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Is There a Way for Old Industrial Districts to Become Attractive for Cultural Industry? The Case of Media Businesses in Halle (Saale), Germany

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Abstract:

Policy makers from many regions where old industrial structures in the field of manufacturing have collapsed are trying to stimulate entrepreneurial activities of businesses in the cultural industry. The question is whether this strategy could be successful. This article examines the strategy of supporting the sector of Media Industry (´MI´) by policy makers in the region of Halle in East Germany, where a strong de-industrialization has taken place after the German reunification. Stimulated by the policy makers' support measures, there actually was a remarkable development of MI. However, the number of MI firms and their employees did not further increase in recent years, after having reached a certain level. This illustrates the limits of political measures for turning a city's path of industrial development voluntarily.

Key words: Media industry; Cultural industry; Business development, Urban development; Location factors

JEL-classification: L82; R38, R58

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Kurzfassung

In zahlreichen Regionen und Städten setzen die Politiker nach dem Niedergang der alten und traditionellen Industrie auf eine gezielte Förderung der Kulturwirtschaft. Es ist allerdings unklar, inwieweit eine solche Strategie erfolgversprechend sein kann. Der Artikel untersucht die Förderung der Medienwirtschaft in der Stadt Halle (Saale), in der nach der deutschen Wiedervereinigung eine starke De-Industrialisierung stattgefunden hat. Infolge politischer Fördermaßnahmen konnte zunächst eine durchaus beachtliche Entwicklung der Medienwirtschaft in Halle erreicht werden. In den letzten Jahren stagnierte allerdings die Zahl der Firmen sowie die der Beschäftigten in der Branche. Die Fallstudie illustriert die Schwierigkeiten, die bei derartigen Versuchen auftreten, mit Hilfe politischer Maßnahmen einen neuen wirtschaftlichen Entwicklungspfad zu erreichen.

Schlagworte: Medienwirtschaft, Kulturwirtschaft, Wirtschaftsförderung, Stadtentwicklung, Standortfaktoren

JEL-classification: L82; R38, R58

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1 Introduction

In many European cities and regions, international division of labour and interregional competition have resulted in a collapse of old industries in the field of manufacturing. One quite popular strategy of public authorities to react is to support the development of firms from the field of cultural industry, especially from Media Industry (MI) (Backlund and Sandberg 2002). Major reasons for this are the difficulties of many regions to attract firms from modern manufacturing industries, which are not very mobile in space. But as cultural industries are dominated by creative and knowledge-intensive businesses, the location decisions of firms from these industries are quite different from those of the old industries (Scott 2000a). Firms from the field of cultural industries have a preference for agglomerated urban areas and for locations, which are already hot spots of the cultural business. Nevertheless, policymakers in regions and cities with development problems, which had been the domain of old manufacturing industries, are trying to stimulating entrepreneurial activities in the field of MI. They aim at initiating a sustainable regional or urban path of development in this field of industry. The question is whether it is really possible to influence the economic development of a city in this direction, even if the overall conditions are not in favour of the city in question.

This paper reports on a study of the region of *Halle an der Saale* which is located in the state of Saxony-Anhalt (East Germany), where the strategy of policymakers has recently been the attempt to support firms from MI. This local attempt to overcome present economic development problems is of general interest for spatial planning for two reasons: Firstly, most studies on the regional context of cultural industry are focussing on those cities which have been successful in becoming centres of cultural industry. Our case study aims at providing insights into the difficulties and problems which may occur when policymakers are trying to support the local development of MI. The city of Halle had never been, so far, a location of MI. To initiate the development in this sector in Halle, a wide range of policy measures was applied. The description of the impact and the shortcomings of the instruments provides insights for future initiatives to develop a local MI. Secondly, Halle is a prototype of de-industrialized cities in general (Rosenfeld et al. 2001). After the German reunification both the machine engineering industry and the mining industry in the region of Halle have collapsed. This economic decline since 1990 was accompanied by one of the highest rates of unemployment within Germany, a wave of migration to other regions, and severe environmental problems (as one outcome of the old industries).

The following Section 2 examines the geography and those location factors, which are relevant for the cultural industry in general and especially for the MI. Section 3 describes the methods and the data which were used for the case study. The results of the case study are presented in Section 4, describing the start of MI in Halle at the end of the nineties, the policy measures for supporting MI and the resulting development of MI in Halle. The strategy of the local decision makers is evaluated, in order to find out whether the implementation of political instruments was able to compensate for shortages in the crucial location factors. In the concluding section 5, the more general implications of our findings will be discussed.

2 The Geography of Media Industry

This section describes the general location pattern of the MI and therefore provides a framework for the empirical sections of this paper. First of all, the impact of the MI on the regional development is briefly discussed. In Section 2.2 we will describe the location factors of the sector.

2.1 MI and Regional Development

Without doubt, the MI is regarded by local decision makers as a desirable economic activity (Backlund and Sandberg 2002). In general, because consumers tend to have more money and time to spend for leisure activities, we could expect an increasing demand for products of the MI in future (Cole 2008). The MI and overall the cultural economy receives attention from local authorities because of further reasons. The cultural sector influences the urban and regional economic growth through two transmission channels: firstly stimulations of the (cultural) tourism industry and secondly an improved location quality, which may attract mobile firms or skilled and creative people, leading to an increase of qualified workforce (Bille and Schulze 2006). The second aspect is directed to the improvement of the local living conditions and is in line with the idea of the ‘creative class’, which regards a climate of creativity as the origin of regional economic success (Florida 2002, 2005). However, this conception of the ‘creative class’ meets with criticism for several reasons, for example both the causality of the argumentation and the empirical evidence of this concept are questioned (Peck 2005; Montgomery 2005). In particular, several studies show that culture and arts are not the crucial factors for the location choice of firms as well as of private households (see Friedrichs 1995; Bille and Schulze 2006).

In addition, in contrast to theatres or museums activities of the MI like film- and TV-production are of minor importance for regional touristic attractiveness (Bille and/ Schulze 2006). Despite these objections, strategies of developing the local MI (as a substitute for more traditional industries) are quite common in many cities or regions. A lot of German cities have tried to encourage the development of the regional media industry for fostering the structural transformation of the economy (Schönert and Willms 2001). The general question is whether this strategy could be successful. So far, existing studies have pointed out that the possibilities of a public-made development of a media city are strictly limited (Cornford and Robins 1992).

2.2 MI and Agglomeration Economies

Regarding the location decision of the cultural industry as a whole, there is a general agreement that the sector has a strong attraction to (a) regions with a high concentration of firms from the same field of industry ('sectoral agglomeration'), and (b) urban agglomeration areas (see e.g. Scott 2000a; Nachum and Keeble 2002; Power 2003; Cole 2008). Hence, there is evidence for both types of agglomeration forces, localisation economies, which result from spatial proximity of actors from the same sectors, and urbanisation economies, externalities as an outcome of the concentration of actors from different sectors (Isard 1956). These forces will be described in the following subsections.

2.2.1 Localisation Economies

Firms from the cultural industry are often located in spatial proximity to each other. Some producers of cultural goods even tend to agglomerate together in specialised districts within urban areas (Scott 2000b). With only few exceptions, like the production of comic books or the animation film industry (Norcliffe and Rendace 2003; Cole 2008), the spatial distribution of the MI indicates that localisation externalities as described by Marshall (1890) are of particular importance for this sector. First of all, the extent of a pooled local labour market is probably the most important factor. As studies have shown for different fields of the media industry, the labour situation in the sector shows some specific features. The labour market is characterised by a high share of freelancing (Baines 1999), flexible working times (Perrons 2003), and a fluctuating demand for specific qualifications (Scott 2000a). Thus, relevant features of the MI are quite unstable jobs, frequent job search and recruitment activities (Scott, 2000a) and a strong influence of contacts to ex-colleagues, friends and family, which provide information on job opportunities (Blair 2001). The localisation in an agglomeration of media firms leads to a significant risk reduction for workers (risk of unemployment) and employers (risk of labour shortage) (see Scott 2000a; more general: Krugman 1991 Moreover, the firms' demand for human capital could lead to specialised schools, universities and training facilities in the city or region where MI firms have clustered.

Further effects of the 'Marshallian atmosphere' result from a existence of various categories of suppliers for MI firms. The high relevance of the availability of specialised inputs arises from the organisation of production in project networks. For illustration it is often referred to the Hollywood film industry since the 1950s. The general tendency of vertical disintegration in businesses, leading to a system of flexible specialisation, where production is organised in temporary networks of highly specialised firms, took place in the field of film industry earlier than in other branches (Christopherson and Storper 1986; Storper 1989; Aksoy and Robins 1992; DeFillippi and Arthur 1998; Scott 2002). Hence, because of the availability of specialised inputs, localisation in Los Angeles is leading to significant advantages for film-production-firms. These processes are not restricted to the film industry; they are valid for most parts of the cultural industry (Scott 2000a). The organisation of temporary networks is applied to realise non-routine tasks which require the temporary employment of specialised skills (DeFillippi and Arthur 1998).

In addition, firms within a sectoral agglomeration benefit from frequent face-to-face contacts and numerous transactions, which occur in a disintegrated production system (see Storper and Venables 2004; or Scott 1999 and Pratt 2000 with a focus on the cultural and media industries). Thus there are many opportunities for learning and for gathering important information. Moreover, the rivalry between firms which are located near to each other leads to the necessity to comparing and advance activities (Porter 1990; Grabher 2001).

2.2.2 Urbanisation Economies

Apart from the location economies, the activities of MI are also positively affected by urbanisation economies. For example, the MI in Germany is spatially highly concentrated in urban areas, in particular in the most populous cities: Hamburg, Berlin, Munich, Cologne and Frankfurt a. M. (Schönert and Willms 2001; Matuschewski 2006). Probably, there are strong interrelations between the MI and other fields of the cultural industry. For example, in a city with a large culture and entertainment sector, the MI benefits from a high concentration of specialised workers in fields like story writing, visual dramatisation, music composition and scenario production. Furthermore, if there are many firms in these fields, they could act as subcontractors for MI-firms (Searle and de Valence 2005). In addition, a large cultural sector has the advantage for the employees of the MI of a high number of potential employers. Another aspect is that the employees of the media sector themselves prefer living and working close to cultural amenities. The media firms are reacting by choosing their location in areas with a wide range of cultural events (Searle and de Valence 2005). Altogether, the local cultural economy generates a variety of benefits for the development of MI.

Similar effects as from the cultural economy can be expected from the advertising sector. Because of overlapping required skills in the advertising sector and the MI, many persons may be employed both by advertising agencies and by media firms. For example, in the field of electronic advertising via internet there is a high degree of overlapping between advertising agencies and multimedia producers (Sträter 1999). Moreover, there are relevant input-output linkages between both sectors. The advertising agencies need services like film- and video-production, and firms from the MI have demand for advertising services.

A high number of headquarters and marketing divisions of firms from all kinds of industry in a region may result in a high demand for production of promotion and advertising videos. Another relevant location factor for MI is the level of news-generation within a city, in the sense of providing content for the media. Regular and outstanding events or institutions with high interest will attract broadcast correspondents. Especially political centres generate a high level of news-production. Therefore, the capital cities are often also the leading media cities of a country (Krätke 2003). Other news-generating events may have their roots in the fields of entertainment, sports, culture, science or economy.

With regard to MI-firms with a high share of final products like radio and TV stations, the number of private households within a region may have an impact on the location decision. For producers of intermediate goods this location factor is only slightly relevant. In Germany for example, the state North Rhine-Westphalia had a good position in the competition for private broadcast companies, because of its high number of inhabitants and TV- and radio-receivers (Hilbert et al. 1999).

The foregoing discussion has shown that both a ´Marshallian atmosphere´, especially a supply of specialised human capital, and an urban surrounding, in particular the presence of cultural industry, the existence of an advertising sector, a high level of news-generation, and a high number of private households within a city or region are the crucial location factors of the MI. Besides, also the general location factors like transportation costs or the image of a location are also relevant for the MI.

3 Methods and Data

In the following part of this article (Section 4), the development of the MI in Halle and the local and regional policy measures for supporting the MI will be assessed. Due to the case study nature of the research question, the study is mainly based on qualitative data. Hence we were able to get insights into the complex phenomenon of the local development policy (for the advantages of case study research in general see Voss et al. 2000; Eisenhardt and Graebner 2008).

The qualitative data were generated from 40 in-depth interviews with representatives from MI-firms from Halle and from neighbouring cities, local universities and training institutions, and public authorities. The interviews were based on a structured interview-guide, which was adjusted to the different groups of interviewees. No pre-formulated answers were given in the interviews in order to uncover deep nuances of responses (see Woodside and Wilson 2003). The interview guide is provided in the appendix to this paper. The duration of each interview was about 90 minutes.

Table 1:
The statistical definition of MI

Included groups (Nace)	Description
221	Books, newspapers, and other printed matter and recorded media
223	Reproduction of recorded media
722	Software consultancy and supply
921	Motion pictures and video activities
922	Radio and television activities
924	News agency services

Source: Authors' description.

To determine the development of the total employment in the MI of Halle, we did also refer to quantitative data. These data were mainly taken from the German National Employment Statistic, which is structured according to the German classification of economic activities and contains the number of employees at the Nuts-3 level (see Fritsch and Brixy 2004 for a description). Another disadvantage of this data source is that only employees are considered. Freelancers and self-employed persons are not included. Another problem is that there exists no generally accepted definition of the MI. Especially for multimedia products, statistical measurement is difficult, as there is no clear division between producers of content and providers of hard- and software or communication services in the statistical classification of economic activities (Legler 2000). Because of the high share of programming in the field of multimedia products, within the German classification of economic activities, multimedia firms are regarded as a part of the computer industry (Seufert and Neckermann 1999). This means that studies which refer to empirical data have inevitably to include non-relevant businesses. To take producers of multimedia products into account, for this paper we had to include software consultancy and supply services. Table 1 presents all sectors which are included in our statistical definition of the MI.

4 The Creation of Halle as a 'Media City'

In this section, firstly, the initial position of Halle in the late nineties is described. With respect to the theoretical considerations in Section 2, the endowment of Halle with the crucial location factors is discussed (Section 4.1). Secondly, Section 4.2 shows how policymakers have tried to transform Halle into a 'Media City' and the development of the local MI since the late nineties. Afterwards, we will discuss the impacts and shortcomings of the various policies measures (Section 4.3). Finally, Section 4.4 summarises.

4.1 Halle's Initial Economic Position and Potentials

Halle is a medium-sized city in East Germany (the former GDR). Until the German reunification the region of Halle was a domain of old traditional industries. The leading industrial sectors were machine engineering industry, chemical industry and mining. Halle was the district with the highest gross production within the GDR (Kröhnert et al. 2005). Since the 1990s, the region was confronted with a far-reaching structural transformation and a collapse of the established structures of the centrally planned economy. The dimension of the structural change is comparable to that in the Ruhr area, although the development in Halle was much more abrupt (Kröhnert et al. 2005). A consequence of the development was an unemployment rate which is still significantly above the German average. Because of suburbanisation and inter-regional migration the population of Halle declined from more than 300,000 inhabitants in 1990 to approximately 240,000 today. Halle is located close (at about 35 kilometres of distance) to the city of Leipzig, which has about twice as much inhabitants as Halle.

At the end of the 1990s there were only small potentials for MI-relevant localisation economies in Halle. Neither the city, nor the state of Saxony-Anhalt where Halle is located, are traditional locations for the media industry. The radio, television and film industry of the GDR was concentrated in Berlin-Potsdam (Bathelt, 2005). Altogether, less than 10% of the currently existing media firms in Halle were established before 1990 (Wiener and Lukanow, 2005). The only exception was the print media, where at least some firms existed in Halle. The local paper (`Freiheit`, later `Mitteldeutsche Zeitung`) reached a circulation of half a million copies in the 1980s and kept its dominant regional position even after the German reunification. However, this is due to the fragmentation of the daily newspaper market in Germany into regional monopolies. A middle-size publishing house, which is also located in Halle, has a strong regional focus, too. Thus, – in the framework of the export base theory – the print media in the city were primarily oriented at producing non-basic goods. In addition, although Halle has two universities (`Martin-Luther-University´, `University of Art and Design Burg

Giebichenstein`) with a long and outstanding tradition, the range of courses was only slightly related to the MI.

With regard to the potentials for urbanisation economies, it is to consider that Halle is a city which has a long tradition as a cultural city. The cultural industry is offering a wide range of activities. Several theatres, an opera, a variety theatre, several museums with supraregional importance and considerable cultural events, like the annual `Handel music festival´ (in honour of George Frederic Handel, who was born in Halle), are located in Halle (Rosenfeld et al. 2008). Compared to cities of a similar size, Halle's cultural sector is above-average. However, there are only few further sources for urbanisation economies. A serious disadvantage is the small number and size of advertising firms. This sector in Halle has only less than half the size as in the German average. With the comparatively small number of 85 advertising agencies (Wiener and Lukanow, 2005) and 200 employees the city faces disadvantages, as compared to the leading media cities. The advertising industry in Berlin, for example, is employing more than 15,000 persons.

With a population of about 2.5 million in the state of Saxony-Anhalt, the number of private households is much smaller than in the leading German media regions. Thus, Halle is less attractive for those media firms which profit from the proximity to a large number of consumers. Looking at the demand of private firms, one has to take into account that due to the structural transformation after the reunification, there are only a few headquarters of firms from the field of industry in the Halle region today. Thus, the regional demand for promotion and advertising videos is quite limited (Bathelt 2005). Moreover, Halle is neither a political centre nor a location of institutions or events of high interest, which could attract correspondents. Summing up, at the end of the 1990s, there was a shortage of crucial factors in Halle for becoming a centre of MI.

4.2 The Rise of MI in Halle

Although the initial state was not very promising, the idea of a ´Media City´ Halle emerged at the end of the 1990s. With various instruments both the state and the local government tried to initiate the growth of MI in Halle. Following the implementation of these instruments, there was a considerable development in the sector at the end of the 1990s and in the beginning of the new century. There was a significant rise in the number of start ups in the media sector (13 start ups annually on average in the period 1990-1998; 31 start ups annually in the period 1999-2004, see Wiener and Lukanow 2005). More than 50% of the existing media firms were set up after the year 1999. According to our definition of the MI, in 2003 in Halle about 1900 persons were employed in this sector. This accounts for 2% of the local labour force and correspondents with the German average of the MIs proportion on total employment. Compared to the leading German media centres, the MI in Halle remains minor.

Furthermore, in the years after 2003 a slight decline began, leading to an overall employment of 1,536 persons in 2007 (see Table 2). About 84% of the media companies in Halle generate turnovers of only below one million euro (Wiener / Lukanow, 2005). In 2005, about 70 companies of the MI were located in Halle, three out of four of these firms employed less than 10 persons; only 13 companies had more than 20 employees.

Table 2:
Employees of MI in Halle 2007

Economic activity	Number of employees
Books, newspapers, and other printed matter and recorded media	743
Reproduction of recorded media, Software consultancy and supply	372
Motion pictures and video activities, Radio and television activities, News agency services	493*
Total	1,536

* Including the employees of the sound broadcasting headquarter in Halle, which are not included in the official statistics of the 'Bundesagentur für Arbeit'.

Source: Authors' description.

What were the reasons for this stagnation? The policy measures – as explained in the following section – were not able to act as a long-lasting compensation for shortages in the crucial location factors. In addition, the weakness of all parts of the MI which followed to the collapse of the dotcom bubble in 2000 had also deteriorated the chances to develop new locations in the field of MI (Bayliss 2007).

4.3 Impacts of Policy Measures Supporting MI

In fact, the combination of various policy measures was able to create a remarkable number of firms and employees in the MI in Halle. But there were also specific shortcomings of each instrument, which will be discussed in the following.

Direct subsidies

One policy instrument applied were subsidies to the local MI. Public subsidies are in Halle – as all over East Germany – paid to almost all firms for their investments into fixed assets. Additionally, in Germany, subsidies for film production are quite widespread. The states Saxony-Anhalt, Saxony and Thuringia have established a joint support agency for MI in 1998, the \`Mitteldeutsche Medienförderung´ (MDM). The total spending of the MDM is limited at about 12.5 million euros annually.

These subsidies have attracted MI-firms from other regions to Halle, particularly from Berlin and Leipzig. As the interviews have revealed, these firms are taking advantage from the low level of competition on subsidies, resulting from the small number of media companies in Saxony-Anhalt. For example, because the MDM is one of the few agencies in Germany that also supports multimedia projects, some multimedia and games businesses have settled down in Halle. Several of these new firms have specialised in post-production for motion pictures and TV-broadcast, which became a main focus of the local MI. For example, a start up firm for developing a complete new sound-system-technology had settled down in Halle. However, many of these firms have often only established plants, while their headquarters remain elsewhere. In many cases the interviewees have stated, that the reason for establishing their plant in Halle was to get access to the local subsidies. But with the rising number of firms in Halle, the competition on subsidies has increased. Thus, the incentive to locate in Halle decreases. And as the majority of firms are just plants, they supporting the creation of localisation externalities only to a small extent.

Public broadcast

The most important measure in Halle was the establishment of the sound broadcasting division of the ‘Mitteldeutscher Rundfunk’ (`MDR´), the public broadcasting organisation of the states Saxony, Saxony-Anhalt and Thuringia in 1998, which was located in Leipzig before. The relocation was due to political motives, as the government of Saxony-Anhalt regarded the MDR as a flag ship for the development of the MI in Halle. A further reason mentioned in the interviews was the claim of the state Saxony-Anhalt to participate in the expenditures of the public broadcast, which is financed by fees from the private households in Saxony-Anhalt, Saxony and Thuringia. Since then, five regional radio stations have located in the sound broadcasting headquarter of the MDR in Halle, which has about 250 employees and numerous freelancers.

The establishment of the sound broadcasting division of the MDR was a crucial factor for the development of the MI in Halle. Public broadcasting is a part of the MI, but also plays a role as a location factor for the MI. The location of broadcasting companies provides attractive conditions for other media companies. Therefore, the German system of public broadcast has a high influence on the geography of the MI. After the admission of private broadcast in the late eighties, the new private television stations have often been established at the same locations like the existing public broadcast stations. The media firms are seeking agglomeration advantages, especially skilled labour and the existence of TV-related local suppliers (Hanke 1996). With a budget of about 8 billion euro annually (Institut für Medienpolitik 2007) the German public broadcast is also a relevant purchaser of media products. However, because of a high share of in-house-productions the value of production contracts of the sound broadcasting division in Halle has remained limited (Rosenfeld et al. 2008). The interviews have led to the result that a significant higher importance was reached by the television division of the MDR, which is located in nearby Leipzig. Also MI-firms in Halle are profiting from the expansion of local TV-activities of the MDR in Leipzig, because of a regionally-orientated policy of the MDR. This kind of policy leads to an increasing share of production contracts with local suppliers, stimulating the development of the regional media industry (Bathelt 2005). The MDR has tried to establish a local supply and support sector for his TV-activities (Bathelt 2005). However, since the MDR today already receives the majority of his inputs from local suppliers, no further impacts in future can be expected.

Supply with human capital

Various media related research and education facilities were established in Halle during the 1990s. The Halle University (`Martin-Luther-University´) introduced a Master in media and communication science and a Master in online-journalism, with together around 60 graduates annually. In a suburb of Halle, the town of Merseburg, about 90 graduates acquire annually a degree in media and culture at the Merseburg University of Applied Sciences. A media school was founded in Halle, providing vocational training in media technology with 125 graduates per year. The University of Art and Design `Burg Giebichenstein´ in Halle has introduced the field of study `multimedia and virtual reality´. Besides these public institutions, local private companies and organisations have become involved in media education. The 'International Academy of Media and Arts e.V.' is a public-private partnership that organises training for animation-films producers and media executives. An association for media and arts, the `Werkleitz Gesellschaft´, is giving support and technical advice to young media and cinematic artists. The 'Open channel' of the city organises courses on modern media, with more than 2,000 participants annually (Rosenfeld et al. 2008).

The media education facilities in Halle have reached a substantial size. Nevertheless, the established media cities offer much more training and education opportunities. For example, in Munich, there are thirty schools and further education facilities in the field of media (Sträter 1999). Education for several media relevant fields like acting, journalism, theatre, music or literature is not present in Halle. However, these subjects are available in nearby Leipzig. Thus, media industry in Halle may take advantage from a wide educational spectrum. But because the number of graduates in the existing fields of education is above the regional demand of labour, many graduates leave Halle in order to find employment in the leading German media centres (Rosenfeld et al. 2008).

Specialised business incubator

In 1998, the idea of a `Mitteldeutsches Multimedia-Zentrum´ (MMZ) was born. The MMZ is a business incubator, which is built with public money and is specialised on firms from MI. In addition to the common features of business incubators, like the provision of flexible rental space at low costs and consulting services of the centre-management, the MMZ is also providing TV-, film and sound studios for his tenants.

The MMZ was opened in 2005 and was quickly occupied by firms which have relocated from other places in the Halle region (Schwartz and Hornych 2008). Several interviewees have stated that although the university with its media-related faculties is the major tenant of the centre, the university-industrial-linkages were not significantly improved by the MMZ. Furthermore, network activities among the tenant firms have only barely developed. Because of the high grade of occupation of the MMZ, the aim to attract nonlocal firms was handicapped. Moreover, because of the entrance of already established firms, the original planned focus on assisting start up firms has become lost (Schwartz and Hornych 2008).

Networks and location marketing

The state of Saxony-Anhalt and the city of Halle are giving organisational and financial support for private network activities. Although one could assume that the greater the city, the more efficient the network activities, some of the interviewed representatives from MI-firms have stated just the opposite opinion: In their view, a medium-sized city like Halle has the great advantage that `everybody knows everybody´ in the relevant firms and administrative units. The contact between firms and the administration is more direct and easier than in larger cities. A serial of local trade meetings was established. Moreover, some nationwide events for the MI sector (*forward2business*, *RadioRevolten*) were arranged in Halle. But according to the interviewees, the impact of this support on networking has only been small, so far. One reason for this was probably that some of the biggest firms (the local newspaper and the radio broadcasting headquarter) are only marginally participating in local network activities.

Various activities in the field of location marketing (besides the events, conferences, symposia as well as brochures were designed) were not able, so far, to establish a brand of the media city Halle, for example a specialisation on a specific niche market. Brands can help to strengthen the attraction of a cluster, develop an identity of the actors of a cluster and support the marketing activities of private firms (Hallencreuz and Lundequist 2003). Referring to this point, the effects of the promotion activities have remained limited. For the interviewees from outside Halle, the strengths of the MI in Halle were widely unknown. However, this outcome is not a Halle specific feature. Although the success of the use of events or festivals to promote the economic development of cities is questionable, this instrument is widely used (Friedrichs 1995).

4.4 Summary

Although the conditions in the city of Halle did not, in the beginning, match with the specific demand of location factors for MI, a package of policy measures was able to stimulate the growth of the sector. However, the development remained highly depending on public support and has stagnated in recent years. The impact of the policy measures has declined over the years: The competition on local subsidies has increased, the volume of production-contracts with the public-broadcast was not further enlarged, the business incubator is fully occupied by already existing firms. Despite all efforts, the local networking activities had only small impacts. The supply with human capital from universities and school was one the hand oversized, but on the other hand it remained also fragmentary.

Indeed, there are also some firms that are not relying on subsidies or on production contracts with the MDR. For example, with `TV-Halle´, also a local TV-station was established. Besides the public broadcast, two commercial radio stations and one public radio association are transmitting from Halle. With eight radio stations all in all Halle actually became a considerable centre of radio broadcast (Rosenfeld et al. 2008). But these firms have only a regional focus (and belong to the non-basic sector). In the consequence, the turnovers of Halle's MI are mainly generated within the region of Halle. About one third of the media firms generate their overall sales even entirely within the region (Wiener and Lukanow, 2005). But, as already stated above, the potential of local customers in the region of Halle is only small.

5 Conclusions

After a remarkably development in the years around the turn of the century, the MI in Halle has began to stagnate. The main explanation for the rise of MI in Halle is probably the impact of policy on the location of public broadcast facilities. If there was no public broadcast in Germany, there would be no public impact on the location of broadcasting headquarters and stations. In Germany, the regulation of the public broadcast belongs to the competencies of the state level of government; therefore each state wants to participate in the positive effects of broadcasting headquarters and stations. This institutional setting leads to a tendency of spatial equalization in the field of public broadcast. Similar patterns are reported for England, where the existence of a regionally based broadcaster is seen as crucial for the successful establish of a media industry (Cornford and Robins, 1992). With regard to this paper's general question whether it is possible for policymakers to stimulate entrepreneurial activities in the cultural industry, one has to admit that in a case like `MI in Halle´, a MI-oriented policy may be successful (in terms of firms which are locating in the city), at least if the location factors in the city (as in Halle) are in general suitable for the industry in question. But as the main impact for the location of MI in Halle results from the special institutional arrangement of public broadcast in Germany, the same strategy will probably not be appropriate for other branches of the cultural industry.

Nevertheless, despite the support by the existence of public broadcast, the policy measures were not able to compensate the shortage of relevant location factors in Halle. Our study has shown the dilemma, which occurs when a city tries to attract firms of the MI but does not already has a strong base in this sector: Since such a strategy will primarily be successful for firms that are independent from their local surrounding, these firms will also have only minor contribution to the generation of agglomeration economies. A number of the firms which decided to locate in Halle are not relying on agglomeration economies. For example, one of only few German animation film studios had settled in the city. However, as Cole (2008) states, the animated film production shows some specific characteristics. Because the producers in Europe are relying on their intimate cultural connection with national and linguistic niche markets and their relationships to national sources of financing' (Cole 2008, p. 4), they show quite a disperse location. A manager of a big media firm in Halle states: `The MI in Halle is not interesting for us at all. Theoretical, we could also be located in Japan.´ Moreover the biggest firms of the MI in Halle were not interested to cooperate with local partners. But, as these firms do not rely on their surrounding environment, their effects on the location (in the sense of generating localisation economies) will remain limited. This is further indicated by the minor outcomes of the existing network activities.

Altogether, the policy measures were not able to imitate the generation of agglomeration economies, which would be necessary for a further development. What other cities might learn from the case study of Halle is that even if a city can attract firms of the cultural industries somewhat easily, there are serious hurdles to stimulate a self-energising development.

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Appendix: Interview guide

Fragen zum Einstieg

Hinweise für die Interviewer: Fragen 1-4 für Unternehmen; 5-6 für Verbände!

1. In welchem Bereich / Tätigkeitsfeld arbeitet Ihre Firma?
2. Welche Produkte stellen Sie hauptsächlich her?
3. Wie ist die Geschäftsentwicklung in den vergangenen 2 Jahren gewesen? Welche Ursachen waren hierfür ausschlaggebend?
4. Ist Ihre Firma selbständig oder Teil / Tochterfirma einer anderen Unternehmung?
5. Welche Aufgaben und Zielsetzungen hat Ihr Verband?
6. Welche Firmen oder Personen werden von Ihnen vertreten?

Ausprägungen der Medienwirtschaft in der Region (spezielle Nischen, Unterschiede zu anderen Regionen)?

1. „Medienbranche" ist ja ein etwas unscharfer Begriff; welche Teilbereiche fallen Ihnen in erster Linie ein, wenn Sie an Halle denken?
2. Sehen Sie hier Unterschiede gegenüber anderen Regionen, welche „Nischen" finden sich in Halle stärker als anderswo? *(ggf. auf die jeweils genannten Bereiche noch weiter eingehen!)*
3. Wir sind dabei, auf der Basis von statistischen Daten einen Vergleich zwischen der Medienbranche in Halle und jener in Bremen durchzuführen. Haben Sie Kenntnisse über die Medienbranche in Bremen?
4. Wie sehen Sie Halle im Vergleich zu Leipzig positioniert?

Zukunftschancen der einzelnen Teilsegmente des Mediensektors?

5. Welche Bereiche der Medienwirtschaft würden Sie als besonders zukunftsträchtig bezeichnen? Weshalb?
6. Wie zukunftsträchtig ist aus Ihrer Sicht die Medienbranchenstruktur in Halle?

Welche Standortfaktoren sind für die Medienwirtschaft (speziell für sie!) wichtig?

7. Welche Standortfaktoren waren / sind für Sie entscheidend, wenn es um den Standort Ihrer Firma geht?

Wie steht es um die Ausprägungen der relevanten Faktoren in der Region? (im Vergleich zu anderen Regionen!)

8. Gab es oder gibt es für Sie Schwierigkeiten, (hier in Halle) geeignete Mitarbeiter zu finden?
9. Von welchen Ausbildungseinrichtungen und aus welchen Städten / Regionen kommen Ihre Mitarbeiter überwiegend?
10. Versprechen Sie sich hinsichtlich der Versorgung mit geeigneten Mitarbeitern Vorteile aus der HALESMA?
11. Gibt es aus Ihrer Sicht hier in Halle heute noch bestimmte Engpässe bei der Infrastruktur, die ihre wirtschaftlichen Aktivitäten behindern? (a) Verkehrsinfrastruktur? (b) Daten- und Telekommunikationsnetzwerke
12. Gibt es Kooperationen zwischen Ihrer Firma und Universitäten/Fachhochschulen/Forschungsinstituten in der Region?
13. ... speziell mit dem Fachbereich Medien- und Kommunikationswissenschaften der MLU?
14. ... speziell mit der Burg?
15. Inwieweit / in welchen Bereichen kooperieren Sie mit anderen Firmen
    (a) allgemein
    (b) in Halle
    (c) in Leipzig
    (d) in Berlin
16. Welche Rolle spielt für Sie der MDR?
    (a) Hörfunk
    (b) TV
17. Uns ist aufgefallen, daß viele Angehörige / Mitarbeiter der Medienbranche ihren Wohnsitz eher in Leipzig als in Halle haben. Wie ist das in Ihrer Firma?
18. Würden Sie Ihren Geschäftspartnern oder Freunden empfehlen, sich am Standort Halle niederzulassen? Warum? Was macht Halle für Medienschaffende besonders interessant?
19. Treffen Sie sich in Ihrer Freizeit hier in Halle häufiger mit Mitarbeitern aus der Medienwirtschaft in eher informeller Runde / eher zufällig

20. Wie bewerten Sie das gastronomische Angebot in Halle? Laden Sie Ihre Geschäftspartner eher in ein Lokal in Leipzig ein?
21. Wie bewerten Sie allgemein die Freizeitmöglichkeiten in Halle?
22. Wie bewerten Sie das Wohnraumangebot in Halle?

Wie bewerten Sie die politischen Maßnahmen zur Unterstützung der Medienwirtschaft in der Region?

23. Gab es in den vergangenen 5 Jahren politische Maßnahmen, die aus Ihrer Sicht für die positive Entwicklung der Medienbranche in Halle von besonderer Bedeutung waren?
24. Welche dieser Maßnahmen waren speziell für Ihr Unternehmen von Bedeutung?
25. Seit einiger Zeit gibt es das MMZ. Wie arbeiten Sie mit dem MMZ zusammen? Weshalb haben Sie Ihren Sitz im MMZ gewählt? Welche Vorteile haben Sie durch das MMZ? Kann das MMZ den Medienstandort Halle allgemein stärker ins Bewußtsein rücken?
26. Wo liegen besondere Stärken / Schwächen des MMZ?
27. Weshalb haben Sie Ihre Firma im MMZ und nicht in einer vergleichbaren Einrichtung in Leipzig?
28. Welche Bedeutung haben die Wissenschafts- und Bildungseinrichtungen im MMZ für Sie?

IX. Abschlussfragen

29. Wenn Sie für die Wirtschaftsförderung in der Region zuständig wären: welchen Bereich der Medienwirtschaft würden Sie in Halle besonders vorantreiben? Welche Maßnahmen würden Sie einsetzen?