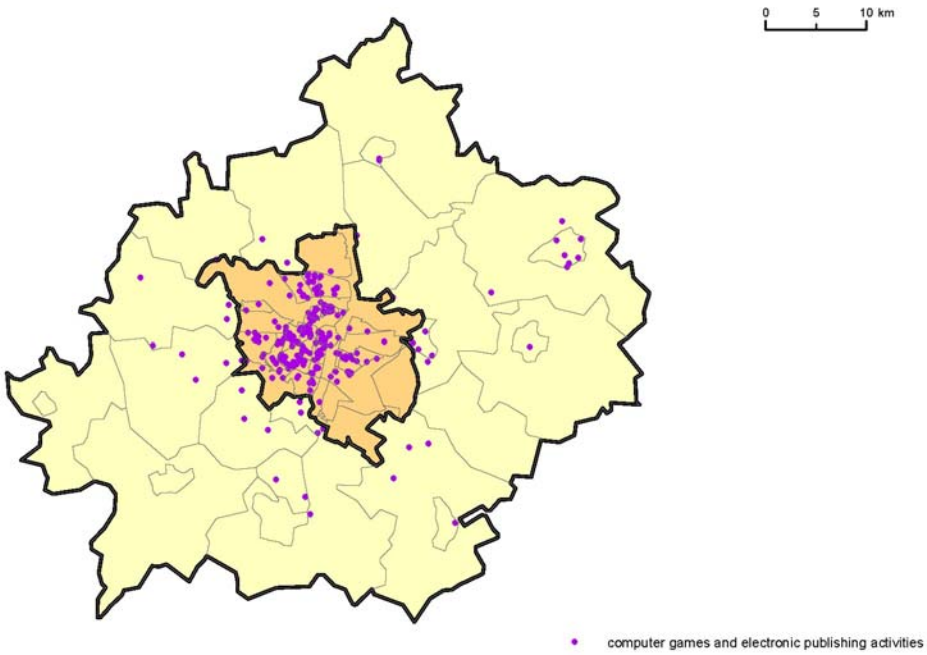
a) Business and management consultancy



b) Motion picture, video, radio and television activities



c) Software and electronic publishing



Source: Own compilation based on data provided by the Statistical Office in Poznan

2.2 Dynamics of the number of firms

The available statistical data permit an analysis of the growth dynamics of the creative knowledge sector in the years 2001-2005. Over that period the number of PMR-based firms belonging to the sector grew substantially, from 15,300 in 2001 to 22,200 in 2005. A significant share in those changes was contributed by firms operating in the three creative activities chosen: the analysis showed their number to have swelled 7-fold (Table 2.1).

The climbing number of financial and legal regulations being introduced and the fast-growing Polish economy have given prominence to services offering advice in conducting an economic activity. And indeed it is the sphere termed business and management consultancy that shows the greatest increase in the number of PMR-based firms among the three analysed activities of the creative knowledge sector (Table 2.1). The fact that the increase is similar for Poznan city and the surrounding poviat indicates that the growth in entrepreneurship and the business environment is steady throughout the region. The advancing informatisation of society makes also the two other sub-sectors display an upward tendency.

Table 2.1 - Number of firms in creative and knowledge-based industries in the Poznan metropolitan region by sub-sector and spatial unit, 2001-2005

(a) Number of firms

Sub-sector	Poznan city		Poznan poviat		PMR total	
	2001	2005	2001	2005	2001	2005
Business and management consultancy	115	1,472	40	444	155	1,916
Motion picture, video, radio and television activities	98	117	26	35	124	152
Software and electronic publishing	148	239	28	57	176	296
Total	213	1,828	66	536	279	2,364

(b) Share (PMR as total), in per cent

Sub-sector	Poznan city		Poznan poviat		PMR total	
	2001	2005	2001	2005	2001	2005
Business and management consultancy	74.2	76.8	25.8	23.2	100.0	100.0
Motion picture, video, radio and television activities	79.0	77.0	21.0	23.0	100.0	100.0
Software and electronic publishing	84.1	80.7	15.9	19.3	100.0	100.0
Total	76.3	77.3	23.7	22.7	100.0	100.0

(c) Change 2001-2005, in per cent

Sub-sector	Poznan city	Poznan poviat	PMR total
Business and management consultancy	1180	1010	1136.1
Motion picture, video, radio and television activities	19.4	34.6	22.6
Software and electronic publishing	61.5	103.6	68.2
Total	758.2	712.1	747.3

Source: Own calculations based on data provided by the Statistical Office in Poznan

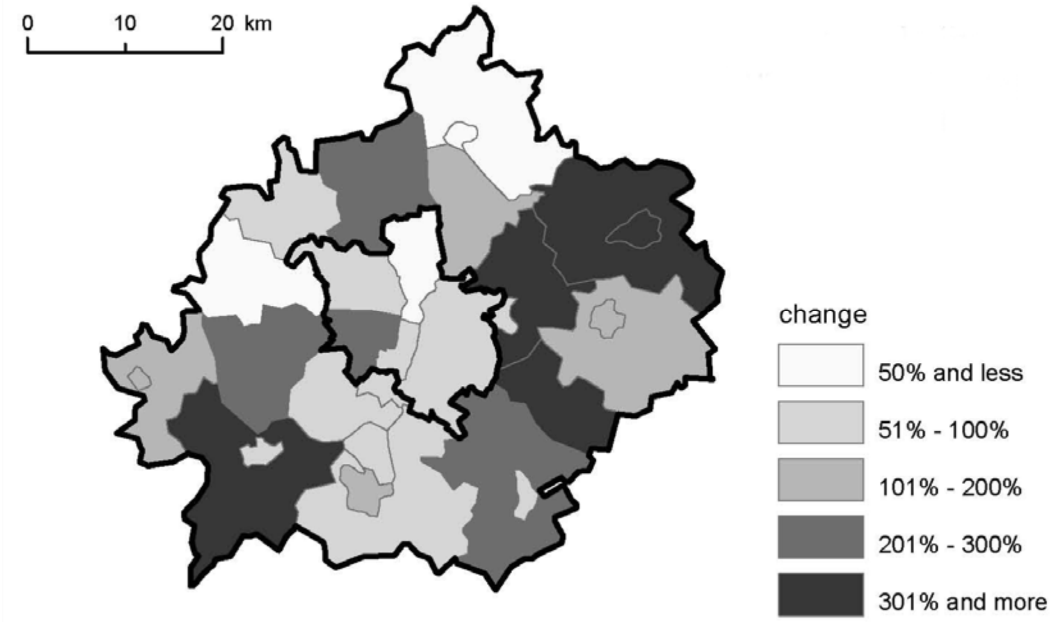
2.3 Dynamics of employment figures

The increase in the number of creative knowledge firms in the PMR was accompanied by an increase in their employment by more than 25 per cent (from 32,408 in 2001 to 40,565 in 2005). The situation was also similar in the three sub-sectors chosen. The most dynamic growth in terms of employment - 137 per cent - was registered in software and electronic publishing as a result of the high rate of informatisation of the PMR inhabitants. This conclusion is corroborated by the findings of the earlier analyses of the creative knowledge sector in the PMR (Stryjakiewicz, Kaczmarek, Męczyński, Parysek, Stachowiak 2007), which also showed the beginning of the future direction of development of the region's economy: an economy based on free information exchange owing to the use of ICT.

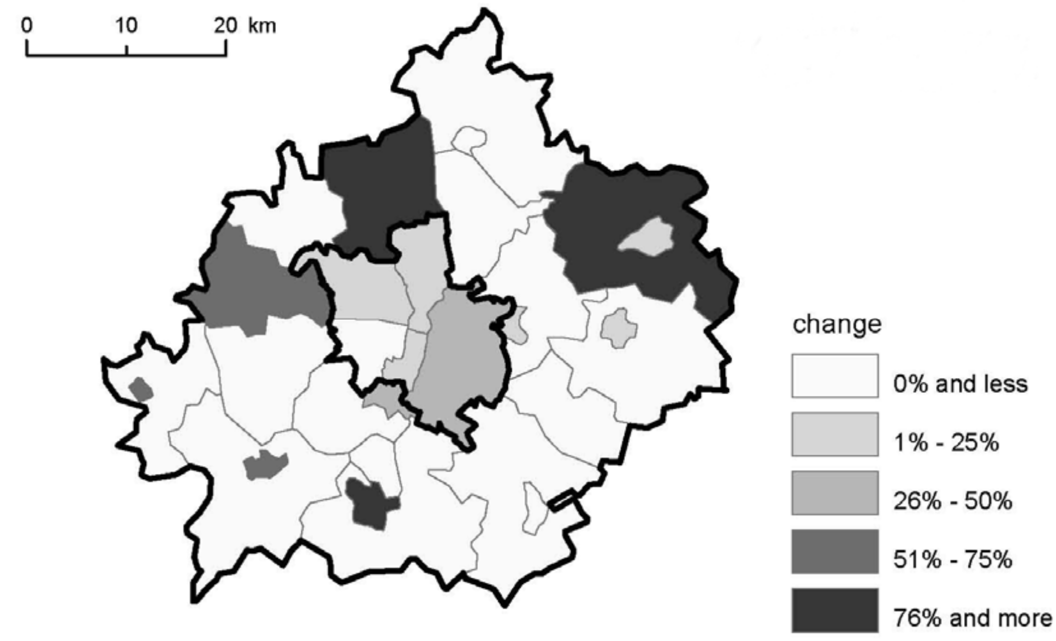
In terms of spatial differences in those changes, the highest dynamics over the years 2001-2005 was recorded in the communes of Poznan poviat making up the PMR, especially those in the east (Swarzędz, Kleszczewo, Kórnik) and north (Suchy Las). The last area is one where clusters of computer-software firms have formed. An example is the Nickel Technology Park, in which office space is let to businesses designing manufacture- and management-assisting software (e.g. BCC, 7milowy). As to the other activities analysed, there has been a large increase in their number also in Poznan poviat. This shows that the surrounding areas are catching up with the city in terms of growth of the creative knowledge sector.

Figure 2.2 - Change in employment in the selected activities of the creative knowledge sector in the Poznan metropolitan region in 2001-2005

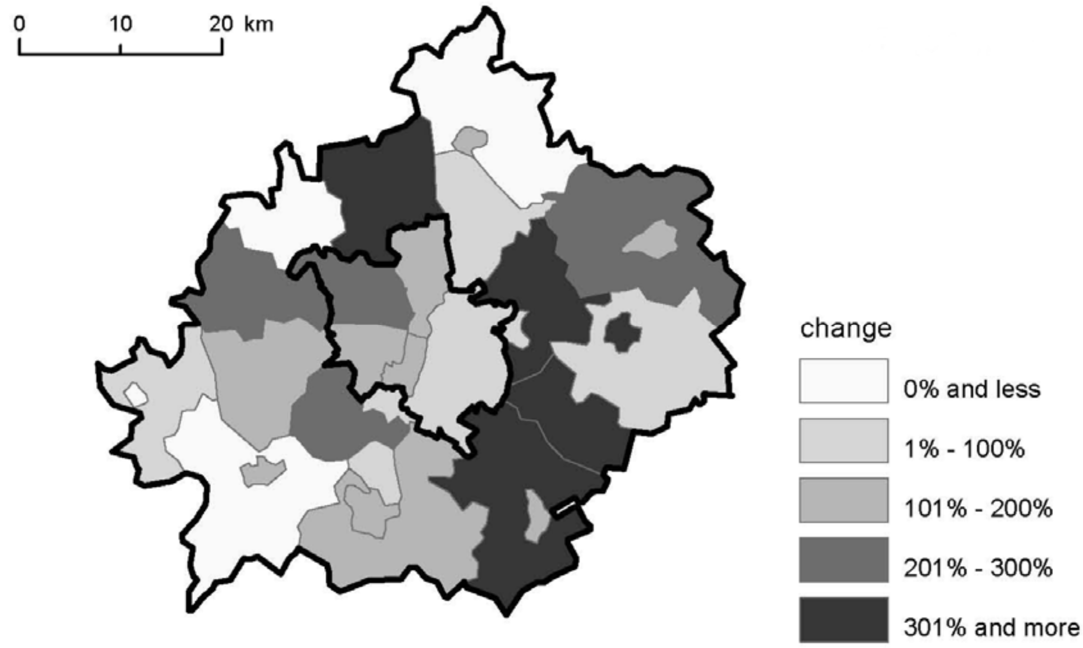
a) Business and management consultancy



b) Motion picture, video, radio and television activities



c) Software and electronic publishing



Source: own compilation based on data provided by the Statistical Office in Poznan

2.4 Policy for the sector

The creation of conditions favourable to the development of the creative knowledge sector in the city largely depends on the policy pursued by the local authorities. It should cover, in broad terms, the full range of physical, environmental, economic, social and cultural conditions, issues and needs of the city and its inhabitants.

'Quality of place' is now high on the agenda of urban policy planners across Europe due to the recognition that for a city to compete in the global knowledge economy, it has to be attractive to a highly mobile, highly skilled and creative workforce. The main element of the development, from the perspective of the quality of a place and its attractiveness for creative knowledge workers, is the existence of an overall strategic framework (Tripp 2007; Gertlar 2004).

A well-thought-out urban policy should seek to accomplish two basic goals (Stryjakiewicz, Kaczmarek, Męczyński, Parysek, Stachowiak 2007, p. 92):

(1) attracting resources crucial for the success and quality of innovative actions, such as new investments in sectors of a high value added, highly skilled business staff, highly educated labour necessary in technologically advanced industries, or employees in the cultural sphere. This entails the building of a city's attractiveness on such factors as a clean environment, efficient urban transport, a well-developed service sector, an interesting cultural offer, or a variety of ways of spending leisure time; and

(2) promoting a comprehensive approach to urban growth based on strategic planning. Such an approach requires a combined action of financial instruments, public-private partnerships, the building of local centres of knowledge and technology transfer, and integrated physical planning.

Although Poznan is, in many ways, still struggling to come to terms with the new local and regional governance structures, the city's Development Plan for 2005-2010 is the key city-level strategic document setting out its mid-term development strategy. This includes a set of eight priorities:

1. New jobs,
2. Investment in knowledge,
3. Accessible Poznan,
4. New information-communications techniques,
5. High quality of housing,
6. Culture and recreation,
7. New quality of the city centre, and
8. Citizens' Poznan.

Out of the strategic goals of Poznan's development, the two priorities that come closest to the creative-city philosophy are Investment in Knowledge and New Jobs. For the growth of firms representing the sub-sectors in question: (1) software and electronic publishing, (2) motion picture, video, radio and television activities, and (3) business and management consultancy, of crucial importance is the implementation of the priorities: New Information-Communications Techniques, Culture and Recreation, and New Jobs. To put in practice the assumptions underlying those slogans, it is necessary to draw up suitable plans and strategies of action.

Subsumed under the New Information-Communications Techniques priority are tasks intended to support ICT firms. Their effect has been, e.g., a growing number of entities connected with this sector and an expansion of the services offered. Over a few years, among the newly established firms of the ICT sector there have appeared world leaders in manufacture-aiding computer systems (e.g. 7milowy, BCC).

Measures instituted under the Culture and Recreation priority are intended to ensure effective promotion of culture as a significant element of the city's attractiveness while preserving its unique symbols, values and traditions. A broadly understood promotion of culture in the city is also favourable to the development of motion picture, video, radio and television activities, because one of their chief tasks is the dissemination of culture through such modern mass media as television, radio and video. It should be emphasised, however, that apart from the culture-supporting measures taken from above by the local authorities to activate the sub-sector in question, also visible are grass-roots initiatives. They are launched by institutions or independent persons who create visions of the development of culture in the city. One of such initiatives has been the madeinpoznan.org project designed to support, initiate and promote independent culture. The growing number of grass-roots initiatives is largely due to the rather modest culture-promoting measures taken by the city authorities.

The measures taken under the New Jobs priority are also intended to keep graduates of the Poznan higher schools in the city by making jobs in local small and medium-sised establishments more attractive. A significant role is played here by firms involved in business and management consultancy, which form a local network of business-supporting institutions. Their principal task is to encourage new ventures with a higher value added, including the export of services (offshoring) and a new model of management and labour organisation in firms. Another example of a project under the New Jobs priority is the Innovative Economy programme. In its implementation the following institutions are involved:

- • the Poznan Scientific-Technological Incubator - a company with the participation of the local authorities, R&D institutions and higher schools; it is intended to include an Innovative Enterprise Incubator and a Centre for Commercialisation and Technology Transfer;
- • the Poznan Technological-Industrial Park - a scientific-industrial complex created on a municipal plot of land in the form of a commercial company to house investments by high-tech firms, and
- • the Technological Industrial Zone - investment sites for innovative firms planning to make significant investments over a 5-year period after which they will be entitled to a property tax relief.

The remaining priorities listed in the city's Development Plan for 2005-2010 largely perform a supportive role towards the selected activities of the creative knowledge sector.

The success of the presented plans and tasks connected with the development of the selected creative activities will depend fundamentally on the leadership capabilities and co-ordination of activities of the city authorities. An improvement in co-operation between the state, regional and local authorities and institutions, and between the public and the private sector is becoming one of the city's key challenges.

Among the fundamental drawbacks of Poznan's policy one should mention a multitude of strategic-planning documents defining similar objectives, but having no concrete instruments to implement them (a strategy, a study, a development plan, a multi-year investment programme; cf. Stryjakiewicz, Kaczmarek, Męczyński, Parysek, Stachowiak 2007). Other flaws (e.g. a multitude of decision-making bodies in the city's sphere of influence) lead to a lack of a spatially and functionally cohesive policy whose objective would be the building of a creative sector in the city and its surroundings.

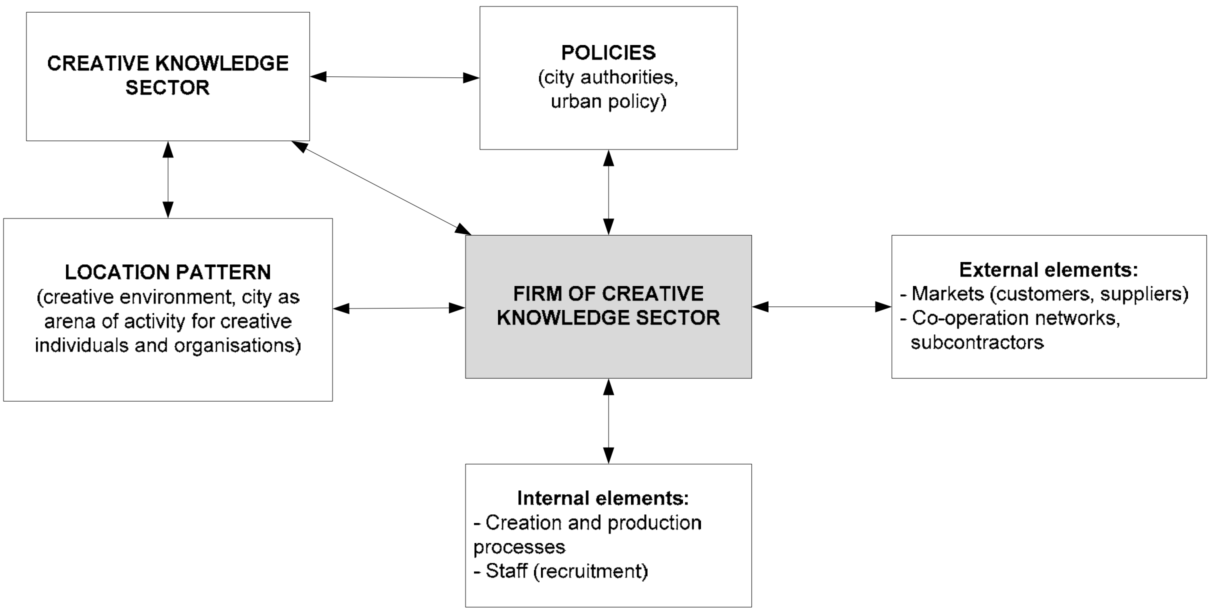
Despite the imperfections of the city's policy, one can discern in the many planning documents a vision of the profile of the city, which performs the role of the chief administrative and service centre for western Poland as well as the core of the Poznan metropolitan region. However, the profile is mainly that of an academic and scientific-technological centre as well as host to sporting events, both domestic and international. Thus, it contains elements that can be subsumed under the heading of creative region development. Their implementation should determine the activity of the local authorities in the nearest future.

3 RESEARCH DESIGN AND METHODOLOGY

3.1 Framework of the study

The basic question examined in the research was the identification of the motives behind the decisions of the managers of selected creative and knowledge-intensive industries to settle at a certain location within the study region. Another aim was to estimate the relative importance of the location factors that played a role in their decision-making process ('classic' factors, such as the presence of adequate and specialised labour, spatial accessibility or tax incentives, and 'soft' factors, such as the quality of space, atmosphere of the city and region, availability of high-quality residential space, etc.). Special attention was also paid to the role of the urban and regional government: did specific strategies to stimulate or create clusters of cultural or knowledge-intensive activities influence the firm's location decision? The analytical scheme of the research is presented in Figure 3.1.

Figure 3.1 - Analytical scheme of the research



The operation of entities of the creative knowledge sector in the city is connected with the production of goods not only of a material but also a symbolic nature. This process, which can be termed 'urban creativity', can be viewed in two aspects. On the one hand, creativity and the production of new goods and services is due to the activity of individuals and organisations that can be called creative action. On the other hand, creativity occurs in a specific environment. What provides the creative environment is largely the city, i.e. a system of social, economic and spatial elements favourable to creative processes. Operating within this system is the spatial system of the city that provides an arena for the activity of creative individuals and organisations. In places where the character and structure of this system are the most favourable, creative entities will appear. In other words, wherever there are suitable location factors for entities of the creative knowledge sector, those entities will conduct their business there. The identification of those factors and the role they play was the chief aim of the research. Thus, it focused on the importance of such elements of the spatial system of the city as its infrastructure, labour market, and cost of living, as well as such softer factors as the quality of life, the climate and atmosphere of the city, its cultural milieu connected with culture and arts, availability of recreational grounds, and so on. The study of the relations between entities of the creative knowledge sector and elements of the spatial system of the city made it possible, e.g., to find out why the firms had located in Poznan, why they had not chosen other cities in the country, and to evaluate Poznan's role in the current and anticipated development of the creative knowledge sector, both in the national and international context. It also made it possible to learn the interviewees' opinions about the city and their qualitative assessment of satisfaction with living and working in it.

Each city has a chance to be 'creative', but not each becomes one. The necessary condition is urban creativity, which encompasses creative action and a creative environment. But it is not a sufficient condition. Sometimes we have to 'help' the city to become creative. This happens through the city's policy aiming to improve the environment or encourage creative action. The policy has to be preceded by a debate about the role of creativity and ways to influence, manage or govern it. This debate covers a variety of opinions about and approaches to the 'creative city'. The policy as an outcome of the debate might also be a part of the creative environment, but the reason for distinguishing it is that it is a set of measures intentionally working towards urban creativity. That is why the role of urban policy and the local authorities was also a subject of the research. A matter of special interest was whether the location decisions of the firms were prompted in any way by concrete strategies worked out by the city to stimulate or create clusters of creative and knowledge-intensive activity. This also helped to establish whether, and to what extent, firms of the creative knowledge sector obtained public support, and to learn what forms of support they thought to be desirable in the future. Finally, the research made it possible to formulate visions and proposals of managers addressed to the city authorities concerning an improvement in the conditions of their operation.

Referring to Scott (2006), who underlines the role of production networks and local labour markets, and Hall (2004), who emphasises the importance of the past in building 'creative cities', one can say that (1) creative action is embedded in networks, which might be informal or formal (institutionalised), and (2) the creative environment is an outcome of an interplay of various forces, both endogenous and exogenous, which shape it through long-term processes (path dependence). A result of this interplay is the socio-economic and spatial structure of the city with a flexible local market as its most important part for urban creativity. We can see that urban creativity, considered in its two aspects: creative action through networks and a creative environment, is a necessary condition for the rise of a 'creative city'. A characteristic feature of creative activities is their concentration in a relatively small area, i.e. clustering. Equally significant as the possibilities created by the city are also opportunities arising from the closeness and co-operation with other firms of the sector. Creative firms do not act in isolation, and direct contacts allow an exchange of knowledge and ideas. That is what makes links with other entities (networks) and their character so important. Hence, the research covered relations with other firms of the sector in the city and the metropolitan region. Its aim was mainly to establish whether those relations were co-operative or competitive in nature, and what actors were involved. The kind and quality of those relations was also of interest, as well as the way in which they had developed (e.g. in the course of formal or informal meetings), and whether the atmosphere in the city was favourable to this type of contacts.

Activities in the creative knowledge sector depend largely on the creativity of workers. The quality and innovativeness of new ideas and then the products and services developed on their basis are of key significance. Hence, the most important development factor of this type of activity is the presence of people endowed with a suitably high creative potential and an ability to employ it. Recruiting highly skilled and creative staff is the most crucial element in the operation of firms of the creative knowledge sector. Therefore much attention in the research was given to the acquisition of workers to answer the questions: what type of people (with what qualifications and kind of knowledge) a firm employed, what was the role of people in permanent positions and those on temporary contracts in it, and whether it employed foreigners and what their role was. Of no little importance was the question of how and where the firms recruited their employees: if they sought graduates of local higher schools, and if they carried out recruitment through labour exchanges or routine announcements in the press. By including those questions in the interviews, it was possible to establish how firms of the creative knowledge sector went about acquiring staff with the right qualifications.

3.2 Description of methodology

In order to obtain qualitative information, use was made of the method of an individual in-depth interview (see Appendix). This is a typical method of collecting quantitative data to get an insight into matters that would elude examination by a standardised instrument, e.g. a questionnaire (Kotus 2001, pp. 103-105). When talking to a person, one can devote more time to issues that are more interesting from the cognitive point of view. An advantage of this approach is that the interviewee himself can touch upon matters the interviewer did not anticipate. The course of the interview can be imposed by the researcher proceeding with a list of issues to be dealt with, but it can also be chosen by the interviewee. Then the interviewer merely stimulates the conversation and allows the interlocutor to follow its various threads. In the interviews conducted for the present research, a list of issues (in the form of general questions) was employed. They were put to the interviewee and then, as the situation developed, several additional questions were asked, or the interviewee himself elaborated on new aspects of an issue. The interviews were held in 20 creative knowledge firms with top-ranking management representatives, e.g. the chairman of the board, director, or owner. All the interviewees had their own experience of business operation in the creative and knowledge-intensive sector. Therefore, the opinions collected were those of people with a practical and decisive influence on a firm's performance. The data obtained are qualitative in nature, which disallows the quantification of, e.g., the frequency with which specified problems occurred. However, they do illustrate the role of location factors in the operation of firms of the creative knowledge sector. As a result, they ensure an insight into the matter studied.

In-depth interviewing as a data generation method is "the hallmark of qualitative research" (Rossman, Rallis 2003, p. 180). It is also a way to get rich and detailed data about how people view their worlds. For the purposes of this study, interviews could be considered conversations with a purpose (cf. Rossman, Rallis 2003). Daniels and Cannice (2004) suggest that interview-based studies are particularly well-suited when there is a small population of possible respondents and when there is a wish to acquire rich information from each respondent and a need to develop a deeper rapport with the informants. To obtain the intended data for the purposes of this study, a quantitative research approach was unsuitable.

To select the companies to be contacted, purposive sampling (also called theoretical sampling) was employed (cf. Mason 1996; Denzin, Lincoln 2000). In purposive sampling the parameters of the population are critically considered before choosing the sample. In this study the selection of interviewees was made on the basis of the relative importance of the companies for the particular sub-sector. The companies approached operate in the fields of:

- • business and management consultancy,
- • motion picture, video, radio and television activities, and
- • software and electronic publishing.

The choice was made from among those entities whose activities were considered the most significant for the creative knowledge sector, not only in the Poznan metropolitan region, but in all the 13 metropolitan regions of Europe participating in the ACRE project.

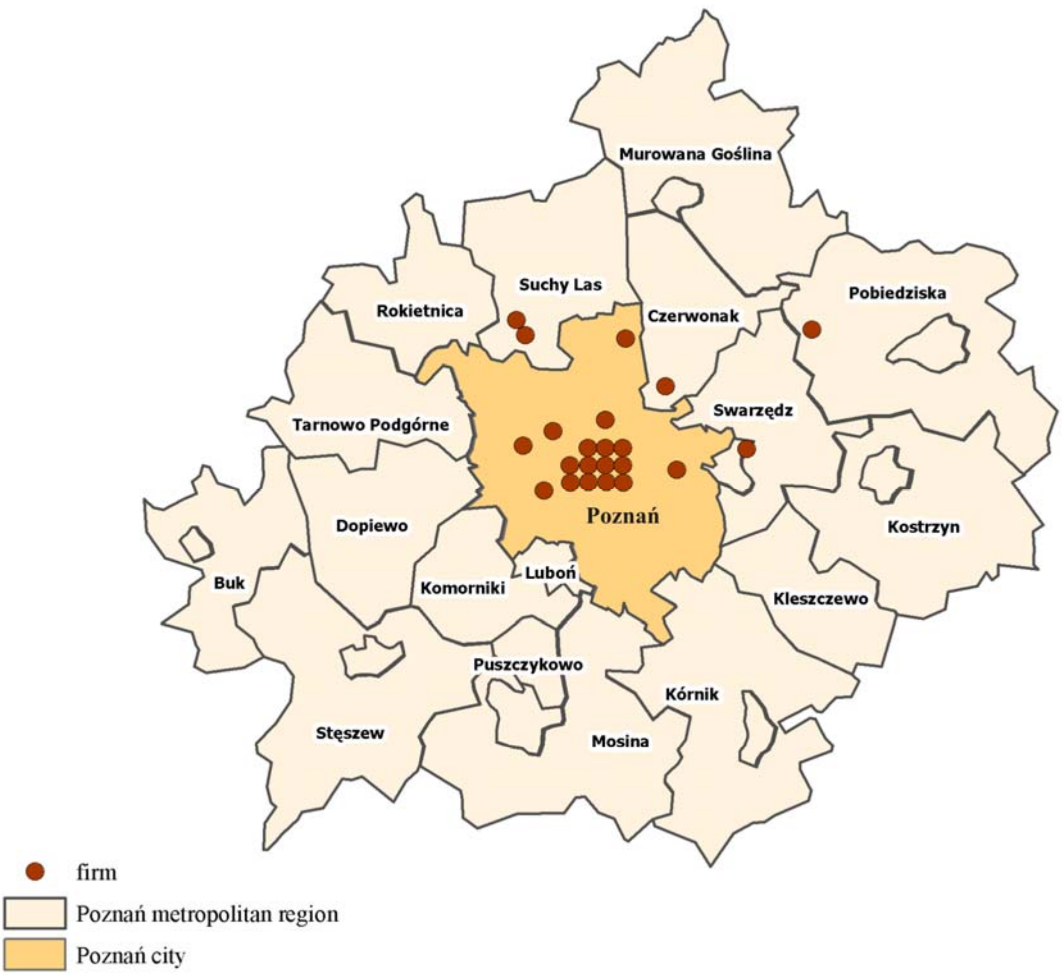
Additionally chosen were entities performing a key role in the creative knowledge sector of the city and region, and those crucial in the cultural field or supporting the operation of knowledge and creative industries. The structure of the entities polled is presented in Table 3.1. The studied firms include small, medium-sised and large units. This allowed us to achieve richer and more comprehensive empirical data, and to gain an insight into how the firms' size affects the specificity of their creative activities.

Table 3.1 - Selection of interviewees

		Spatial distribution of interviewees					
		City			Suburban region		
Sub-sector	Inter-viewees	small firms	medium firms	large firms	small firms	medium firms	large firms
Business and management consultancy	5	1	1	1	1	0	1
Motion picture, video, radio and television activities	3	0	1	1	0	1	0
Software and electronic publishing	5	1	0	1	1	1	1
Other key players in cultural and creative industries	7	0	0	7	0	0	0
Total	20	2	2	10	2	2	2

The interviews were conducted in Poznan and its metropolitan region (Figure 3.2). The interviewees included either executives or managers of the firms. Carried out in Polish, the interviews were recorded and then transcribed. Important parts of the transcribed interviews were translated into English.

Figure 3.2 - Location of the interviewed firms in the Poznan metropolitan region



Source: own compilation

For the use of the interviewing team, an interview guide was prepared by the ACRE project coordination team. The interview themes and open-ended questions were sketched out, but leaving some room for the flexibility and discretion of the individual interviewer. The interview themes were the same for all the metropolitan regions analysed in the ACRE project. They consisted of (1) general company and interviewee background information, (2) the role of 'soft' and hard location factors for the creative knowledge sector, (3) an assessment of the city as a creative environment and as an arena of operation of creative individuals and organisations, (4) an assessment of the policy and measures of the city authorities towards the creative knowledge sector, (5) relations of the firm with other entities of the creative knowledge sector, and (6) the operation of the firms on the market and their links with other entities. Table 3.2 shows a sample of the interviewed companies. Due to issues of anonymity, the actual names of the companies and interviewees are withheld.

To analyse the generated data, we employed the techniques of coding, and category and theme generation (cf. Rossman, Rallis 2003). The analysis was performed by humans, not software. The coding was found useful for tracing tendencies, since exact figures were not an objective. The findings deviating from the mainstream were handled with care and explanations for them were sought.

Table 3.2 - Interviewees from the creative knowledge sector in the Poznan metropolitan region

Type of entity	Date of interview	NACE section / category	Loca-tion	Size category	Firm character	Gender	Interview symbol
Computer consulting	31.03.2008	722 (software and electronic publishing)	city	large (6-200)	private, independent	male	ACRE_O1_722
Computer & financial consulting	11.03.2008	722 (software and electronic publishing)	city	small (1)	private, independent	male	ACRE_02_722
ICT services	19.03.2008	722 (software and electronic publishing)	city	small (1)	private, independent	male	ACRE_03_722
Computer consulting, SAP systems implementation	31.03.2008	722 (software and electronic publishing)	region	large (6-200)	private, independent	male	ACRE_04_722
Computer consulting, ERP systems implementation	15.04.2008	722 (software and electronic publishing)	region	medium (2-5)	private, independent	male	ACRE_05_722
Centre of economic expert reports	29.04.2008	741 (business and management consultancy)	city	large (6-200)	private, independent	male	ACRE_06_7414
Business consulting	12.03.2008	741 (business and management consultancy)	city	medium (2-5)	private, independent	male	ACRE_07_7414
Real estate consulting	28.03.2008	741 (business and management consultancy)	region	large (6-200)	private, independent	female	ACRE_08_7414
Business consulting	20.03.2008	741 (business and management consultancy)	city	small (1)	private, independent	male	ACRE_09_7414
Business consulting	18.04.2008	741 (business and management consultancy)	region	small (1)	private, independent	male	ACRE_10_7414
Regional public television	27.03.2008	921 (motion picture, video, radio and television activities)	city	large (6-200)	public, branch	female	ACRE_11_921

Cartoon film studio	13.03.2008	921 (motion picture, video, radio and television activities)	city	medium (2-5)	private, independent	male	ACRE_12_921
Studio monitors and recording studio		921 (motion picture, video, radio and television activities)	region	medium (2-5)	private, independent	male	ACRE_13_921
National Museum in Poznan	21.04.2008	key player	city	large (6-200)	public, independent	female	ACRE_14_key
National Museum in Poznan	24.04.2008	key player	city	large (6-200)	public, independent	female	ACRE_15_key
Poznan Scientific-Technological Park of Adam Mickiewicz University Foundation	18.04.2008	key player	city	large (6-200)	public, independent	male	ACRE_16_key
Academic Incubator of Entrepreneurship, Higher School of Communication and Management	15.04.2008	key player	city	large (6-200)	public, independent	male	ACRE_17_key
Zamek Cultural Centre	28.03.2008	key player	city	large (6-200)	public, independent	male	ACRE_18_key
Wielkopolska Cultural Society	24.04.2008	key player	city		public, independent	male	ACRE_19_key
Old Brewery Centre of Trade, Arts and Business	26.04.2008	key player	city	large	private, independent	female	ACRE_20_key

4 Characteristics and location patterns of the selected creative knowledge sectors in the Poznan metropolitan region – Results of the interviews with the managers

4.1 Business and management consultancy

4.1.1 Sector overview and firms' activities (internal elements)

In cities, which are dynamic and complex systems, there are a number of local markets on which thousands of entities operate. Together they make up an urban economy which defines a city's competitive potential and its position in the settlement hierarchy. The operations carried out in the city are diversified; the more diversified they are, the better developed the urban system. In an increasingly networked economy in which firms depend on one another to various extent, co-operation networks on the market are a basis of its sustainability. Many firms, especially new and developing ones, need support in the form of knowledge, particularly know-how and consultancy in various fields. In this way they use the market to absorb knowledge resources they themselves have not got. Therefore there is a demand on a dynamic urban market for entities that can support the operation and development of other entities. Hence the basic location factor for advisory firms is the presence of a well-developed market on which other entities carry out their business. The more competitive the market, the greater opportunities open up for consultancy. All the polled entities engaged in consulting indicated this element as the most essential. This, anyway, is their raison d'etre: they work for others, so the presence of those others is of key importance.

In their operation consulting firms rely on the body of knowledge they possess, and the various ways in which they use it define their creativity in this respect. What was characteristic of the businesses polled was not only the creative way in which they used their knowledge in consulting, but also the fact that they employed it to seek niches in which to operate. All the firms conducted an activity that was unique, e.g. specialised services for German firms, or consultancy and ventures in the preparation of concrete plots of land for investment. They were often the only establishments of their sort on the market, which allowed them to develop fast.

Of crucial significance in the development of the firms and their present position on the market has been the level of development of the entire national economy and the stage of its transformation. In the early 1990s, the initial period of transition to a market economy and one of explosive growth of private enterprise, the demand for consulting services exceeded their supply. As a result, both the substantive and the spatial scope of the tasks performed were much wider. As the situation stabilised and the transformation advanced, potential consultancy clients kept growing and the spatial range of operations kept narrowing. Another factor encouraging specialisation in a concrete field of consultancy was the advancing segmentation of the market.

> *"Over the last three or four years we can observe firms from outside to be less interested because local firms have proliferated and competition among those, so-called, second-generation companies has stiffened. From time to time we have commissions from, say, Plock, or from Silesia, from Wroclaw, but they turn up less and less frequently. Right now the dominant market is that of Poznan, and more precisely, Wielkopolska." (ACRE_06_7414)*

One of the most important elements for the performance of the firms in question is the right staff. The people working in them have to possess high qualifications and skills in putting their knowledge to practice.

> *"Today about 70 per cent of success on the market, especially in trade and services, is in fact the right people." (ACRE_10_7414)*

The acquisition of valuable employees is no easy task, as the respondents often emphasised. The most popular way of getting the right people for the job was informal contacts. In other words, they were not persons found through advertisements, labour exchanges or recruitment by professional agencies, but usually those employed on somebody's recommendation. Thus, informal contacts play a leading role in the acquisition of workers. In particular, it was because the analysed firms were small or medium-sized that this form proved more efficient, since usually one or two persons had been sought. Consultancy tasks are often performed in groups, hence the choice of proper people able to adjust to already operating teams was crucial for the respondents, and the information about potential workers was fuller when it came from informal sources.

4.1.2 Markets and networks (external elements)

The foundation on which consulting firms operate is knowledge and its creative use, not only as a good for sale, but also as an asset defining their competitive advantage. Through their activity, the firms obtain a more detailed image of the market, which allows them to use the knowledge they have gained through experience for their own operations and in this way to improve the quality of the services offered. And this, in turn, is the basic element on which the firms rely in their business. Their services are both specialised and specific, and their quality is a priority under the working ethos of most of them. Those two factors make the services relatively expensive. As a result, they are usually offered only by the private sector.

> *"We also tender for contracts. Since 90% of tenders are considered in terms of the lowest price and the price/quality relation is a parameter ignored when making the choice, we have few commissions coming from tenders. What pays most is our previous activity. Both from the 1990s and the early 2000s. I would say that 70-80% of commissions come to us from businesses that have already tried our performance." (ACRE_06_7414)*

Even if there appeared a possibility of rendering services for entities of the public sector, especially for the city, e.g. in the case of firms advising on local development, integrated transport projects, or the building of a development strategy, the Poznan authorities showed no interest in their offer.

> *"In Poznan talks about consultancy for the city haven't been very successful. This isn't my opinion only, but also of other firms with which I co-operate, and which have found their talks with the Poznan authorities highly disappointing. Well, it's a matter of authorities. Wroclaw, for example, has made a much better impression on them." (ACRE_09_7414)*

The business consultancy sector is relatively new in Poland. Firms providing this type of services appeared basically in the early 1990s. Not all of them have specialised enough yet to advise such big actors as cities. Still, this does not prevent those entities from expanding their activity, the more so as competition in the field is relatively mild, as the respondents emphasised. The consulting market is small, hence information about it is fairly abundant, though not full - usually the firms know one another and know who conducts what activity. Just as the mechanisms of competition have not developed fully yet, so neither has co-operation. The firms usually act on their own, making use of the existing market niches. There is, however, a form of co-operation that can be termed co-existence: the firms, knowing the other entities in the field, do not get in one another's way, but also do not help out too much. They only keep up contacts with them, largely informal, to exchange general information about the market. At the same time there is an unwritten agreement concerning the division of the market, so as to make each firm keep to its specialised sphere of activity.

> *"A lot of my acquaintances run this sort of firms and it is basically a sort of gentlemen's, colleagues' agreement. (...) Naturally, much depends on who you co-operate with, but here Poznan differs a bit, I think, from other cities in that people approach business very seriously. (...) At the moment the leading theme of our talks is chiefly matters connected with the European Union and its funds, how to make use of those funds, of the various forms of co-financing (...). We also discuss some tax questions, growth questions of the city itself, new facilities being built in the city and possibilities of conducting our activity in those facilities." (ACRE_10_7414)*

With such a tacit, informal division of the market in the conditions of a big demand for consulting services, the analysed firms have no problems with acquiring and keeping clients. Contacts are established in the course of work, through other entities. As a result, there is no marketing, and no need for it - the clientele is built up via current contacts. This is an 'informal multiplier effect' of a kind.

> *"What is extremely important is the so-called 'whispering mail', (...) or in other words, the building of a sort of an awareness market." (ACRE_07_7414)*

Co-operation with clients is also little formalised. There are formal contracts for the provision of services, but also agreements contracted by word of mouth. The respondents drew attention to the role of formalisation of co-operation and contracts. According to them, it only offers a standard which is then implemented. Often a contract contains several minute formal instructions which are impossible to follow without making an activity irrational. Therefore one does not know the details of a contract. While it is a guarantee and an official document, the activities are largely carried out on the basis of instructions given orally.

"We have a contract with a very big firm which has some 100 pages. To be honest, nobody has read it. (...) If one wanted to treat it literally, I can tell you sight unseen that it is unworkable, there are so many formal procedures there. (...) If we insisted on carrying it out in full, it would have to be adjusted, and nobody will do this because work on such a contract would always take a long time. (...) Partner integrity, that's what's the most important here (...)." (ACRE_07_7414)

4.1.3 Location patterns

As has already been mentioned, the most significant location factor for consulting firms is the market and the presence on it of competing entities which resort to a range of advisory services in order to enhance their advantages. In a large city like Poznan, the number of economic entities is substantial, hence the number of potential clients for consulting firms is also big. The respondents emphasised that this factor was of key importance. In many cases the concrete locale of a firm had changed, but the most important thing was that it was still a big city. Essentially, the city itself was of no significance to the analysed firms. It could be Wroclaw or Warsaw or any other major city. What was crucial was a dynamic market. The basic factor which made the firms settle in Poznan rather than anywhere else was the fact that the owners came from Poznan or graduated from a university there. As to the concrete place, its choice was prompted by either of two basic factors: (1) the presence of the first client - the consulting firms located where their first major client operated, also outside the city, or (2) accessibility - then the firms conducted their business in the city centre. A central location was very much preferred. Even those firms which at the given moment operated outside the centre had plans for the future involving a downtown location. While certainly preferable in terms of accessibility, it has its weak points too: the major disadvantages listed by the respondents were transport problems involving both movement in the downtown quarter and parking there.

A significant market type of factor was also the supply of the labour force and the nature of the local labour market. The respondents' assessment of that market was uniformly high. They stressed high qualifications of workers, which is a result of the academic character of Poznan. The substantial number of students (ca. 130 thous. in total) who stay in the city after graduating boosts its intellectual potential, thus giving employers greater opportunities of finding the right staff. The respondents also mentioned changes in the labour market that had occurred recently, especially after Poland joined the EU in 2004. Many people, especially young, went abroad then. This development, together with a low unemployment rate in the city (ca. 3% in 2007), brought about a drop in the supply of labour. Even so, at present the situation is gradually improving and stabilising - an increase in wages and relatively big chances of finding a job causes a decline in the number of people deciding to leave the local market. An additional factor contributing to the high quality and favourable assessment of the market is its specific 'business-city' nature and the working ethos characteristic of the city and region.

"An undisputable advantage is that it is a business city and, most importantly, the people can be seen to have a serious attitude to work, both in Poznan and its vicinity. A serious attitude to work, and a serious attitude to business." (ACRE_10_7414)

The other 'classic' location factors, like the rate of taxes, costs of living or infrastructure, were of minor importance in the eyes of the firms. Local taxes are of no significance in the performance of enterprises (cf. Stryjakiewicz 1999), and income taxes are the same throughout the country. Costs of living are comparable among cities of similar size, e.g. Wroclaw or Cracow, while infrastructural problems, especially the roads, are also similar in all the Polish cities. In the consulting field, of very little importance were 'soft' location factors. The only element found to be worth mentioning was the advantages of a downtown location in an old building and historical surroundings which enhanced job satisfaction and made up, to some extent, for the transport problems.

The above-mentioned specificity of the Poznan labour market and its characteristic ethos also refers to the image of the entire city. The respondents observed that Poznan stood out among the other cities for its business orientation, hence it was sometimes called an 'economic capital of Poland'. This image results from both, the traditional role that the city has performed in the structure of the Polish state as a fair and commercial centre, and its favourable geographical situation between the two big metropolises of Berlin and Warsaw, at the crossroads of east-west and north-south communication routes. This has helped the city to develop several supra-local functions. What is characteristic of the respondents' statements is their local self-criticism, i.e. a critical attitude towards the city's image. Despite Poznan's high rank in the settlement system of Poland and its generally favourable picture, they often dwelled upon its weak points. They thought it to have "no brand of its own", while the stereotype of the hard-working, thrifty Poznanian was exaggerated. In this respect, they believed, the similarly sised competing city of Wroclaw, 180 km in the south, was at least Poznan's equal.

> *"Wroclaw is better in terms of the spirit of entrepreneurship. I co-operate with a Wroclaw-based firm engaged in a similar activity, and it looks different there. I have the impression that they move faster, that it is possible to go through all those procedures faster and simply that you can conduct this type of business in an easier way." (ACRE_08_7414)*

> *"Poznanians seem to me to be more formal. They expect everything to be properly talked through, to be properly formalised, to be arranged from A to Z, and the whole process lengthens. In Wroclaw, in turn, I have often met with more informal relations. (...) Over there they are more speed-orientated (...). But in Poznan everything is in proper order from start to finish. Here an investor can feel more secure, although he has to take into account the fact that arranging matters will take more time." (ACRE_08_7414)*

The critical attitude towards the city is quite typical and constructive in nature. After all, on the one hand, it is hard to put up with the thought that a city which was one of the leaders of change for a considerable part of the systemic transformation period could lose its good position. Self-criticism, therefore, gives vent to a wish for improvements, eliminating shortcomings, and rebuilding the position. On the other hand, however, we deal with the specific perspective of someone who knows the details of living and operating in the city from his own everyday experience, while his picture of other cities is built on the basis of single contacts or general stereotypes. Still, self-critical awareness has a motivating character in this respect.

"I often go to Warsaw on that train from Wroclaw, and in a few chats I've heard Wroclaw people (...) saying: 'Ah, this Poznan. It's the best in everything.' And then I always point out that we in Poznan maintain that it is Wroclaw that always wants to be the best. It's good to have a partner you can measure yourself against. This is a factor that mobilises one the most to do something in the city." (ACRE_06_7414)

The economic and dynamic image of Poznan and its residents grounded in the regional consciousness can also have a detrimental effect, however. When there is a single, fixed vision of a city, openness to new elements tends to be restricted. The respondents pointed to the conservative character of the city in comparison with other similar-ranking centres. It manifests itself in the moderate enthusiasm with which both the authorities and the residents approach the challenges of modern times. This is reflected even in the urban landscape lacking modern buildings, while those few constructed or under construction melt into the existing surroundings. Some restraint towards novelty also appears in relation to other-ness. The respondents from the consulting firms assessed the level of tolerance in the city critically because of the presence of stereotypes, both in the patterns of thinking and behaviour.

"For myself, I look at it rather from the German perspective because I've lived in Germany for seven years and I've got German friends, so I'm critical about tolerance in Poznan. Concerning ethnic minorities and foreigners, there are still stereotypes, even ones going back to the Second World War, for instance that a German is such and such, a Ukrainian such and such, while a Gypsy or a Jew are such and such. I can often see homophobic behaviour or attitudes, people being pigeonholed into, say, a Jew and a non-Jew. One can observe such things, and I'm afraid it also plays a role here." (ACRE_09_7414)

This type of mental constructions that underlie stereotypes contain some false belief about other social groups and are also characteristic of many other Polish cities. A stereotype can be adopted by an individual as a result of his own observations, can come from opinions of other people, or from standards passed on by society. Because of the relatively high level of homogeneity of Polish society, historically shaped beliefs are also held today. But the opening of Poland onto the world that occurred in the 1990s has brought about crucial changes in this respect. Also the respondents declared that the increasingly frequent contacts with foreigners and representatives of various minorities help to get rid of those traditional stereotypes. People's own observations and experience in this field tend to produce a change for the better which is more and more readily visible, also in Poznan.

Although 'soft' factors play a minor role in the location of the consulting activity, the respondents emphasised the advantages of being based in a big city like Poznan for extra-work activities. In particular, the city's diversified cultural offer turned out to be important. The ever wider opening to culture in a city generally considered to be business-orientated shows changes in consciousness. Poznan has got great cultural potential which has not been properly used so far. The level and accessibility of the various cultural events were assessed as good by the respondents, although there were also some critical remarks. The latter concerned big and serious events, which, they claimed, were still too scarce. As a result, people have to attend events held in other cities, e.g. Warsaw or Wroclaw. A growing proportion of society feels the need to participate in a broadly understood cultural life of which the city is the arena. On the other hand, there is a fast-growing awareness of the role that culture can play in the development of the city.

> *"All this [culture and sport] is a great impulse for infrastructural development, but I think that it also makes the city richer as an interesting location for business. Poznan is then perceived not only in terms of professional knowledge, as a city that is educationally and economically strong, but also as a city of culture. For many firms, especially big ones, this is important because, after all, the culture of invention, the culture of contact or the culture of training human resources in those firms is based on the local culture (...)." (ACRE_06_7414)*

What can stimulate interest in culture is often popular culture. For example, the explosion of dancing schools one can witness in Poznan (and in other Polish cities) is the result of the popularity of such TV programmes as e.g. "You can dance". This type of activity also enhances the establishment of social contacts, which can then transform into various kinds of links. And these, in the respondents' opinion, are weak in Poznan. This is generally characteristic of modern society, in which work takes most time.

> *"We have come to a point where work, professional tasks, the financial effect, are more important than emotional ties." (ACRE_07_7414)*

> *"I don't know my neighbours. (...) The neighbours don't know me. We get out of the car, slam the door, and simply shut up in our homes. Here people don't know one another either." (ACRE_07_7414)*

The 'social links' aspect is especially striking in the respondents' comments because their nature has changed radically over the last 20 years. In the socialist system, those relations looked quite different; the systemic transformation has introduced many novelties here. This specifically refers to the social significance of time necessary to keep the relations. Under socialism, the possession of free time implied greater possibilities and a higher status. If a person had time to, e.g. stand for a dozen hours in a queue for some good, they had a chance to buy that good and thus to improve their material status. And queuing up with other people was conducive to establishing social relations. Today the situation is reversed: the lack of time is a mark of a high social position. A person in a well-paid job or performing a responsible function will often find no time for other activities.

> *"People don't know one another. When my parents were thirty something, there was a party every Saturday. If not at home, then in a joint. And me, to be honest, I don't remember when I took my wife to an occasion. Naturally, I've been to several and so has my wife, but each one separately, and they have usually been connected with business matters. And as to my attending a ball in the sense of a social occasion, well, frankly, I don't remember. (...) We work differently, we act differently, we move differently. We go by car, unfortunately, which restricts many things. (...) Including contacts, because from a car you can only wave to somebody, while when you meet somebody in the street you can at least go have some tea together." (ACRE_07_7414)*

> *"(...) we have gone from one extreme to the other. Once you started work with emptying a bottle, while today people have developed a real working mania." (ACRE_07_7414)*

This specifically concerns young people, for whom the value of social links is different and who remember the socialist period only dimly. Also the character of Poznan and features of its residents are of some importance for the dynamics of social relations.

> *"The economic climate of the city and the attitude of business people aren't favourable to the development of social links." (ACRE_08_7414)*

4.1.4 Policies

Crucial for the performance of firms of the consulting sub-sector is not only the presence of a well-developed market on which other entities operate, but also its quality. And this is closely connected with the place that the market embraces, i.e. with the city. That is why urban development was a problem to which the analysed firms paid much attention. In the interviews the respondents addressed questions concerning: (1) the performance of administration, (2) general policy pursued by the city authorities (in particular spatial policy), (3) policy towards innovativeness and the creative sector, and (4) growth possibilities for the creative sector.

Re 1. The general assessment of the performance of administration was low. Prolonged procedures in offices and excessive formalisation and bureaucratisation were the chief worries of the respondents. The relatively low effectiveness of administration is not just a Poznan characteristic, which was stressed in the interviews. The city authorities operate within larger organisational and legal structures, which gives the situation a more universal character. Inadequate statutory solutions and relatively poor endowment in instruments, especially planning ones, hinder matters. Still, in the recent years there has been a notable improvement in contacts with administration, which is largely due to a change in attitude on the part of the civil servants. The respondents talked about a sort of generation gap in the class of office workers: young clerks displayed a more open, friendly and rational approach to customers, which made their service more effective. This fact notwithstanding, the structure of administration is ill fitted to the problems that appear in the city, which, the respondents claim, slows down development processes and lowers performance efficiency.

> *"The structure of the City Office is inadequate to the challenges facing us." (ACRE_06_7414)*

> *"If foreign capital hadn't come to many enterprises, or if our enterprises didn't have to be competitive (...), there wouldn't be much going on in the enterprises, too. But the awareness that you have to compete generates a dynamics. One can certainly say that competition is an intrinsic feature of development of the modern world. But in the institutions of the public sector this competitiveness is lacking. They've got tasks and goals of their own, a much decelerated pace of action, an authoritarian or autocratic structure, attachment to authorities, and marginalisation of the young, who need at least 10 years to start shining." (ACRE_06_7414)*

Re 2. The less-than-perfect organisation of administration finds reflection in more general actions of the city authorities concerning its development. The respondents were fairly critical of the policy pursued by the authorities, especially their spatial policy. They emphasised poor urban-planning order in Poznan (not unlike in other Polish cities, though) and lack of concrete, consistent conceptions in the form of spatial development plans. The vague vision of the city's development and the partiality of solutions give the adopted measures a short-term character. Like other cities in Poland which keep adjusting to the new market conditions, Poznan has great needs in the field of infrastructure, especially roads and housing. Some of the key infrastructural investments were made as far back as the 1970s (e.g. the western circular road or entrances to Poznan from the directions of Katowice, Warsaw and Berlin), so every new initiative meets with enthusiasm. Although, the respondents emphasised, since 1990 no major integrated, long-term investment had been made. Among the reasons for this state of affairs they indicated the inconsistency of the authorities in the measures taken.

> *"The barriers (...) probably result from inconsistencies in transforming general tasks into partial ones and then seeing to it that those general tasks have been completed by a specified time. I think that this also follows from the adoption of priorities which are important today, but turn out to be less so tomorrow, while other matters become more vital. This is a dilemma of ours: to choose what's the most important at the given moment." (ACRE_06_7414)*

Despite the critical evaluation of the city's spatial policy, its authorities' activity and efforts to find solutions are well thought of: "The city is active - it doesn't shelve the documents, but works on them" (ACRE_06_7414). The authorities, however, are restricted in their activities by both, wider institutional determinants, e.g. lack of regulations concerning public-private partnerships or lack of planning instruments, but also by internal limitations resulting from their lack of knowledge as to ways of solving particular problems. Besides, the city structures do not make full use of their organisational potential.

> *"I'm not sure whether the city structures responsible for investment promotion make full use of their potential and their institutional possibilities. I think there're some barriers somewhere which the city might do well to diagnose one day and (...) come a bit closer to investors, because it's my impression that e.g. the Investment Promotion Office, or in general the departments responsible for promoting investment, promoting the city, are still seeking solutions." (ACRE_06_7414)*

Re 3. A crucial aspect of urban policy is the identification of the domains that can bring the city the greatest profits, and then taking suitable measures. Today these are innovative activities and the creative sector. Poznan has got great possibilities in developing the creative and knowledge-based economy. A strong academic centre with well-developed ICT entrepreneurship and infrastructure, the city offers favourable conditions to entities located in its area. But so far growth impulses have not come from the city or poviat authorities. The city has not recognised the role of creative industries and has not worked out a policy intended to promote or support this segment of the economy. These issues appear only in the form of slogans when general goals of development are being formulated, but so far they have not been transformed into concrete measures. Similarly, the entities active in the creative sector have not grown big enough yet to develop a competitive advantage on the market.

> *"(...) innovativeness seen only through slogans like 'Let's develop design-related activity' or 'Poznan can be another Milan' is never going to be the city's driving force (...). Rather, what should have been made is a diagnosis of how and to what extent innovativeness is*

being absorbed. (...) We have to think about what additional sectors we can generate that can be creative; perhaps, say, design would be interesting. But so far specialists from the ASP [Academy of Fine Arts] have not created any network with designers, architects, etc., they still have divergent opinions. If they consolidate, unite, they may have an interesting potential to offer. However, we can't lose sight of those sectors that already exist, those that stay on the market and want to go on being competitive." (ACRE_06_7414)

The respondents stressed the big role of sectors so far leading in the economy of the city, e.g. services and industry. Creativity itself was interpreted by them as a wider notion than merely one embracing cultural and knowledge-intensive activities. They took creative action to include also a creative way of responding to the changing conditions, i.e. a sort of adaptive creativity. The ability to find market niches and to make an original use of knowledge is as important in a firm's activity as its capital resources.

An important part of the creative knowledge sector embraces activities connected with culture and art. The climate for the development of this type of activity depends on two elements: the tradition of existence of cultural organisations like theatres, museums, societies, etc., and their activities and creativity, which in this case can be termed organisational. Whether or not those organisations use their potential in a creative way can affect the role of the sector in the city. Of the greatest importance are big cultural events or projects which give the city publicity and attract interested visitors. However, the problem with such ventures is that of finance.

"(...) societies and foundations are not strong institutions in the structures of Poland. Therefore the city and the regional authorities should support at their level the creation of conditions for organising various events. The events then gain an impetus of their own and stimulate traffic at hotels, restaurants, shops, etc., and part of the profits goes to the city budget. I know it because we calculate this." (ACRE_06_7414)

"Since the multiplier effects of such events are a benefit for the city budget, then the participation of the budget in financing such events should be greater, because the greater the city's input, the stronger the effects. But nobody gives this matter a thought, and the authorities look at the budget from the perspective of their 4-year term of office. Besides, it is often the case that there are many urgent issues to deal with immediately, like the infrastructural ones the European Union forces us to settle right now, and this infrastructure, mostly technical, is more important than the intellectual-cultural infrastructure." (ACRE_06_7414)

Apart from financial matters, there is also a problem of the demand for products of the creative sector (demand for a creative output). While big events attract much interest, the response is more modest in the case of specialised activities. An example given by the respondents was choirs. Poznan has got a long tradition of choral music, which manifests itself in the presence of nationally and internationally recognised ensembles, like the Boys' and Men's Choir of the Poznan Philharmonic 'Poznan Nightingales', or the Poznan Cathedral Choir. But no major choral events are being organised because of lack of interest. Still, the respondents emphasised, the demand for cultural activities has grown substantially in the recent years. There have even been cases of Poznanians attending cultural events, e.g. theatrical performances or concerts, in other cities (Warsaw, Wroclaw). The respondents suggested that the city should work out a policy which would present a vision of the development of the sector. In their opinion, big projects and great names could give a boost to culture promotion in the city, and hence create a climate for the development of more specialised activities.

Re 4. The possibilities of growth of the creative sector in the PMR in the opinion of the analysed consulting firms are great, but the existing restrictions slow this process down. They include in particular the lack of a consistent and dependable policy on the part of the city and the rigidity of organisational structures in administration and wherever creativity and knowledge play a major role, as the following statement proves.

> *"Poznan has an estimated 128-132 thousand students enrolled at its higher schools. It's bad if such a talented student, then an assistant lecturer full of very interesting ideas, has got no chance of attracting any means to help him probe things deeper. Similarly, he has no access to laboratories, because first he has to make a doctorate - I can see this among the talented doctors whose services we employ. They are being brought down continually, because for the first 10-15 years they work a bit for the chair, a bit for the professor, a bit for the research project designed in this way. At the time when this idea of his, this innovativeness, could be put to use, he has to do other things. After a few or a dozen years, if he decides to stay here rather than go and work in other centres abroad, this innovativeness of his is a bit, let's say, dimmed or at least it hasn't got this initial impetus." (ACRE_06_7414)*

In the case of the consulting branch, the development prospects are assessed as good, but there is no direct connection with location here. The most crucial factor is a big and dynamic market in which potential clients operate. Factors like e.g. the quality of public spaces, access to recreational grounds and the quality of life, while significant for life outside work, were not considered location factors by the analysed firms. Still, the growing demand for cultural activities and the awareness of the role that creative industries could play in the development of the city made the respondents formulate a wish that the city authorities took closer interest in the creative sector and its significance for Poznan.

> *"There's much to be done here, especially in the matter of our opening onto the world. Since we open onto the world as far as investors are concerned, then we should open to great names too. With the exception of the Philharmonics and the Wieniawski Society, who sometimes get hold of someone famous (but these are one-time visitors), there are no great names, and these are badly needed, just like we need a big concert hall." (ACRE_06_7414)*

4.2 Motion picture, video, radio and television activities

4.2.1 Sector overview and firms' activities (internal elements)

The 20th century saw a significant technological advance in almost every aspect, which was also reflected in the social and the cultural sphere. The advent of and progress in the recording of sound, and then picture, made it possible to record and retain important events. A wide-scale long-distance telecommunications development then enabled sending the recorded sound and picture over considerable distances in a relatively short period of time. At the same time, new activities appeared which made use of audiovisual and telecommunications technologies, thus creating a good and a new value. These activities included for instance film-making and music industry. To give an example, the film not only showed images dynamically, but it also created new meanings. Therefore, films, as previously music, are regarded as cultural artifacts which, on the one hand, reflect culture, and on the other hand, influence it. The film is seen as a form of art, but also a source of popular entertainment, and its visual elements make it a universal tool of communication. As a result, this particular activity has a huge social impact, mainly because of its culture-shaping role. It also includes a creative element which creates new meanings and interprets reality.

An activity related to creating audiovisual goods, mainly based on moving pictures such as films and television programs, is the product of two elements: creativity and technology. In this particular case creative expression is constrained by technological advancement, especially by advances in the recording and processing of sound and picture. Therefore, companies in this subcategory fall into two groups: product makers (e.g. film makers) and technology producers. Both groups are interdependent, because, on the one hand, film makers' needs will determine the research aiming at creating and improving a particular technology, and on the other hand, it is the nature and development stage of those technologies that influence the extent to which creative projects may be realised. That is why the researched group of companies in the subcategory of motion picture, video, radio and television activities includes both types of entities. Their breakdown is legitimate, because they function in a slightly different way considering a different nature of the value they create.

A characteristic of Polish audiovisual activities, and motion picture activities in particular, is their big concentration. According to the Polish Film Institute's estimates, about 75-80% of entities of this type are based in Warsaw. In this city the audiovisual market is the biggest, and other centres are just regional branches of companies operating in Warsaw. Poznan's share in the total number of entities of this branch stands at 2%.

A feature of the Polish audiovisual market is that one of its major investors is the Polish Public Television (TVP). A number of smaller film-making companies were created in the wake of the reorganisation of public television in the 1990s, which was connected with the restructuring of both the company and the whole Polish economy. These companies were separated from TVP and now they are independent operators in the market. Since TVP is their major investor, they produce programmes mainly for television. In Poznan, audiovisual companies follow exactly this pattern: formally, they operate in the market, but in practice, their operations are financed by the state in at least 50%. The tradition of public television plays a significant role for them - its regional branch was first created in Poznan in 1957. At that particular time, it was assumed that regional branches should be specialised. The Poznan centre specialised in producing music and entertainment programmes, which to some extent contributed to developing the musical stage in the city. Nowadays, such specialisation has disappeared. Companies with which TVP co-operates specialise in one particular activity. An example may be the Poznan Animated Films Studio (Studio Filmów Animowanych - TV SFA), which was set up in 1980 as part of public television, and which has been a limited liability company since 2001. Its previous presence in TVP and current co-operation with public television has made TV SFA the artistic and ideological heir to the Television's Animated Films Studio's achievements and experience. This gives the company a brand and a certain amount of prestige. It first of all produces 2D animated films for children. The Poznan studio has made over 270 animated short films which have won 144 awards and distinctions at festivals both at home and abroad, including 17 awards from children's juries and 5 from the press. Since 1990 the Poznan studio's films have been presented at over 450 festivals and special shows all over the world.

The film-making companies covered in this study operate in the private sector, although they are very closely linked to the public sector, which is the major recipient of their products. However, companies producing audio-visual technologies are market-oriented. Small and medium-sized enterprises specialise in producing films for very specific market segments, so they are more similar to a typical producer, even though they appear much more flexible when it comes to work distribution. In the production companies researched in this study, a production process organisation and delegation of tasks within each company was standard, e.g. one person designed devices, another was responsible for testing them and co-ordinating the production at the same time, yet another was in charge of purchases, logistics, and so on. In the film-making companies the organisation of the production process looked completely different. The entire process consisted mainly of three stages: pre-production, production, and post-production. In the first stage, which is the conceptual phase of the project, ideas and concepts regarding potential products appear. Each idea is then made more real, mainly by estimating the expenditure and writing a script. At the same time, an investor willing to take up the project is being sought. Once the investor has approved the project, a contract is signed specifying in detail the conditions of co-operation and the nature of the product. The whole conceptual phase is consulted by the contracting authority who makes remarks then taken into account by a team of makers. The pre-production phase is closes with a detailed preparation of the prospective film. The second stage - production - is the actual process of making a moving picture. At this stage, sets, sceneries and décors are created as well as animations and computer graphics in the case of animated films. When the product in question is a documentary or a feature film, this particular stage also includes location work. The material made or collected in this way is processed during the next stage - post-production. The picture is then edited, and sound as well as dialogues are prepared. The material is then evaluated by the contracting authority, and after its final version has been approved, it is prepared to be broadcast and archived.

The whole process of film-making takes place in one company, which engages its own employees and others to prepare the project. Highly skilled specialists play an important role – not only can they boast technical skills, but they also have a creative potential. In typical manufacturing companies the resources they own determine their competitive edge over other companies in the industry. However, in film-making such an edge is achieved through creativity. The company's position and potential in the market are determined by the way in which the resources, i.e. ideas, ideals, available equipment and technologies, will be used.

> *"(...) it has been observed recently that TV shapes aesthetic taste (...). Hence there is a need for series that would stand out, would be different. Something that would not be a replica of what has been previously created. Something that would not imitate the same aesthetics and vividness. (...). And I think this is what determines our strength. The power of creativity." (ACRE_12_921)*

The key to creating the strength is human resourcefulness and the way it is put into practice. In film-making and television it is vital that ideas do not repeat themselves. Therefore experienced producers (directors, actors, visual artists) are accompanied by beginners who contribute to the project with their novelty and freshness. At the same time it is motivating to young creators, because on the one hand they have a chance to gain experience in big projects, and on the other they can make use of their skills.

> *"We don't have films (...) which imitate the same idea. (...). This possibility of artistic expression is highly motivating for young people." (ACRE_12_921)*

4.2.2 Markets and networks (external elements)

The nature of the moving picture is also determined by the specific character of its market. In this particular case, the producer is television, both public and private, and various film studios, while the viewers are clients. The changes that have taken place in Poland since 1990 have reshaped the audiovisual market, especially by diversifying and commercialising it. Their initial stage was characterised by a dynamic development, usually in terms of quantity, which affected the quality of the produced works. Nowadays, the market has stabilised, yet it is still far from reaching maturity, which has been stressed in interviews on numerous occasions. What poses the biggest problem is that the market lacks certain mechanisms, both legal and those related to investment: "tools and mechanisms that other European countries boast have not been created in Poland yet" (ACRE_12_921). This results from incoherent laws and regulations and their poor adaptation to market requirements. It is also caused by the monopolistic position of public television, whose share is still dominating (over 50%), even if falling. However, as the market expands, the quality of the products is also rising, which is often caused by changes that take place and the well-established tradition. To exemplify it, the market of animated films for children represented by TV SFA develops thanks to the tradition started by the Polish animation industry dozens of years ago:

> *"(...) most public broadcasters start to search products of higher and higher quality. Standards are raised when it comes to films for children and this difference is felt in the market. In this respect Polish animation plays a significant role. It is bought usually because there is no violence in it, because it has a moral and something to say. This is the tradition of Polish animation which was started in the 1960s, 70s and 80s." (ACRE_12_921)*

In the case of the audiovisual technologies market, tradition also plays a significant role in the city and the region. Producing equipment used in studios recording both sound and picture requires specialised methods and skills. This type of activity is very much knowledge intensive, so not only does it take advantage of the knowledge, but it also modifies and develops it. Hence, apart from production, companies carry out research on a continuous improvement of their products. They do so in co-operation with universities. In one case, one researched company making studio screens and high-quality studio amplifying equipment co-operates with the Department of Physics at Adam Mickiewicz University in Poznan, and, to a lesser extent, with the Poznan University of Technology. This co-operation allows implementing the latest solutions in acoustics, which adds quality to a particular product. Considering the relatively young age of the Polish audiovisual market and its constant development, particularly when it comes to the quality of services, the demand for highly specialised equipment is relatively low. More often than not, manufacturing companies cannot afford to equip their studios with the highest-quality equipment, therefore companies making this particular equipment have to expand their operations to other countries. Thus, even small companies go international. For instance, in one of the researched firms employing three people, foreign sales amounted to about 70% of the total sales. The Poznan market lacks professional recording studios which would use high-quality equipment, which contributes to the fact that products are delivered either to the Warsaw market or to markets abroad.

It is worth stressing that the tradition going back to the 1940s and connected with the location of production in Wrzesnia (the Tonsil company), about 50 km west of Poznan, has resulted in the fact that the local market has highly qualified specialists. It is one of the main reasons for the location of this type of activity. The availability of qualified staff and co-operation with universities ensure companies good functioning and a dynamic development of those producing specialised audiovisual equipment.

The labour market and the availability of qualified workers are also significant for film-makers. However, the managers paid attention to the problem of educating prospective employees of the sector. In their opinion, film schools' curricula do not reflect the needs of the market. Shortages of knowledge on how potential makers may put their skills into practice also pose a problem:

> *"[Young graduates] are so closed to the market that they are unable to take up a freelance job in a professional studio with a professional band. As if it was a shame for artists to work for money." (ACRE_12_921)*

Hence, film studios play a didactic role, teaching students how to use their creative potential in practice. Although work on products commissioned, for example, by public television is the major part of such companies' activities, they do not shun independent projects. Young makers are also able to realise their own projects in the studio.

What play a significant role in the audiovisual industry are networks of co-operation between the makers and the producers of equipment and technology. They especially value informal contacts thanks to which it is possible to find companies or employees fulfilling specific conditions, such as the right quality of the services provided. For film producers such contacts are significant because they enable them to select a team of people who are bound to complete each project successfully. Even though official co-operation is formal and based on written agreements, major arrangements and commitments are informal. It is also the case of equipment producers, especially in small and medium-sized enterprises. When a firm is small and starts operation, most relationships are informal and based on spoken agreements. As production steps up and a network of co-operation has been developed, there is a need for at least partial formalisation whose aim is to reduce risk connected with the activities.

> *"We are still developing and fighting for our market share. I think we've almost reached the level where we'll be known and recognised in the market, at least in Europe. Once we have achieved it, our relations with our partners will definitely change, because our sales will have increased by then. I believe our co-operation will be finalised and contracts will be signed, although I don't think the partners will use any pressure. It is us who will want to secure certain deliveries". (ACRE_13_921)*

4.2.3 Location patterns

What played an important role in the location of the studied firms in the audiovisual industry was path dependence. Both the tradition of the presence in Poznan of television and certain entities specialising in making equipment and technologies caused the companies to want to do business in the Poznan area. The size of the city was also important because it determined its diversity. Poznan has become a good business environment and a platform for exchanging ideas and solutions thanks to an increasing number of cinemas, galleries, and cultural events.

The Poznan-based business circles engage in the sponsoring of artistic and cultural initiatives of various types. This assistance makes Poznan the place where culture animators, who often meet with lack of support on the part of public institutions, can realise their artistic ventures.

In turn, the international artistic events organised in the city for years (e.g. the Malta Theatrical Festival) tend to produce new initiatives involving not only the direct organisation of cultural events but also the creation of spaces in which they can take place (e.g. the Old Brewery, the old slaughterhouse). In this way Poznan has become competitive with other cities in Poland in terms of creative spaces.

> *"In Poznan there are fairly strong artistic circles engaged in music and the alternative theatre. Those people don't flee from Poznan, and it's them who initiate some ventures that at first are modest in form but then expand into festivals or reviews. And thus Poznan's cultural pulse starts to beat. In this respect one can't complain. (...) It seems that the Malta Festival was such a breakthrough event in the cultural life of the city. It was also important in opening new spaces of cultural activity, for instance the activation of post-industrial facilities like the old slaughterhouse and the establishment of the Old Brewery, which has been designed not only as a shopping centre but also a venue of cultural events. You can find superb exhibitions there, or dance-related proposals. I'm impressed by Mrs Kulczyk, who has worked out this interesting cultural offer out of her own passion and money." (ACRE_14_key)*

The city itself was evaluated by the managers as relatively expensive and inconvenient, especially in terms of public transport, which made manufacturing companies move outside Poznan. Other conditions stemming from the nature of their products also had to be met. For example, the manufacture of amplifying equipment and its modification require relatively quiet surroundings which will not disturb the research and affect the results. The nearness of Poznan schools and R&D units makes it easy to co-operate with them, and hence to produce equipment of this type.

4.2.4 Policies

The location of the audiovisual companies may have resulted from the tradition of conducting such activities in the area, but their future is likely to depend on the conditions that the city will create for them. It particularly concerns film-making companies. Since "the strength of a city lies in its culture" (ACRE_12_921), and these companies create culture, their importance for the city may be huge. The relations between the city and the companies are mutual in this respect. On the one hand, the produced films are broadcast on television at home and abroad and shown at numerous fairs, so they promote the city. On the other hand, a convenient location of the studios and the atmosphere in which new films are created are extremely important – the companies are located in the centre, especially in the area of the Old Town. Because the market prices of property are much of a challenge for such companies, the city's help with finding the right building may prove vital. Some of the artistic activities are not commercial, so such firms find it increasingly difficult to operate in the market, hence, the city's support is vital, in the researchers' opinion.

> *"The city is needed. It is said that the city is now starting a film fund which will support artists, institutions, and particular projects created in the city or related to it. It is very good news." (ACRE_12_921)*

Non-commercial activities do not attract the media to a desirable extent, so the researchers suggest that the city should help with promoting artists' achievements, because the outcome may be mutually beneficial. An example of Wrocław was given, which takes initiative and approaches artists:

> *"Poznan's Mayor presented his guests with fliers and umbrellas with the city logo on them. Instead they could have been given a cultural business card – a DVD with the most important achievements and cultural events, artists, culture and education in the city. (...) To give an example – in the days to come the 60th anniversary of Polish animation will be celebrated. Guess where it is being held. In Wrocław. How come in Wrocław, and not Poznan? Wrocław doesn't have a single animated films studio (...), but it did its best to be granted the right to celebrate the event and it will be broadcast live in public television. This is what you would call promoting a city (...). Why does everyone in Poznan say that Wrocław is a friendly city? The answer is that for example artists have been given the right to use lofts in the Old Market provided they have them renovated from their own resources, and they will not have to pay the rent. In that city animation artists who work for us have also been allowed to use art rooms." (ACRE_12_921)*

In many Polish cities self-promotion in the country and abroad started earlier and was better organised. This experience gives the Poznan authorities an opportunity to draw conclusions and learn how to improve the city's image. It also provides a basis for plans and strategies of enhancing the city's attractiveness for businesses engaged in motion picture, video, radio and television activities. The strategies drawn up recently are intended to consolidate the artistic circles and offer them comfortable living conditions. On the one hand, there has appeared a conception of a Royal-Imperial Track as a future tourist product popularising the city's history and unique urban-architectural layout. On the other hand, an Urban Renewal Programme has been worked out as part of a plan to improve housing conditions. The measures taken under it focus largely on old, dilapidated buildings in the city centre. They are supposed to result in making the downtown quarters attractive to people running firms of the motion picture, video, radio and television sector, among others.

> *"There's certainly room for culture-supporting measures, like the idea of creating the Royal-Imperial Track in Poznan that could provide a new cultural axis, or the Cathedral Island itself and the idea of going back to the city's beginnings, the formation of the city's image, the first capital of Poland with those fundamental archeological discoveries. As I see it, there should immediately appear researchers here, not only from Poznan, but from the whole of Poland and Europe." (ACRE_15_key)*

> *"I like it very much that the urban fabric has been slowly filling in. Those postwar mutilations and then those of the 1950s (...), it's a very good idea to fill in those architecturally frightening and painful eye-sores, this is a very good direction. And you can like this architecture or not, but it invites you to take a walk in the city. It's a very good thing and I'm really glad it's happening." (ACRE_15_key)*

4.3 Software and electronic publishing

4.3.1 Sector overview and firms' activities (internal elements)

In the 1990s information and communication technologies (ICT) started to play a major role in economic development. One of the main reasons for their popularity was the fact that they have been universally used in the creation of popular computer games as well as complex corporate manufacturing execution systems. Nowadays they also play an important part in electronic publishing, contributing to the dissemination of scientific and popular literature. Thanks to the Internet, access to those works is becoming easier and readership increases. The rising importance of companies dealing with software and electronic publishing in economic development can be seen not only nationwide but also regionally, especially readily in metropolitan regions. The Poznan metropolitan region is one of them.

In the PMR the number of firms and workers operating in the business of software and electronic publishing does not contribute such a major share to economic statistics as in other, better developed metropolitan regions of the EU. However, in the PMR this business activity is characterised by very high growth rates, largely due to the growth of firms creating computer systems aiding production systems (i.e. BCC, 7milowy, IDS, Intelligence). This allows one to predict that in the near future the PMR is going to become one of the leaders in the creative knowledge sectors in Poland, including the ICT sub-sector.

The economic transition in Poland in the early 1990s contributed to the rise of competitiveness of firms also in the Poznan metropolitan region. Information and communication technologies implemented on a large scale have since played an important part in this process. As a result, there emerged firms employing largely technical expertise connected with ICT production and maintenance. There also appeared a substantial number of firms dealing with the development of computer systems designed to aid and manage production processes. That type of activity required not only technical expertise but also the knowledge of management processes and the economy. The increasing demand for modern production-aiding systems helped many companies to make a quick success of their business. The situation back then is best summed up by one of the firm managers, who said that "in the 1990s literally anybody could set up any kind of IT firm since the business was thriving and one could make money quickly because there were no leasing companies, no factoring companies, and no other services". (ACRE_02_722)

In a little while IT companies started developing, improving the quality and widening the scope of services. At the same time, they increased their prices. As a result, it was impossible for small and medium-sized enterprises to implement modern IT systems offered by big computer companies. They simply could not afford it. They turned to small IT companies instead, which provided lower-quality services. The situation changed in the period of economic deceleration in 2000-2001. Many small IT companies went bankrupt because they could no longer keep up with the demands placed on them and the competition of the big companies in the IT sector.

> *"While big IT companies had no interest whatsoever in providing services for small companies or entering their market before the crisis,(...) right after the onset of the crisis all those big companies reduced their demands and the market became "crowded". (...) It is much harder to find some market niche nowadays. The market has saturated in a sense". (ACRE_02_722)*

Later (between 2002 and 2007) mostly big firms connected with the software and electronic publishing sector developed. They emerged in the 1990s and survived the crisis by cutting their costs and increasing innovativeness. Transfer of knowledge played a major role in their development – they implemented innovative IT solutions in Polish firms. There were also some new firms but in most cases they were daughter companies of big existing firms. They emerged to fill market niches. 7milowy for instance was set up in order to provide services for smaller (5-10 people) family companies. Despite the small number of staff, those companies quickly started to generate an annual turnover of approx. 1 million zlotys (≈€ 300 thousand) thanks to the implementation of innovative ICT solutions.

Firms in the business of software and electronic publishing are the most innovative ones. They also require a substantial amount of knowledge and creativity. Therefore, the majority of employees are university graduates. However, they graduated in different fields of study. Apart from the typical graduates, i.e. Poznan University of Technology graduates (IT engineers), those from the Poznan University of Economics and Adam Mickiewicz University also find employment. The interest in the latter group stems from the fact that the PMR-based firms in the business of software and electronic publishing offer a wide scope of services. Adam Mickiewicz University graduates find employment in the departments responsible for direct customer relations, specifically as regards the stages of contract negotiation and product sales. They also manage teams designing IT systems, posts which require the ability to establish contacts easily.

As a result of the varied field of activity of firms in the software and electronic publishing sub-sector, new employees have to attend various training courses during the trial period to improve their knowledge and qualifications. Even IT specialists, i.e. the people directly responsible for creating computer systems, often need a couple of months to really get to know a given field despite having a wealth of experience with different IT tools. They need that time to develop a suitable computer system. This claim is supported by one of the managers: "general skills don't really stand the test – specialised knowledge and an ability to learn are absolutely necessary in this field". (ACRE_04_722)

The success of firms dealing with software and electronic publishing in the PMR is also connected with suitable working conditions created in this area. Work comfort in the researched firms enables the establishment of a remuneration system in accordance with qualifications and the time required to perform a given job. Moreover, a task execution system during project implementation contributes to timely project completion.

> *"It isn't a big company, it isn't a corporation, it is still a family firm. I try to prevent the rat race and put a stop to any person trying to establish that atmosphere. Trust is important, especially regarding the people who shape the firm's activity. They should co-operate and understand one another well. I try to resolve all tensions, if possible in a friendly manner, sometimes in a top-down fashion. Who works 100 hours gets paid for 100 work hours and who works 150 hours gets paid for 150 work hours". (ACRE_01_722).*

> *"We operate on a project basis. To every project we allocate some resources, create a schedule, and implement it". (ACRE_05_722)*

Self-improvement opportunities and a chance to demonstrate creativity, a friendly atmosphere at work and a fair remuneration system make the firms from the software and electronic publishing sector attractive to prospective employees. This is the reason why students and graduates send their applications for practical placements and later jobs so eagerly. They also receive preferential treatment in personnel departments since they demonstrate high flexibility in adapting to company rules. In this way, IT sector companies in the PMR try to create their image by behaving according to the Poznan culture of steady and reliable work.

> *"The people who come to us from other companies, very often from Warsaw, are in our opinion influenced by a different work culture and it is difficult for them to adjust". (ACRE_04_722)*

4.3.2 Markets and networks (external elements)

The firms connected with software and electronic publishing operating in the PMR are to a large extent dependent on their co-operation network. The network comprises both the suppliers and the consumers of products and services. In this field of business, the spatial range of the network can be viewed from two perspectives: 1) networks within the PMR (internal networks) and 2) external networks. The latter are of special importance since they usually pertain to international contacts. It is thanks to those external networks that firms become important players outside the domestic market. In so doing, they contribute to the international importance of the metropolitan region in which they operate. Transfer of creative knowledge also takes place, which is conducive to the development of new solutions and technologies (Landry 2006).

With regard to the size of firms in the business of software and electronic publishing, the existence of an internal network of contacts is of a twofold nature. On the one hand, there exist networks based on co-operation between small and medium-sized enterprises; on the other hand, there exist networks based on co-operation between large corporations.

Concerning the first type of networks, in the metropolitan area there is a substantial number of SMEs co-operating within the region. While there is little transfer of creative knowledge in this case, the durability of the co-operation fosters mutual support of business entities. The benefits from that type of co-operation are mainly of a financial character, which can be observed in fast cash flows without waiting for bank transfers.

The other type of network is based on national co-operation and encompasses firms considered to be flagship firms in the Polish economy. This co-operation results not only in certain financial gains but it also enables a greater transfer of knowledge and creativity. A wide network of consultants based in different regions of Poland and working for the group of Poznan firms in question enables co-operation with businesses from all over Poland. The consultants very often work from their home town and they do not have to move to the PMR. This allows a certain amount of family comfort though they frequently have to travel when there is a change of a service provision centre. It often means having to travel long distances for work.

> *"We have clients all over Poland. I think our most distant client is Kamaks based near Łańcut. The Żywiec Brewery as such is located in southern Poland but we do have clients from the outskirts of Poznan, so our firm's location with regard to our clients is of lesser importance". (ACRE_04_722)*

The networks of contacts of the PMR-based firms with an international reach play an important role in the transfer of creativity. Those networks are based on wide co-operation with international corporations regarding the transfer of modern technological solutions and enterprise management systems. A guarantee of quality and safety of the computer systems developed in the PMR firms enables their application in foreign financial institutions, like the development of computer software by a Poznan-based enterprise for the purpose of a credit support system in Ukraine. Such examples of successfully implemented solutions not only increase the importance of a firm in the world market but also of the region where it is based.

> *"One such big project is the one we are doing for Amrest, the owner of KFC and Pizza Hut. This project is being implemented in Poland and other Central European countries. (...) We have been co-operating closely with the Heineken group for a couple of years now, and on behalf of their headquarters in Amsterdam we are currently executing an implementation project for the firms based in their respective countries. Last year we completed the project in Romania and Hungary, this year we are going to transfer the project to the remaining countries". (ACRE_04_722)*

> *"Interfinance Ukraina is a fully Internet-based software, our latest brainchild, the server is in Poznan, (...), and it supports credit agencies all over Ukraine". (ACRE_02_722)*

The firms under scrutiny are among the fastest growing businesses in the PMR which also participate in international creative partnerships (joint ventures, strategic alliances, co-productions). By coming together – using the opportunities that globalisation offers – these firms may be able to produce new competitive products (Henderson, Scott 1987).

Building a network of links is a long-term process based on both formal and informal contacts which often exist even before a company is started. Spatial proximity in cities favours development and the creation of various networks embracing those companies. Non-market interactions based on direct customer relations are shaped in the cities (Stolaric, Florida 2006).

> *"Often it is I who goes because it is also a matter of personal contact. (...)You have to have an eyeball-to-eyeball conversation because people always buy you first. (...) If there is some interest during the first meeting, then we start doing business together. At the beginning we are talking about from a couple of hundred to at least tens of thousands of zlotys, but our target is a deal for a couple of million". (ACRE _01_722)*

Building this type of contact is to a large extent based on mutual trust and more often that not the so-called 'gentleman's agreement'. In the case of firms connected with software and electronic publishing where technical tasks are executed, there are situations when details must be fine-tuned without delay. In such cases a short telephone conversation is enough, followed by an immediate reaction of the company. Formal agreements come into play when companies tighten contacts and specify co-operation details. Such agreements are usually signed by large firms, mostly branches of international corporations, where the decision to implement a given system is taken at the executive level.

> *"It's not the case that every project terminates with signing a maintenance or outsourcing agreement. (...) It also depends on how big the client we are dealing with is, since as a rule in big international corporations the headquarters decide to implement the system". (ACRE_04_722)*

4.3.3 Location patterns

Firms using information and communication technologies as a tool of work can afford a greater degree of freedom in the location of their principal place of business. This is made possible by ICT on the one hand and an efficient consulting network operating all over the country on the other. Therefore, it seems that in the case of software and electronic publishing firms, it is the 'soft' factors (e.g. proximity to green areas) that are important in the process of deciding where to locate a business. The conversations conducted with the managers of software and electronic publishing firms enable a further determination of location factors in the PMR.

In the light of these interviews, the importance of location decreases as the firm expands. Therefore, the executives of SMEs attach more importance to such hard factors as the size of the potential customer market in the PMR. Consequently, in order to gain a competitive edge, the best choice is to locate a business in the centre of the region or in its vicinity.

"A great advantage is the fact that there are many firms and enterprises based in Poznan, and they are not necessarily that big in size, there are many small and medium-sized firms, and they are really the core of business, they form a major part of our customers, our end-users, this really is a key benefit". (ACRE_03_722)

In contrast, for the managers of large firms operating in the business of software and electronic publishing, a firm's location is not of such a vital importance – the firm might as well be based in some other metropolitan region in Poland (e.g. Warsaw, Cracow or Wroclaw).

"We rarely invite our clients here (to Poznan), because most work is done on site so it also doesn't matter for the client that much that we're based somewhere near Poznan". (ACRE_04_722)

The entrepreneurs often stressed the role of the Poznan job market with many graduates from Poznan higher education institutions. The managers also claim that it would be hard to build smoothly operating firms with a family atmosphere based on the dynamic job market in Warsaw.

"In my opinion, the Warsaw job market could often be described as a market of corporate workers, that is of people who come to work with the following conviction in mind: here I come to work for this corporation, I have some goals I wish to attain, such as gaining experience, and in two or three years' time I am going to change my job. There is no corporate loyalty. On the other hand, large corporations often contribute to this kind of attitude. In Poznan or Cracow, however, it seems to us that it's easier to find candidates ready to really work for a company. This is because they simply view their employer as a long-term career investment". (ACRE_04_722)

Many interviewees pointed to poor road infrastructure as one of the factors that make their lives harder in the PMR, and said it should be modernised. In particular, they stressed that a northern ring road should be built. It would alleviate traffic congestion and allow a more comfortable drive to work. Those opinions, however, rather reflected the personal beliefs of the interviewees and were connected with improving the standard of living. At the same time, they stressed that in their field of business, road transport was not that crucial. The cost of renting office space, however, was deemed more important. It was nevertheless said to be lower than in Warsaw.

"Naturally, the cost of renting a square metre of office space in Poznan or Wroclaw is definitely lower. (...) It seems that the market there keeps reasonable prices, which may be because that market was launched later". (ACRE_05_722)

"The cost of renting office space is lower, the same goes for some other services including legal or marketing services". (ACRE_04_722)

While the 'hard', more classic location factors are still very important in explaining the location patterns of software and electronic games companies, the academic debate has shifted towards a growing emphasis on 'soft' location factors (Mustard, Bontje, Chapain, Kovacs, Murie 2007). These encompass i.e. the standard of living in the city including an attractive residential environment, tolerance for alternative lifestyles, and the 'look and feel' of the city (Helbrecht 2004). These factors are hard to measure but they start to play a major role in attracting creative business activities to the cities. The managers of software and electronic games companies specifically underscored the importance of 'soft' factors. They did so especially when asked whether they would consider moving their firms to Warsaw.

Among the 'soft' factors determining their decision to stay in the current location, the managers emphasised the exceptional character of the PMR connected with an atmosphere of entrepreneurship and reliability. They also pointed to the old trading traditions of Poznan, which have been preserved through generations. This often had an impact on the marketing activities of the software and electronic publishing companies. In their choice of a service provider, clients are driven by their conviction that the enterprises in the PMR are known for a well-developed working ethos characterised by reliability and diligence.

> *"I associate Poznan with an atmosphere of business initiative, with successful business people who achieve something with the help of their business activity. (...) In general, Poznan is a city with a very good atmosphere, great people, an overwhelming number of firms, enterprising people who speak a common language, and because of all that our firm exists". (ACRE_03_722)*

> *"Poznan entrepreneurship is very much a fact. Poznan order is in place as well, but we'll see what it becomes in the nest generation. We're going to teach our offspring how to make that order and that way of thinking stay here". (ACRE_01_722)*

In the interviews, when asked whether they would be ready to consider other locations for their firm, the managers of software and electronic publishing companies often stressed the fact that company founders had their origins in Poznan. In view of the fact that most of them have their roots in Poznan, relocating their firm would entail losing contact with their families and friends. Many interviewees emphasised that they enjoyed living in the PMR and that the region is a far better place to live than Warsaw. At the same time, they said that despite the fact that Poznan had a good investment climate, it lagged behind Warsaw, Cracow and lately also Wroclaw in terms of culture and entertainment. Warsaw, Cracow and Wroclaw host more and better cultural events. The situation of Poznan is 'remedied' by the Malta Street Theatre Festival, a rich collection of exhibits at the National Museum, especially on the so-called Long Night of Museums, and the Old Brewery, a commerce, art and business centre that supports numerous initiatives fostering creativity. The said events and places are thought to constitute Poznan's main cultural attractions.

> *"I actually go to cultural events quite regularly and though the situation in Poznan could be worse, it definitely doesn't stand comparison with Warsaw or Wroclaw". (ACRE_03_722)*

> *"As to the availability of cultural events, the situation is not that bad, but I envy Warsaw in this respect. There are numerous theatres there, although it isn't easy to get a ticket. Here Poznan simply does not stand comparison. We are a cultural wasteland". (ACRE_01_722)*

The opinions of managers representing a selected group of companies from the creative knowledge sector clearly point to the fact that their decision regarding the location of business was made taking into account such factors as the immediate surroundings. For most of them, proximity to green areas, good restaurants, shops, and public transport were of crucial importance. At times those factors made them choose the firm’s location at a greater distance from their place of residence.

> *“I like it here, I have a garden, a nice view, good transport – I live in the suburbs so my drive to work is longer but I take the ring road so I avoid the city centre. I like it here because of simple down-to-earth reasons. First, they serve delicious food at the “Dorota” (...). Secondly, a very important thing to me (...) – the post office and a shop are nearby. Actually, everything is”. (ACRE_01_722)*

The above opinion confirms that these are often basic amenities, not necessarily creative clusters.

4.3.4 Policies

The surveyed software and electronic publishing companies represented the private sector. As such, their activities were not directly influenced by political decisions taken at the national or local levels. At the same time, their managers emphasised that they did not really need government assistance. One exception they mentioned was government assistance in obtaining and using EU funds. There were some odd proposals concerning both (1) the national policy (the tax system, frequent changes of government officials in the public sector) and (2) the local policy (spatial policy in the city, adapting the educational system to the requirements of the local job market).

Mostly the mangers of small and medium-sized firms voiced some concern over tax policy at the national level, especially as regards the Social Insurance Institution (ZUS), which they considered to be the worst office of all. In contrast, they did not report any problems with national tax policy, but they usually had especially designated departments or staff members responsible for the financial matters.

> *“The Social Insurance Institution is by far the worst office to deal with for an entrepreneur because they often use some legal loopholes to the detriment of business entities”. (ACRE_03_722)*

Speaking of frequent changes of high-ranking officials in the national and local governments, i.e. the so-called merry-go-round of posts, entrepreneurs often pointed to their lack of professional expertise. They also underscored that their unfortunate decisions had an impact on the entire local economy.

> *“There is a problem with 'the migration of power' (...) in local governments or any kind of similar institutions every time there are elections. I mean especially the people in small towns like those in town councils, who frequently have no idea about investments and yet they have to take investment decisions concerning hospitals for example. (...) Very often, for reasons unknown, experts leave and are replaced by people without expertise. (...)*

Professor Bartoszewski has recently said that those were the mistakes of young democracies". (ACRE_01_722)

At the local level, the entrepreneurs complained of the faulty spatial policy of the city and gave the example of the Krzesiny military airport located 8 km from the city centre. They also pointed to some examples of fortunate spatial policy decisions in other cities, e.g. in Wroclaw, thereby indicating the direction the local spatial policymakers should take.

"The inhabitants of the suburban dormitory towns around Poznan like Puszczykowo, Komorniki, etc. suffer. They live the nightmare of having a military airport located 8 km from the city centre. (...) Look at the Old Town in Wroclaw, the visual aspect, what they are doing, what they are constructing. They are tearing some buildings down – so-called infill buildings – and they are constructing new townhouses that actually fit the surroundings". (ACRE_01_722)

A suggestion directed at the scientific community of Poznan, especially the rectors of higher education institutions, was to adapt the education system to the future needs of the job market. Here the entrepreneurs demonstrated great openness and an eagerness to discuss this issue. They also expressed an interest in having students in their final years of study for a practical placement at their companies.

"It would be nice if the rectors of the Poznan University of Economics or Poznan University of Technology, or even the senates of those universities started a consultation process with the representatives of local businesses about which professions are going to be needed in the job market and how soon. I mean like the Japanese, where they actually estimate at the ministry of education what professions will be required within the next 10 years, and they educate students according to those forecasts". (ACRE_05_722)

4.4 Main factors influencing the location pattern of the selected creative knowledge activities

Conversations in the form of in-depth interviews were held with the managers of selected firms of the creative knowledge sector. They covered four main problem areas related to the their activities: 1) the internal structure and operation of the firm (production process and working conditions), 2) external relations (forms of co-operation, formal and informal networks), 3) the city (as the location of the firm's activity), and 4) the role of public institutions (local governments and their policies).

However, the managers' comments often concerned much wider issues and problems which went beyond the common interview framework established for the ACRE project. In the light of the rich additional empirical material obtained, the problem areas were expanded and a more complex classification of issues was developed, as illustrated in Table 4.1. This concerned the types of knowledge and creativity used by firms in their day-to-day activities; linking company creation with the regional development path; forms of networking, etc.

Although the research was based on a relatively small sample size, the in-depth nature of the analysis allowed a better understanding of factors affecting the creative knowledge sector in the PMR obtained from earlier research under the ACRE project.

Creativity in the selected group of firms was based on both traditional artistic talents related to culture and art (motion picture, video, radio and television), as well as the knowledge of modern information technologies and business consultancy (software and electronic publishing, business and management consultancy).

Most of the interviewed companies of the creative knowledge sector were private entities. Therefore, their emergence on the market was due to the economic changes in Poland that started in the early 1990s and made it possible to establish private businesses. The appearance of firms of this sector in the PMR was, to a large extent, the result of the growth of the service sector and increasing needs. This included the provision of different types of business consultancy activities as well as modern technologies supporting company management and production processes. The small motion picture, video, radio and television firms interviewed also belonged to the private sector and their emergence was also possible due to the introduced economic changes. However, the situation was evidently different in the case of larger companies of this sub-sector. Their emergence was possible because of the activity of key individuals who, thanks to their passion and dedication, created such institutions as, for example, Poznan Television.

While the interviewed firms in the sub-sectors of business and management consultancy as well as software and electronic publishing, and the smaller motion picture, video, radio and television firms were mainly private companies whose current owners were their founders, this was not the case with the publicly owned larger motion picture, video, radio and television firms.

Modern private companies very often used project management systems and therefore required a number of highly skilled managers who had a longer professional experience. The distribution of power in those firms was among a larger number of employees. However, some of the companies had a far more traditional, hierarchical management structure in which only one person or a few people held management positions.

The different management structures in the selected firms also influenced the type of employment in them. In the traditionally managed firms with a hierarchical structure, people were employed mainly on permanent contracts and in very few cases on a project-specific contract. In the companies managed on the basis of projects, a temporary contract under which an employee worked with the firm only for the project duration was a more frequent form of employment.

Developing external business links and networks with other co-operating firms played a crucial role in the firms' growth. The scale of those networks largely depended on the size of the firm. The larger the firm, the bigger its network of partners, although in the case of software and electronic publishing companies, even small, those networks went beyond the PMR boundaries. However, this was mainly the result of technological advances and the potential for the use of the Web and Internet in running the company.

It was particularly important for the realisation of the research aim to obtain information about both ‘hard’ and ‘soft’ factors influencing the firms' decisions about their location. In the case of small companies, traditional ‘hard’ factors were often influential in the choice of location, specifically the proximity of the market for their products. In turn, in extensive corporate structures with a large number of divisions outside of the company headquarters, a market-oriented location was not that crucial. At the same time, managers of the small firms often indicated the influence of numerous 'soft' location factors (Table 4.1).

An appropriate local policy has a crucial role in the creation of favourable conditions for the functioning of a company. Although the managers interviewed did not expect any help on the part of the authorities, they made several suggestions as to how policy could be improved in the city region (Table 4.1).

The comments of managers of the selected creative knowledge firms, especially in the assessment of the current situation of the sector in the PMR and the development policy, were supplemented with interviews with experts representing PMR development institutions. Their remarks concerned the main problems related to the region's potential for economic development. In the light of those comments it can be stated that, although it is possible to build a creative knowledge profile of the PMR, the activities supporting the main pillars of the process seem to be insufficient. There are two problem areas which influence, and will keep influencing, the socio-economic development of the region on a continuously larger scale. The first is the lack of instruments for the proper transfer of knowledge to the economy despite a large scientific and research potential. The other is the lack of appropriate cultural development and a policy of its promotion in the PMR.

Table 4.1 - Main characteristics of the examined sector

Aspect	Activities		
	Business and management consultancy	Motion picture, video, radio and television	Software and electronic publishing
Character of creativity	Adaptive creativity: knowledge employed to seek niches in which to operate.	Creativity linked mainly to art and culture.	Creativity linked to computer software and computer systems.
Path dependence	Newly emerged market after 1989, not many firms, dynamic development of sub-sector dependent on market evolution and country's economic transition.	Embedded in earlier networks. Emerged from former public sector companies. Dominant role of public television.	Newly emerged development path seeking to boost competitiveness of Polish companies in 1990s.
Ownership form	Privately owned, established by present owners.	Public-sector companies (public television) and privately-owned firms, some of them emerged as a result of organisational changes in public television.	Privately owned, established by present owners.
Labour	Low mobility, demand for highly qualified labour. Importance of learning abilities, using knowledge in unconventional way.	Creative potential essential, importance of work flexibility. Experience not necessary as 'fresh' ideas are welcome. For manufacturing firms importance of specialised knowledge.	Highly qualified labour force. Importance of learning and flexibility. Entrepreneurship and working ethos of Poznan region enhances labour quality. Importance of local labour market – graduates and scientific workers, readily available.
Networks	Immaturity of networks, low competition and co-operation because of early stage of market development. Co-existence of firms.	Networks of artists and producers, mostly informal. Artists dispersed throughout the country. Internationalisation of manufacturing firms, but also co-operation with local companies based on informal networks.	Networks of small firms based on local connections. Networks of big firms based on local, national and international links.
Location pattern	Market oriented, location tied to customers' presence, preference of city centre.	Both city centre and region.	For small firms location is market oriented, often tied to customers; preference for central location. Big firms prefer location outside city where costs of living are smaller.
Location factors	City's size and city market, presence of dynamic businesses. Labour market and well-educated labour force play important role. Substantial meaning of social relations (family ties) and local origin of owner.	Earlier location of firms. Central location not favourable as cost of living and traffic are troublesome.	Size and quality of local labour market. Cost of operation lower than in other cities (especially Warsaw). Favourable geographical location (halfway between Berlin and Warsaw). Importance of social relations (family ties) and local origin of owner.
Policies	Critical assessment of urban policy (especially development aspects and spatial planning). Lack of policy towards creative knowledge sector. No expectation of public support.	Lack of policy supporting creative knowledge sector. Need for city's promotion through culture. Need for city's support for creative firms by provision of affordable spaces.	Low efficiency of public administration. No expectation of public support.

Florida (2002) indicates that talent plays a crucial role in building the creative knowledge sector in the city. It is a feature which is assigned to individuals who have substantial resources of knowledge. From the perspective of the location of resources, its practical use or its transfer to the economy is important. Although the PMR has a large scientific and research potential manifesting itself in a number of institutions and scientists, the economic effects and knowledge-spillover are restricted. Several kinds of projects and programmes (such as Regional Innovation Strategy for Wielkopolska) are designed to help this. However, they still function in the form of records and documents rather than real activities.

> *"However, I think that Poznan is, as indicated by statistics, the third academic and scientific centre in the country. (...) I think that the potential (of the research and development sector) is huge. However, it is completely not used, or at least is not used a lot, in the context of the economic innovation level. As we know, according to statistics, the innovation level is below the national average and the concentration of the research and development sector is above the national average. (…) Therefore, because we have this large potential, which is undisputable, and because we have a low innovation level in general, which is also undisputable according to statistics, the main task of the research and development sector is the transfer of its achievements to the economy." (ACRE_16_key)*

There are possibilities in the PMR to build an ICT cluster and the beginning of its creation can already be seen. However, lack of appropriate policies in the form of incentives and coordinated activities is the main reason for a restricted number of investors representing the industry and, therefore, their restricted growth. In the light of the growing competition from other metropolitan regions in Poland, the adoption of measures to attract information technology companies would facilitate the creation of a highly specialised region. In this way it would be possible to obtain a higher level of regional competitive advantage.

> *"Information and communication technology and an ICT cluster are acclaimed number one, but for now these are only slogans and there are not enough activities. In order to change something, to create the atmosphere for the companies in this area a system of incentives, information and service has to be created. A sequence of activities is necessary. Personally, I cannot see any such sequence." (ACRE_16_key)*

Culture has a crucial role in raising the quality of life in the city. It requires a large group of institutions whose functioning and rich offer of events creates a so-called 'creative milieu'. This environment is thought to be especially important for people in the creative knowledge sector. However, in the light of the research undertaken, it can be concluded that although Poznan has a rich and long tradition and a cultural potential as seen by a large group of people actively working in the sector, it seems unable to create conditions for its development and promotion. There is no vision of further cultural development and support. The creation of culture in the city takes place mainly thanks to grass-roots activities of people who are able to struggle with their ideas through the administrative and legal spheres of the city.

> *"I think I could say that culture in Poznan is deteriorating. There are many people in this city who have ideas and who want to put these ideas into action. These people drive the cultural life in Poznan. It is often a grass-roots initiative of associations or groups of people focused around one issue. The Malta Festival is a good example of such an*

> *initiative. I think that the city authorities do not create any cultural activities and, what is more, they do not create the atmosphere which would help people engaged in culture. It is often said that people related to culture run away from Poznan, they complain that it is hard for them. Ewa Wycichowska, who has been waiting for years for a building for her dance theatre with which she travels around the world, is a good example." (ACRE_14_key)*

The Poznan metropolitan region has got a years-long tradition of entrepreneurship and an atmosphere favourable to launching all kinds of economic initiatives. This does not mean, however, that the city's profile can only be limited to the entrepreneurial spirit prevalent in it. Over the last fifteen years there have appeared several important cultural initiatives of international significance. They give rise to new ideas and provide a meeting forum for various artistic circles that are a source of creativity. The city authorities should have the skill to use this type of cultural initiatives and provide conditions favourable to the appearance of new ones. And in this way they can build up a clear image of Poznan as a city open to culture and art, and thus encourage creative persons to come and live in the PMR.

5 CONCLUSIONS

The most important results of the survey in relation to the particular sub-sectors can be briefly summarised in the following way:

1. Business and management consultancy

- The most important factor of location of the consulting firms in the Poznan metropolitan region is the market and the presence on it of dynamic economic entities seeking advisory services.
- An equally important factor is the labour market. The firms emphasise its local specificity - a substantial number of highly qualified workers. Also favourable are the city's business image and the working ethos characteristic of the region which gives people a serious approach to business.
- 'Soft' factors are practically of very little importance; still, the firms express a growing demand for culture, both in the form of artistic events and the space in which this type of events could be held.
- The scope of activity of the firms is wide and covers consultancy in almost all fields. Small firms seek market niches and adjust flexibly to the specialised needs of the market. This skill can be termed adaptive creativity.
- The consulting market in Poznan, as in the whole of Poland, is fairly young, it has only developed after 1989. Hence the firms are few in number and their scope for action is wider.
- The relatively small market makes co-operation networks poorly developed yet. Both competition and co-operation are at a low level. There only appear minor forms of co-operation consisting in an exchange of basic information and tolerating each other's existence. Practically, the firms act on their own.
- Of crucial importance for the development of consulting firms in the PMR is the economic and institutional context, both at the level of the country and region. The growth of the sub-sector and its firms largely depends on the development of the market and advances in the systemic transformation that generate new impulses for the firms to expand their scope of activity.
- The consulting firms list several institutional limitations to the development of the creative sector. In particular, they include: absent or inadequate rules, inflexible organisational structures (especially in the public sector, to which most of cultural activity belongs), variable and inconsistent policy of the city, and no recognition of the role of the creative sector in the city.
- The consulting firms are critical of the city's development policy and spatial policy. They often emphasise lack of measures on the part of the city to boost the creative sector. What characterises them is local self-criticism, i.e. a rather reserved approach to measures taken for the development of the city, and to their effects. Often comparisons

are made between Poznan and its chief rival, Wroclaw - a city of a similar size located 200 km to the south.

2. Motion picture, video, radio and television

- A big role is played by the previous activity and development of this branch in the city (path dependence), in particular such elements as the city's artistic tradition and years-long presence of Polish Television (TVP) have facilitated the establishment of firms of this sector there.
- Significant in the operation of firms of this sector are networks, especially informal, among artists.
- Manufacturing firms make attempts at internationalisation while co-operating with the local businesses.
- Firms tend to locate both, in the city centre and outside the city. There are no distinct locational tendencies.
- The market of highly skilled workers is very important. There is a shortage of suitably trained people because artistic schools are not geared to market needs.
- A characteristic feature of the sector is highly flexible work, i.e. employment on task-work contracts or participation in many projects. What is sought in the workers is big creative potential rather than experience.
- There is no policy supporting the creative sector. The firms think the city should be promoted via culture and expect the city to back them.

3. Software and electronic publishing

- In large software and electronic publishing firms, increasing emphasis is placed on technical expertise but also on management and economic issues. Consequently, apart from engineering graduates, the software and electronic publishing firms also employ graduates of the humanities and economics.
- Between 2000 and 2001, a great number of small software and electronic publishing firms went bankrupt as a result of economic slowdown. Large and innovative enterprises took their place, and they have since played a major role in the transfer of knowledge from abroad.
- Between 2001 and 2007, subsidiaries of large software and electronic publishing enterprises were set up, their task being to provide services for smaller, so-called family businesses.
- Small software and electronic publishing firms have their networks of contacts mainly in the PMR while large software and electronic publishing firms have theirs outside the PMR in Poland and abroad.
- Large PMR-based software and electronic publishing firms are renowned among their international partners for their innovativeness and reliability in providing manufacturing execution systems.
- Unlike small companies, large enterprises tend to attach less importance to the location of their business.

- 'Soft' factors (like proximity to green areas, restaurants or services) are very important to most managers of software and electronic publishing firms in their decision to locate business activity.
- In their marketing activities, large companies draw on the Poznan tradition of entrepreneurship and resourcefulness.
- The chief reservations of the entrepreneurs concerned the national and local policies, including excessive fiscal obligations imposed by the Social Insurance Institution, faulty spatial planning decisions (e.g. a military airport located on municipal grounds), incompetence of government officials, and too many shifts in governmental positions.

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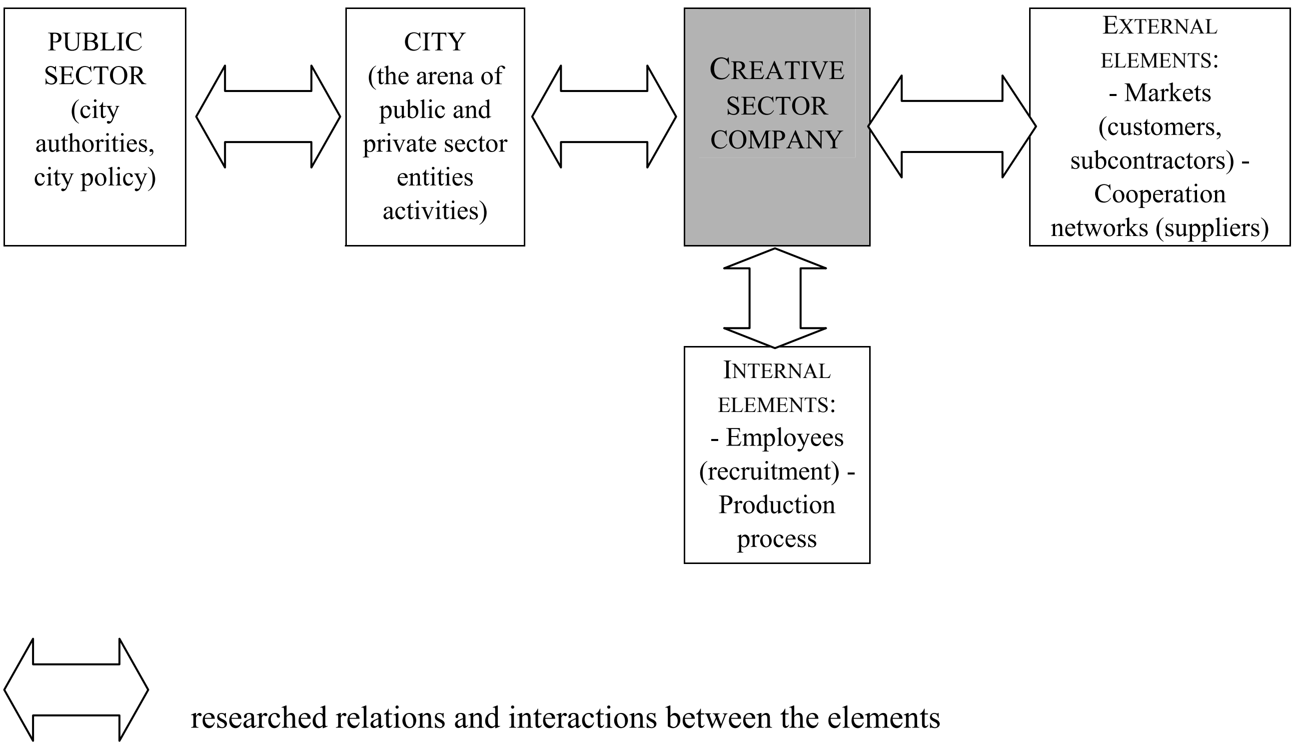
7 APPENDIX

INTERVIEW STRUCTURE (COMPANIES)

Before you begin, the key WP 6 questions to remember:

- What caused managers of the selected creative and knowledge intensive industries to decide about the location in a given place of the researched region?
- What was the relative weight of location factors which influenced this decision-making process ('classic' factors such as the existence of appropriate specialised workforce, availability, tax incentives, as well as 'soft' factors such as the quality of space, the city's and region's atmosphere, high-quality residential space, etc.)?
- What role did the city/regional authorities play: did their particular strategies designed to stimulate or generate creative activity clusters and/or knowledge intensive clusters influence the decision about the firm's location?



1. Short presentation of the interviewer and ACRE (2 minutes)

2. Warm-up questions to start the interview

- Short description of the interviewee's career (if the person is the founder)
- Position /description of everyday work and responsibilities in the firm
- What is your position in the firm?
- How long have you worked in this firm and how long have you worked in the present position?
- How many people do you supervise?

3. Origin of the firm and its activity

- The firm's history (When was it created? how was it created? how did it develop? who was the founder? who hit upon the idea to start the activity?)
- Firm type - beginning, buyout, etc.

4. Activity

- Basic and secondary activity (What does the firm produce? What services does the firm provide?)
- Could you explain this to me? (proceed to the various problem areas listed in the instruction: see below)

5. Possible opening questions:

- Do you think there is something that makes your firm different from other companies (product or process innovations implemented, working atmosphere, type of activity,...)?

Or: begin with any other problem area if you think it is more appropriate for the local specificity

Remember to include the following issues in the interviews:

6. Business models and markets

- How many and what type of customers does the firm have (Who are the firm's customers?)
- Where are located:
    - the firm's customers? (customers' approximate location: downtown, region, country, abroad)
    - the firm's subcontractors /suppliers? (subcontractors' approximate location: downtown, region, country, abroad)
- What economic sectors are represented by:
    - the firm's customers?
    - the firm's subcontractors /suppliers?
- - Orientation towards the local /national /international market (scale of activity)

7. Networks

- What is the nature of co-operation with other companies: formal or informal?
- What role do informal relationships play in the firm (in terms of competitiveness, innovation)?
  - What informal networks operate in the city or region?
  - What type of knowledge /information is shared during informal meetings?
- Who does the firm co-operate with?
  - same sector / another sector companies
  - universities /research institutes
  - members of economic organisations
  - administration / public authorities

8. Co-operation with other companies in the Poznan metropolitan region

- Describe the dominating nature of relationships with other companies in the region:
  - co-operation / competition
- What type of actors does the firm co-operate with?
  - universities /research institutes
  - economic organisations
  - administration / public authorities
- What type of actors does the firm compete with?
  - universities /research institutes
  - economic organisations
  - administration / public authorities
- Type of co-operation:
  - long-term contract (period)
  - commission contract (average number of commission contracts)
  - other (what type?)
- Quality of the relationships (satisfaction level)
- How was the co-operation established:
  - during formal meetings?
  - during informal meetings?
- Is the city atmosphere conductive to this type of contacts?

9. Work process and recruitment of employees

- How does the firm organise its production process? Or: How does the firm organise its activity?
- How is the work process organised in the firm?
- What type of people (with what qualifications /knowledge) does the firm employ?
- The role of 'freelancers' /people employed on the basis of permanent contracts /subcontractors
- How does the firm recruit its employees?
- Where does it recruit employees?
  - regionally /nationally / internationally
  - universities / fairs
  - problems
- - Does the firm employ foreigners? What role do they play?