Paper no. 2005/10

Rethinking the Spatial Organization of Creative Industries

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http://www.circle.lu.se/publications
ISSN 1654-3149

WP 2005/10

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Abstract

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Rethinking the Spatial Organization of Creative Industries:

Replacing 'old' knowledge externalities with a combination of 'new' knowledge externalities and in-housing

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Keywords: Economic geography, Cultural industries, Creative industries. Governance structures, Newspapers, Mass media.

JEL-Codes: L14, L22, L23, L33, L82.

Rethinking the Spatial Organization of Creative Industries: Replacing 'old' knowledge externalities with a combination of 'new' knowledge externalities and in-housing

Jan Vang

Introduction

Creative industries have lived a neglected life in social science, and for decades, politicians have mainly considered creative industries to be a costly activity related to people's spare time. That, however, was yesterday. Today creative industries – not as fine arts but as commercial products - dominate the political agenda in the developed world and are considered the 'new' source of wealth and prosperity. The social sciences have also adopted the creative industries. To give a few examples, sociologists study the importance of the face-to-face approach in film industry, and economists analyze the contractual relations in the music industry (Caves 2000); anthropologists compare woman's magazines in Asia (Morean 2004). However, economic geographers – due to the early cultural turn (Harvey 1989, Coe 2001, Storper 1989) - are probably the social scientists that have paid most attention to the creative industries. Hence, recent years have seen a surge of research on the spatial organization of creative industries (Storper and Christopherson 1987; Scott 1999, 2000, 2002, 2004; Pratt 2002a, 2002b; Florida

2002, Graber 2001, 2002a, 2002b, 2002c, 2004, Coe 2000, 2001, Power 2002, Power and Scott 2004, Barthelt 2002, 2005; for a different approach see Gibson and Klocker 2004).

Creative industries consist of those sectors that serve consumer demands for amusement, ornamentation, social display, info-tainment, and so forth (Scott 1999, Caves 2000). The industries include production of theater, mass media, film, music, toys and games, and similar industries (Caves 2000, Scott 2000, 1999, Pratt 2004). Good reasons exist as to why the creative industries receive an increasing amount of attention. The creative products are consumed on a daily basis by vast segments of the population in the developed world, and a significant percentage of the population in the developed world makes a living from the creative industries. Due to difficulties of getting reliable statistics, the size of the industry cannot be calculated precisely (Scott 2000). Sometimes a rough estimation by Florida (2002) is used but Florida refers to all innovative industries. Most studies guess at those working in the creative industries constitutes between 5-10% of the work force. More important creative industries are increasing its importance:

"Cultural products of all sorts constitute a constantly increasing share of the output of modern capitalism, and cultural-products sectors represent some of the most dynamic growth industries in the world at the present time". (Scott 2000, p. x).

As said, the importance of the creative industries has triggered an intensive research in economic geography on the spatial organization of creative industries (Storper and Venables 2004, Florida 2000; Pratt 2002a, 2004, Scott 2000, Graber 2002, 2004). This is no doubt a creative field, buzzing with ideas and activities. The research, nevertheless, tends to subscribe to one theory; being Marshallian-inspired agglomeration studies focusing on knowledge externalities and their resulting cumulative causation-effects

(Marshall 1920). According to this steam of research, creative industries tend to locate in the largest metropolitan areas. This location, it is argued, constitutes an arena allowing for accessing face-to-face based buzz on new industry trends and for utilizing the presence of a diverse portfolio of creative competencies. The locational choice reflects that creative industries are organized around inter-firm collaborative projects. Projects "constitute a temporary organizational arena in which knowledge is combined from a variety of sources to accomplish a specific task" (Graber 2004: 104) where emphasis is put on the institutionalization of their termination (Lundin and Söderholm 1995). Projects, it is argued, as an inter-organizational form then allows to flexibly source and deploy the competencies needed for making creative products, i.e. requirements that differ from project to project due to new trends, fashions or simply the need for experimenting. A flexible and innovation-oriented inter-organizational form is a precondition for remaining competitive in these industries (DeFillippi 1998, 2001, Grabher 2002, see also Christopherson 2002).

This paper, however, argues that despite this theory being seductive and coherent and having provided valuable insight, it is nevertheless inadequate in explaining the spatial organization of creative industries as such. This is the case since it mainly reflects the spatial organization of industries like film and advertising, where physical proximity to particular knowledge externalities is the determining factor in explaining their urban bias. Thus it neglects developing an understanding of the spatial organization of other types of creative industries, where in-housing (as well as other types of knowledge externalities) affect their locational patterns and leads to a different spatial organization. This point is documented in this paper in a detailed empirical case study on the spatial organization of the mass media industry. Thus the paper is in line with and contributes to

a hopefully emerging literature initiated by Norcliffe and Rendace's (2003) paper in Economic Geography on the spatial organization of the comic's book production (see also Vang and Asheim 2005).

Alluding to the conclusions, this paper suggests that the theories on the spatial organization of creative industries a) need to pay more attention to industry specific characteristics instead of generalizing on the basis of a few cases; especially to industries relying on in-housing and different knowledge externalities than film and advertising; b) need to unpack and rethink the importance of face-to-face communication and buzz - in this paper it is suggested to de-link the two; and finally c) need to stress when and why in-housing is important and link this to locational patterns. In-housing refer to knowledge-based activities that rely on being produced in-house (Williamson 1985, 1996, Mahnke et al 2005, Vang and Overby forthcoming, Prahalad and Hamel 1990, 1994, Richardson 1972), as opposed to be acquired on the market or developed in a inter-organizational joint effort: Due to a focus on knowledge externalities and an extreme 'blurring' of firm boundaries (Vang and Zellner 2005) the question of in-housing has been neglected in studies of creative industries (despite Storper and Christopherson 1987 paid attention to it in their seminal papers on Hollywood).[1] In the mass media – a core creative industry - physical proximity to important events that need urgent (almost real time) coverage is more crucial than access to a wide heterogeneity of competencies (i.e. a different type of knowledge externalities); the journalists depend on face-to-face mediated buzz about local circumstances (again a different type of knowledge externality) and can rely on electronically mediated buzz within the epistemic community and an occasional

[1] Since Piore and Sabel proposed the flexible specialization-thesis in 1984 economic geography has paid some attention to this 'make-or-buy' question. The flexibility specialization-thesis approached in terms of firm sizes (down-sizing) and studies on post-fordism have dealt with question of lean-production (Sayer and Walker 1992), and so forth. The question has however been somewhat neglected in recent years.

participation in a temporal cluster (Maskell et al 2004) (i.e. less reliance on the Marshallian agglomeration factors; unpacking the reliance between face-to-face and buzz). Moreover, the production is not primarily based on inter-firm projects since the output is rather standardized and similar from day to day. Alternatively, the firm's major challenge is to respond fast in a creative fashion to events, and this leads, generally speaking, to reliance on employees as this allows for use of directions (i.e. in-housing as opposed to knowledge externalities). Hence, the reliance on different types of knowledge externalities combined with a possibility to rely on in-housing results in a spatial organization fundamentally different from that suggested by the hegemonic theories on creative industries.

The structure of the paper is as follows. First, the theory of spatial organization of creative industries is presented. Then we turn to the spatial organization of the mass media; the mass media is represented by print news media in the context of Denmark. This case provides the foundation for discussing the adequacy of the theory of spatial organization of creative industries and results in–controversial conclusions; the hope is that the conclusions can provide a foundation for further intellectual inquires into the mysteries of the spatial organization of creative industries.

The theory of spatial organization of creative industries

This section introduces the theory of the spatial organization of creative industries. The section does not aim to provide a full account of the theory or the empirical findings supporting the claims. The aim is solely to give a brief introduction to the central mechanisms in the theoretical explanation and illustrate to the lack of attention paid to 'different' knowledge externalities and internalities (their importance will be documented

in the following empirical section). Theory is deliberately used in singularizations since the field has – despite variety – a clear core.

The urban as point of departure

The point of departure of this literature is that creative industries locate in large – or rather the largest - metropolitan areas. Hence, it is analyzed why creative industries tend to cluster in large metropolitan areas[2] and not questioned if they actually do. In line with the Mashallian oriented studies of industrial districts and clusters, this literature links the locational choices to the knowledge externalities in a broad sense; that being specialized labor markets, institutional specialization and more efficient buzz (Amin 1999; Beccatini 1990; Brusco 1990). However, opposed to locating in non-urban industrial districts or clusters based on a high degree of homogeneity in terms of shared values, visions, etc., this literature stresses the unique features of the cities (Asheim and Vang 2004, 2005, Asheim, Hansen and Vang 2005).[3] It is argued to rely differently on the city than other innovative industries drawing on respectively analytical and synthetic knowledge bases (Asheim and Gertler 2005, Asheim and Vang 2004). In different papers we have illustrated how industries drawing on an analytical knowledge base (i.e. bio-tech) tend to locate in close proximity to universities (Asheim and Vang 2005; Asheim, Hansen and Vang 2005). While industries drawing on a synthetic knowledge base (i.e. engineering)

[2] Actual specification of what qualifies as locational parameters for determining the location of the industries are rare.

[3] Economic geography in general is witnessing an urban turn privileging the cities as opposed to non—urban clusters for innovative activities in general, for a challenge of this see our recent paper (Asheim and Vang 2005)

tend to locate in non-urban clusters or in close physical proximity to their lead customers (Asheim and Vang 2005, Asheim, Hansen and Vang 2005).

Face-to-face and buzz

The reasons for co-location in cities are, it is argued, the high degree of competency-heterogeneity and high frequency of buzz. The last refers to the unplanned and haphazard aspect of face-to-face contacts (Storper and Venables 2004, but see also Maskell et al 2004, Bathelt et al 2004, Malmberg 2003). According to Storper and Venables buzz is:

"… a highly efficient technology of communication; a means of overcoming coordination and incentive problems in uncertain environments; a key element of the socialisation that in turn allows people to be candidates for membership of 'in-groups' and to stay in such groups; and a direct source of psychological motivation. The combined effects of these features we term 'buzz'" (p. 364-365).

In other words buzz is a superadditive form of information circulation, generating increasing returns for people who are in the buzz, and for the agglomerations in which they work (Storper and Venables 2004).

This however is an unsatisfying definition that conflates face-to-face communication and buzz (Asheim and Vang 2005). Face-to-face refers to the multidimensional aspects of communications that requires physical contact. This covers deliberate knowledge exchange in formal collaborations. Buzz thus refers to rumors, impressions, recommendations, trade folklore and strategic information, thus only to knowledge

spillovers (Asheim and Vang 2005). Hence, buzz can exist without face-to-face communication (email buzz, for example).

Buzzing and openness

Florida (2002) identifies the conditions that allows for such a 'buzzing' area to develop. Based on four proxies for openness (the cool index, the bohemian index and the gay index) he found a significant positive correlation.

"It is talent that orients the location decisions of firms and which underpins the formation and evolution of industrial clusters. … places certainly matter in the economic geography of talent and in the attraction of high human capital individuals on which growth depends. Places provide the infrastructure required to generate, attract, and retain talent. The findings suggest that these place-based advantages stem in turn from two underlying economic factors: low entry barriers to human capital and efficiencies in the delivery of consumer services. Taken together, I suggest, these two characteristics increase the attractiveness of places to high human capital, talented individuals. In other words, it is not simply observed characteristics such as diversity or amenities that matter in the economic geography of talent. These observed characteristics reflect real economic advantages in the location of talent. Simply put, there is an economic rationale behind what may be perceived as "nice" places to live" (Florida 2002: 32-33).

However, Florida fails to provide a conceptual framework allowing for explaining when the firms needs physical proximities to other types of knowledge externalities than talents, and when other types of externalities than talents and buzzing become determining for the spatial organization of a creative industry. Talents and buzz does not work the same way in all creative industries.

Project organization as dominant organizational form

Graber (2001, 2002a, 2002b, 2002c, 2004, see also Ekinsmyth 2002 for a different perspective) links the need for buzz – in his vocabulary noise - to the 'nature' of these industries and to the one-off project. The creative industries – as several other industries more recently – tend to rely increasingly on projects, since the projects tend to facilitate the combination of innovative and fast adaptation to current trends or fashions. The projects are one-off activities and, hence, they do not need to carry the burden of previous staff, conflicts and conventions; they allow sourcing the competencies needed for the particular project and allow for combining a vast combination of competencies. This provides a fluid organization form adapted to innovations and flexibility, the story goes. Thus, in other words, the Marshallian focus on long lasting relations is replaced by a focus on ephemeral types of collaboration. Moreover, since the creative industries are volatile, relying on – especially – youth culture and drawing on tacit knowledge, the main productive knowledge relies on face-to-face-based buzzing. Furthermore, as the projects are one-off, the creative workers tend to prefer to work and live in locations where they can jump to the next project when one project is terminated. Their jumping is made possible by a) a large geographically concentrated demand for their skills and b) their geographically concentrated network of weak and strong ties (Graber 2002a, 2002b, 2002c). However, while the project constitutes a solution to coping with the demand for being innovative and flexible, it causes problems with respect to cumulative learning (Acha et al 2005, Vang and Zellner 2005). Projects are dissolved, and experience gained is forgotten, or at least not stored in the firm involved in the project; unless they locate in

urbane clusters. Urban clusters constitute arenas – an ecology in Graber's words - which are tied together by dense networks that allow for adding a more permanent dimension to the ephemeral dimensions of projects. In other words, it facilitates cumulative learning despite the absence of cumulative learning build into one-off projects.

The ephemeral nature of creative industries is however exaggerated in this approach as the attention is almost only on the projects; not on the in-housing and trade-offs between knowledge externalities and internalities.

Summing up

Summing up, the need for firms in creative industries to source for diverse sets of different competencies on a regular basis (in a way that allows for cumulative learning) and the creative workers' need for a large demand for 'project-workers' lead to clustering of the creative industries. Clustering in large urban areas, Florida claims, occurs as these areas provide an environment of openness and tolerance favored by the creative workers. In short, a story contribution to the Marshallian theory; though when it comes to knowledge externalities the ephemeral nature of collaborations are stressed as opposed to the long lasting types of collaborations typically found in industrial districts and clusters. This explanation, despite differences, seems to constitute the dominating theory in the field.

While this theory is seductive and no doubt reasonable to segments of the creative industries this approach has increasingly been challenged; one of the most convincing studies is presented in a recent paper by Norcliffe and Rendace (2003). In a study on the organization of Comic's book production they conclude:

"As this study of the comic book industry has shown, other less agglomerated spatial configurations of cultural production are also discernable. The study discussed the case of an industry that was formerly concentrated in metropolitan centers but more recently has decentralized substantially while leaving an important element – the head of office and editorial function – in major cities"

(p 260).

Inspired by these studies, the next section analyses the spatial organization of the mass media industry in Denmark; the mass media industry is represented by the print news media. This study challenges the central points of the theory of the spatial organization of creative industries as well as provides the first empirical study on this industry. Special attention is paid to rethinking the relevant knowledge externalities and the link between knowledge externalities and internalities and the locational implications.

Methods and data collection

The paper is based on original quantitative and qualitative data on the Danish newspaper industry in 2001 collected by the author. The quantitative data set includes data on the location of the newspapers and the use of in-house production as opposed to projects in four Danish morning newspapers,[4] taken in week 14 of 2001.[5] The firms included in the

[4] I have chosen to focus entirely on the production of journalist content of the newspapers, hence ignored advertising/marketing and administrative aspects. These requirement of these activities are secondary to the journalist activities in this industry, hence the choice is warranted. By the choice I do not suggest that these parts of the industry are insignificant but just in respect to the location of the firms in this industry, it is of secondary importance. Printing of newspapers is increasingly outsourced but physical proximity to the printing firm is not important with the new ICT technologies (and distribution problems do not constitute major problems either). Finally, I have not included the governance structures in the paper as they are only of marginal importance in Denmark.

[5] This year is representative for the year. The difference in 8 out of 10 topics is less than 2.1 percentage. The differences between the two remaining topics are 7.4 percentages and 4 percentages, respectively. Traditional

locational part constitute 100 per cent of the population. This is 29 newspapers that produce print newspapers on a daily basis (Sundays excluded) which rely on sale for remaining profitable.[6] The data on location are publicly available in business directories in Denmark. The so-called accountancy corrected circulation numbers are also publicly available. They are made available by Dansk Oplagskontrol (member of The International Federation of Audit Bureau of Circulation) and considered a reliable source; and, equally important for this paper, the circulation numbers share same bias for all the firms included. These data are used to present the location and the concentration of the industries.

Measured in numbers of firms included in the study, the use of employees versus projects covers more than 66.7 % of the market for omnibus newspapers in Denmark. Measured in circulation (2nd half of 1999), 70.2 % of the circulation is produced by the firms included in this population. The data were collected through mapping the articles of the four newspapers in week 14 of 2001. A random but stratified sample of 266 articles was drawn from a population of 1.622 articles in these 4 papers in week 14, 2001. From this sample, I got the data on the employment versus projects of the included journalists. The quantitative data set is used to describe – but not explain – the spatial organization of the industry.

The ammunition for the explanations is based on qualitative interviews. The qualitative data is based on interviews with editors of the four newspapers included, editors of other types of written press magazines and interviews, email communications with branch organizations and participation in conferences for journalists. This included discussions over

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bureau articles are not included in this paper. In the newspapers included, bureau articles – Associated Press etc. – account for between 8 to 10 percent of the news space (percentage of the paper filled with telegrams) depending on the topics, and are thus neglectable.

[6] This excludes free newspapers. In Denmark the major cities have free newspapers – Metro and Urban – and some of larger distribution than urban such as SøndagsAvisen (Sunday News). Moreover, weekly newspapers and magazines are excluded. This provides a better opportunity to compare the data.

lunch, etc., with the participants. The questions addressed in the interviews and dialog with the informants address (focus on) their concrete experiences of location, reliance on face-to-face and buzz and project use/participation and other industry specific characteristics. Where nothing else is indicated, the paper draws on the insights from these interviews.

The spatial organization of the mass media

This section provides an analysis of the spatial organization of the mass media industry, represented by the Danish newspapers. The newspapers being a part of the publishing industry is a part of the core-group of creative industries (Caves 2000) as it relies on a creative processing of intangibles with the aim of producing an entertaining information good. The focus is on the aspect of spatial organization that carries implications for the dominant theory of spatial organization of creative industries (the creative part – journalism – instead of humdrum activities such as marketing and distribution).

Newspapers in general are one of the oldest mass media industries and are a rather mature industry; though 'maturity', however, to some extent has been challenged recently what with the introduction of multimedia communication and technological convergence. Publishing newspapers in Denmark is a century-old activity and was first only providing formal messages or news that was accepted by the king. However, with democratization the political system changed and now the four dominating political parties – the conservative, the liberals, the social democrats and the center party - had one in each major provincial city and several in the capital. Though no longer tied to the king, the newspapers were still politically controlled to a large extent. The newspapers of today have all broken with the political parties and are formally independent (and still

rather independent of the dominating economic interests).[7] They have nevertheless maintained a strong focus on politics and see it as their main role to be a central voice in the public sphere. During the course of evolution, they have gradually positioned themselves in respect to other mass media. Today, they have positioned themselves against the electronic mass media that tends to provide short rather factual news presentations and the magazines providing specialized analytical articles (it should be noted that newspapers become increasingly analytical). Encyclopedia Britannica summarizes it this way:

"Although the core of journalism has always been the news, the latter word has acquired so many meanings that the term "hard news" has gained currency to distinguish items of definite news value from others of marginal significance. This is largely a consequence of the advent of radio and television reporting, which bring news bulletins to the public with speed that "the press cannot hope to match".

In other words, today's newspapers undertake journalistic activities consisting of investigating, collecting and publishing news (Adam 2000). Stuart (1993) defines journalism as ' ...an invention or a form of expression used to report and comment in the public media on the events of the here and now' (p.11, Quoted from Hannerz 1996). News consists of interpretations of current events of relevance to readers but it should be noted that it is mainly concerned with '… the exceptional, something which threatens, benefits, outrages, enlightens, titillates or amuses' (Rosenblum 1993) and can be commercialized (Hannerz 1996). Hence, the creative aspects enter the production process in several ways. The journalist has to identify an angle on the story, has to use

[7] It is a market driven industry in Denmark; no noteworthy regional support policies or similar distort the market.

creative techniques to reveal 'hidden' facts, use narrative techniques to present the findings, etc., all in the context of time pressure. Journalism thus shares traits with other creative industries such as advertising and filmmaking. Like in other creative industries the majority of tasks involves routine activities; not just highly creative tasks (the latter tends to be ignored in studies of creative industries that romanticizes the industries by looking at the 'novelty' mainly).[8]

Despite differences, the newspapers subscribe to almost identical journalistically standards and techniques. The exception is of course the tabloids (two are included in this study) which are by British standards still reasonable trustworthy and serious newspapers but tend to focus more on star-gossip, sport and entertainment in general.

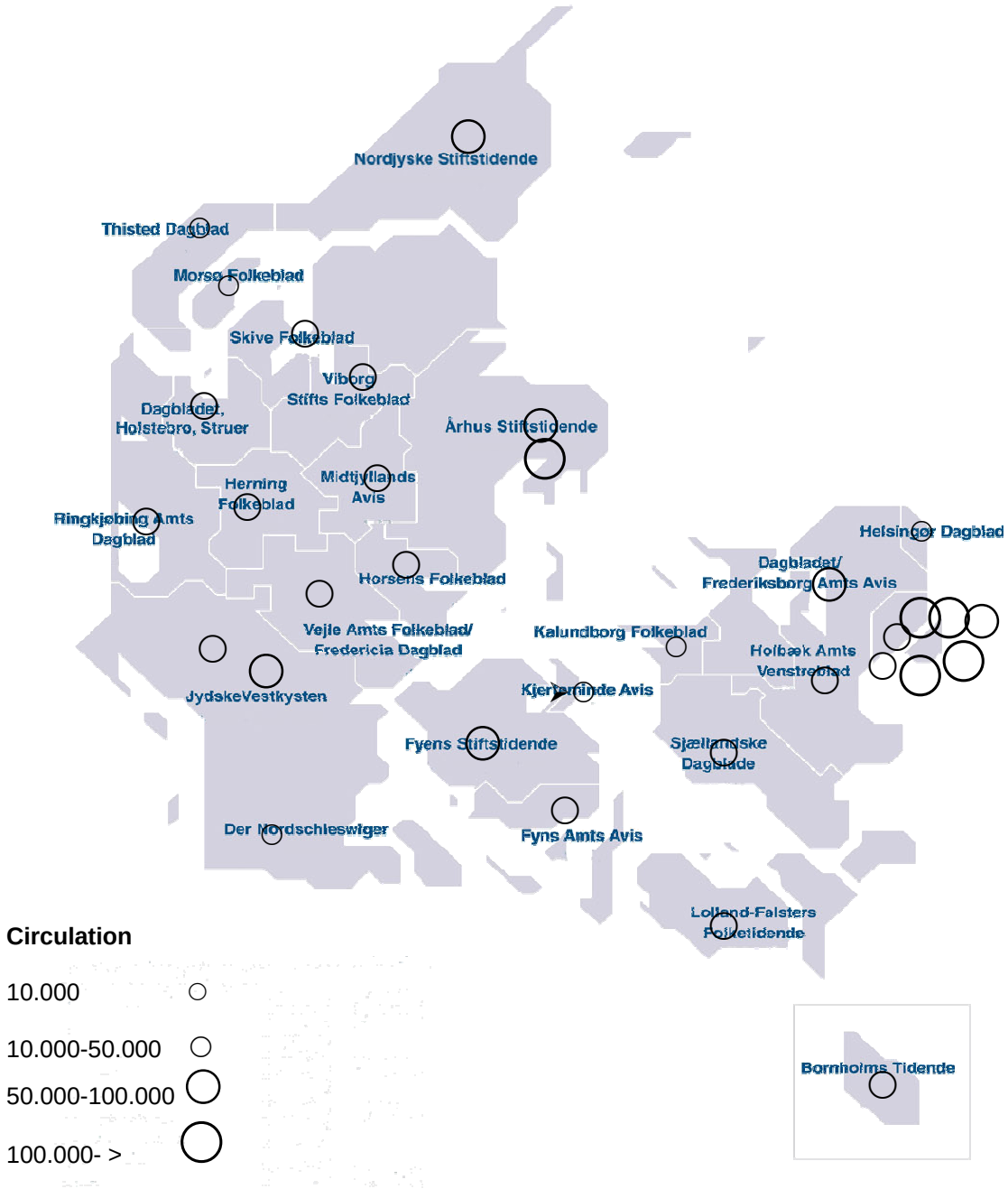
These general stylized facts provide the background for the current study. Attention will now be turned to where and why they locate, how this can be explained, and if the identified patterns can be explained within the dominant theory? This provides the background for discussing the dominant theory afterwards.

Location of these industries

At a first glimpse, the locational pattern of the newspapers in Denmark displays two visible patterns (based on the location of the headquarter). Firstly, the newspapers are nationally distributed. Almost all cities of some regional importance have at least one newspaper. Secondly, the largest newspapers with one major exception – JyllandsPosten - tend to cluster in the capital (see figure 1).

[8] As March (1990) has stressed there is a need for a balance between experimentation and exploitation; studies on creative industries have tended to look at the former, thus giving a partial picture only.

Figure 1 Newspaper Location and Circulation Numbers



Note: Newspaper in Copenhagen are Berlingske Tidende, Politiken, Ekstra Bladet, BT, Kristeligt Dagblad, Børsen, Information..
Source: PressensHus.

A superficial reading of this pattern could be seen as providing support for the core of the theory of the spatial organization of creative industries, namely that creative industries are a mainly large metropolitan phenomenon. The non-capital located newspapers then only take care of unsophisticated matters. The advance of an in-dept case study is, however, that it allows for moving beyond the surface. Below the surface, one finds a fundamentally different picture. On one hand, it is correct that the largest newspapers locate in the capital of Denmark, Copenhagen. Despite Copenhagen having a population of slightly more than 1 million, it hardly compares to the large metropolitan areas' roles of the US, England, France and Spain in terms of size and the associated cultural supply and ethnical diversity; it nevertheless provides most of the features associated with metropolitan areas in the creativity-industry literature (i.e. cafés, bars, nightlife, restaurants, and so forth) as well as universities and research institutions; though the major educational institution for journalists are in Aarhus.[9] The locations, however, reflect the rank size of the Danish cities where Copenhagen is a so-called Primate city. Copenhagen is 4 times the size of the second biggest city, Aarhus. Aarhus has a population of around 250.000. The reasons for this rank size structure can be traced back to recent historical times when Denmark was a large geopolitical power in Scandinavia and had control over Norway, Greenland and parts of Sweden. This geopolitical history leads to a high concentration of government organization in the capital. All ministries and other crucial government bodies are located in Copenhagen. This locational pattern has lead the majority of interest organizations and NGOs to locate their headquarters in the capital too. The location in the capital, however, has less

[9] Recently, a new education in journalism has been started at Roskilde University Center around 30 minutes from Copenhagen. Another is available in Odense, approximately 1½ hours from Copenhagen. Aarhus is 2½ hours from Copenhagen.

to do with face-to-face communication and buzz in the way envisaged by the creativity-literature. The concentration of the newspapers (i.e. knowledge externalities) reflects a need for physical proximity to the ministries and other interest groups (later we also illustrate that the importance of physical proximity to business headquarters, cultural events and sport-events is crucial). This is reflected in the prioritizing on the topics within the newspapers. The newspapers concentrate their coverage on three areas: economic affairs (32.9 percent of the articles), culture (24.1 percent) and politics (21.5 percent), but sport is also important with 10.9 percent.[10]

The physical proximity allows for cultivating relations to the politicians and other interests groups. This proximity facilitates access to news before competitors (or since they are present, they do not lose advantage of not being there) as well as access to controversial information that will only be handed out to journalists who the informants – being bureaucrats, politicians or interest groups – trust. The importance of physical proximity to the 'central powers'[11] is also visible when one investigates the micro spatial organization of the newspapers. For example, all the largest newspapers have bureaus at Christiansborg (the parliament) and not just in their headquarter 10-15 minutes away. The largest newspaper outside Copenhagen – JyllandsPosten - has a bureau in Copenhagen and even a sub-bureau in the parliament too (maximum 5 minutes' walk away). The largest newspapers in the capital have bureaus in the largest minor cities to gain access to the important local politics.

[10] These numbers are obviously victims to some degree of subjectivity since one article could have been placed in several categories. This is nevertheless the best data available. Politics is more important that the sentence accounts for since one of the included newspapers is a business-oriented paper. The data are collected by the author and double-checked by a student assistant.

[11] This should not be seen as me subscribing to the notion of central powers as opposed to decentred powers or powers in network, but it reflects the newspapers' 'power conceptualisation' which in turn is reflected in their internal organization structure, as demonstrated by Peter Bro.

All the major newspapers also have foreign correspondents located in physical proximity to important political and economical powers, or in physical proximity to other crucial events such as war, as contemporary media history documents. These places are certainly not open, tolerant and pleasant areas as suggested by Florida. Rosenblum illustrates this wonderfully when he writes:

'Whenever you find hundreds or thousands of sane people trying to get out of a place and a little bunch of madmen struggling to get in, you know the latter are newspapermen' (1993: 1).

These areas do provide access to local buzz and so forth, but as Hannerz (1996) points out, the authority the reporting obtains by simply 'being there' where it all happens, where the bombs are falling and rebels are overthrowing the regimes is equally important. This apparently gives the reader a larger feeling of authenticity and excitement in the news (and, hence, also provides good marketing potentials).

The high concentration in Copenhagen also reflects a need for physical proximity to the other important 'industries' (i.e. culture and sport) and to other important events (i.e. crime). The majority of events within culture take place in Copenhagen due to the rank size of the country. Copenhagen is the only place that can provide a large enough stable demand for the major events. Covering these events requires physical proximity since, for example, the theater performance has to be seen, the concert attended, and so forth. Location of sport events is a slightly less clear-cut example. Sport events are concentrated in the larger Copenhagen area but, for example football, is dispersed all over the country. However, the newspapers cannot afford to set up bureaus in all these different places and tend to rely on sending a journalist to cover a particular match. Crime, another passion of newspapers, also tends to be concentrated in

the capital due to the sheer number of people living there. The location of major banks and industrial headquarters also offers opportunities for robberies. Covering these activities also requires physical proximity. The journalist needs to be on the spot to interview victims of crime and the witnesses.

The interviews provided amble evidence that buzzing between journalists is not terrible important. The words of one journalist summaries this quite well: 'when we stand there together in the break we usually don't talk work, we talk about the latest football match' (an exception is politics in Christiansborg; there buzzing is very important). There are also strategic reasons why buzzing is not important; the journalists wants to protect their own ideas so other journalists do not use them.[12]

How does the location of the absolute largest newspaper – JyllandsPosten – outside the capital (in Aarhus) match this explanation? Despite it being counter-intuitive, JyllandsPosten's location is in accordance with the general features of the explanation. JyllandsPosten has only recently become one of the largest newspapers but has been within the top five of the newspapers for decades. The reason for JyllandsPosten's size is to be found in that despite it being a newspaper with national coverage, it has a 'monopoly'[13] in covering Jutland where all the largest newspapers are considered 'capital newspapers'.[14] The size of JyllandsPosten reflects the size of its hinterland where it functions as a large regional newspaper.

The newspapers outside Copenhagen are all – apart from JyllandsPosten – regional newspapers. They are all located in the major provincial cities and cover local

[12] Editors also tend to 'complain' that the journalists are now 9-17 employees who go home to their kids rights after work; not hanging out in the journalists bars etc.
[13] Please, not the inversed commas. All major newspapers are available in Jutland but JyllandsPosten dominates to a significant degree.
[14] Moreover, as explained above, JyllandsPosten also has two bureaus in Copenhagen.

affairs, especially local politics. Each important provincial city used to have four newspapers – one conservative, one liberal, one central and one social democratic – but the last three decades have witnessed an end to this. The political parties have no longer had the financial means or the interests in supporting these newspapers. Thus most provincial cities now only have one newspaper. These newspapers rely on physical proximity to the local political institutions and are thus located in close physical proximity to these to cultivate ties and to be on the spot when unplanned events happen.

Why is physical proximity important? The newspapers alluded to above need to be able to respond to an unpredicted event and/or produce the articles based on the events faster than (or as fast as) the competitors (Alchian 1950, Knight 1921, Choudbury and Sampler 1997). This is what they compete on. The newspapers need, for example, to send journalists to cover a press conference, a bank robbery, and similar events that were not scheduled in advance. Of course not all news articles are characterized by a high degree of real time-orientation, urgency or emergency. In the newspapers included in this study, it might be reasonable to say that if the news section of a newspaper has 50 articles, 10-15 articles cover pre-scheduled events or follow up on earlier articles; 10-20 articles cover events that could be predicted by competent editors or journalists; and the rest involve radically new news. These are the articles written in 'real time'; but written in a way that allows for consumption the day after the event.[15] Within all topics, one finds real time-orientation, but the highest degree is in politics and crime-reporting while the lowest tends to be in culture and sports topics (Vang 2003). However, the entire culture of the firms is embedded in 'the spirit of real time'. This leads

[15] The electronic medias concentrate – with exceptions, naturally – on being relevant here and now but not tomorrow.

to a need for physical proximity to the events. This has, however, nothing to do with buzz. How important is buzz and face-to-face communication?

In accordance with the spatially inclined creative-literature, face-to-face mediated buzz can be seen as crucial in this industry. This, however, needs some significant modifications. Firstly, it has less to do with accessing the newest trends and fashions in the industry. These are codified and easily copied shortly after used by one firm. In stead, it has to do with being physically present in the local area in which the events take place. In these places, physically presence lets the journalist and editors build up trust relations to specific centrally positioned informants that provide them with local buzz of relevancy for the topic they cover, or they are themselves capable of tapping into this buzz. Accessing and using buzz allow them to write better stories than their competitors or simply obtain their stories before their competitors. That the buzz is face-to-face mediated, however, does not allude to a necessary relation between face-to-face and buzz as suggested by Storper and Venables (2004). The buzz is simply face-to-face based since it involves exchange of controversial information which leaves a paper trail in electronic communication, which is, hence, avoided by informants that can be sanctioned from passing on the information. That the buzz does not have to be mediated by face-to-face communication is made clear by the fact that the journalist and editors tend to tap into electronic buzz on new trends, fashions and rumours etc. within their professional community. Translated into the vocabulary of the creative-literature knowledge externalities are important, but the knowledge externalities referred to are not normally taken into account. Moreover, the link between face-to-face and buzz seems to be based on a conceptual confusion, since face-to-face communication and buzz cannot be

equated as this literature does (see Asheim and Vang 2005 for detailed conceptual discussion on this theme)

Does a location outside the large metropolitan areas impede the ability for the firms to compete, since they cannot access the variety of competencies available in larger metropolitan areas? Or in other words, do the provincial newspapers suffer from the absence of tacit face-to-face mediated knowledge? This study indicates that this is not the case. The newspapers are characterized by being a highly codified product (Cowan and Foray 1997, Polanyi 1966, Johnsson et al 2002); the physical newspaper is available to all. In the newspapers, the provincial journalists can identify the journalistic techniques used as well as the journalist priorities. The journalistic techniques can be identified from analysing the use of news criteria, narrative style, grammatical complexity, vocabulary, genre, and so forth in the articles. Any educated journalist can undertake this analysis. The priorities can be identified through the way individual articles are placed in the newspaper. Those at the front page are considered more important, etc. Hence, the amount of firm specific knowledge only available to employees is limited. This means that the newspaper and journalist located outside the larger metropolitan areas can quite easily access the trends and changes occurring in the metropolitan areas, as they become manifest in concrete and transparent artefacts: newspapers. The high degree of reliance on recognised genres, news criteria etc. in the industry also leads to a limited need for diverse competencies, which the literature on creative industries tends to argue in support of. This is further emphasised by the fact that this is a rather mature industry where standards are stable and durable. Thus, there are no significant disadvantages of being located outside the metropolis when it comes to 'new tricks in the trade'. This means that

the importance assumed by the urban setting is less important for this type of creative industry than assumed by the creativity-literature.

Not only the reliance of knowledge externalities is different from what suggested by the dominant theory, it is also partly replaced by reliance on in-housing. Contrary to the theories on the spatial organization of the creative industries, the mass media firms in this paper do not rely extensively on project based organization (projects refer to temporal collaborations – at least partially - based on non-employees). The vast majority of articles are produced in-house. On average, more than two thirds of the articles were made by employed journalists as opposed to non-employed journalists (see table 1) and none of these were involved in projects.

Table 1: Use of employees vs. non-employees

	Frequency	Percent	Valid Percent (a)*
	2001		
Employee	197	73.9	**75.9**
Non-employee	633	23.5	**34.1**
Total	260	97.4	100.0
Missing	7	2.6	
Tot incl. Missing	267	100.0	

* Including all newspapers

Some differences between topics as well as firm sizes exist. Culture (as characterized by a low degree of real time orientation) was produced more by non-employees (freelancers) than accounted for in other topics; and smaller newspapers, due to fewer resources, had to rely more on freelancers than the larger newspapers. Why not the use of projects? Why in-house staff? Again, the firms compete on their ability to

respond quickly to unpredicted or unpredictable events or occurrences that need attention to satisfy customers' demands or other expectations. In the words of Thrift (2000), such: "[F]irms now live in a permanent stage of emergency, always bordering on the edge of chaos." (2000, p. 674)

The explanation should be sought in the nature of 'being an employee as opposed to being a project-member from another firm or a project-freelancer that the newspaper can use for particular projects. In other words focus should be on in-housing. How can we explain the reliance on in-housing? Inspired by the contract-theoretical literature, authority, which is the right to give orders or use directive powers over one's subordinates, is granted on the basis of the employment contract (Coase 1988, 1937, Hart 1989, Hart and Holmström 1987, Grossman and Hart 1986, for a different approach se Hodgson 1998).[16] The employee, in other words, surrenders the decision rights to the boss and agrees to implement the orders he gets. This is not the case for a freelancer who the firm can draw on for projects; he only surrenders his decision rights during the contractually specified period. In a perfect market, a newspaper will, at short notice, be able to find a qualified freelance journalist who can cover the event. But as acknowledged by most studies in economic geography, perfect markets do not exist in the real world; and certainly not in markets for information goods as articles are part of this, which Nobel laureate in economics, Arrow, have pointed out. Despite the fact that the needs for firm specific competencies are minor, the journalist needs to have a minimum knowledge about a topic to be able to write an article about it quickly. Appropriate skills are often not available at the time when the newspapers need them. This means that they cannot cover the event if they have to rely on freelancers. This is where authority

[16] The project-member employed by another firm is not subsumed to authority outside this firm apart from what is stipulated in the project contract; hence, he is in a different authority position than the employee.

stipulated in the employment contract becomes important. The editors can decide which topics the journalist should cover. That is, the editor can use his decision powers. This will, assuming that he has a competent in-house journalist, result in a guaranty for the editor that he will be able to produce the article on time. Hence, the absence of reliance on project-based organization can be attributed to the real time orientation of the industry. Naturally, such a statement opens for a Pandora's box of question relating to the use of authority (Aghion and Tirole 1997) in the creative industries, since these industries are dominated by, as Caves (2000) explained, people of strong wills; that is, people who oppose authorities and orders. In short: Does authority really work in the newspaper industry? It is beyond the scope of this paper to pay more than lip service to these issues, but it should be stressed that editors have developed different tools to cope with the challenges of using authority in the news industry; they can be summarised in the concept of coaching (Fry and Clark 2003). Coaching is a complex process based on idea development, dialog and negotiations concerning the content of an article. From the perspective of direction, the aim is to engage in F2F communication with the journalist, which the included multi-dimensional possibilities for communication permit. This allows the editor to draw on several strings to motivate the journalist to a certain task (including telling him how his near future benefits from this); to identify the current mental state of the journalist (so he does not push him to far); to develop a sense of loyalty and acceptance of certain codes of behaviour, etc., as well as it reduces the knowledge and information asymmetry. Thus the editor can serve as a partner who can leverage the journalist's articles and lift them to a higher level. Successfully used, this can create stimulating working environments where journalists can satisfy their preferences for work. This in turn means that they will accept more open authority from the editors

when it is required. The cost of following their strong wills - i.e. being fired because they oppose authorities - will, in other words, be larger than the cost of accepting authority when it is needed. This means that despite having strong wills, editors who are capable of creating stimulating working environments are likely to be able to use authority too.

To sum up, the core message is that the absence of reliance of project-based organization allows for using employees, which thus reduces reliance on projects and, subsequently, the locational clustering factors associated with projects (i.e. in-housing replace knowledge externalities). In-housed base production is simply faster and thus in accordance with the needs in the industry. This combined with a need for physical proximity to major events and the need to build up trust relations with local authorities, politicians, etc., lead to a fundamentally different spatial organization than the one dominating in other creative industries relying mainly on the 'traditional' knowledge externalities.

Concluding remarks

In concurrence with the literature in economic geography that focuses on creative industries, this paper argues for the centrality of these industries in contemporary capitalism. The paper is skeptical about the possibilities of creating one dominating theory on the spatial organization of creative industries that 'fits all', as this literature has suggested. This literature inspired by Marshallian studies tends to see these industries as an overwhelmingly metropolitan phenomenon. The primary reason behind the concentration in larger metropolitan areas is knowledge externalities. This, it is argued, is due to several mutually reinforcing factors where the most important is that the

industries are primarily project organized – project focusing on innovations - which in turn leads to a need for sourcing different project participants for each projects. This leads to location in the largest metropolitan areas since these allow for accessing the largest diversity in terms of competencies and face-to-face mediated buzz. Employees in these industries also prefer to live in the metropolitan areas, since these areas allow for reducing the risk of lasting employment, and since the cities provide a supply of cultural goods etc. that are in accordance with their lifestyle.

The aim of this paper is not to denounce the importance of this theory, but rather to stress the need for paying attention to the wide variety of specificities characterizing the individual industries, and thus the spatial organization; especially industries relying less on knowledge externalities and more on in-housing are in need as the pose special theoretical challenges. The relevancy of these claims is exemplified by a case study of the Danish mass media's, represented by the newspaper industry. This study shows that even though the newspapers in the case tend to be located in the largest metropolitan area, this is not due to the knowledge externality factors emphasized in the creativity-literature. Instead the spatial organization (i.e. locational patterns) reflects a need for physical proximity to 'central powers' and major events. This allows presence on the spot and cultivation of important trust relations. This is crucial for the newspapers that compete in being first with news. Thus knowledge externalities have to be rethought to the particularistic characterizing the industries in question, as the nature of the specific knowledge externalities hold locational implications. The nature of news production also calls for an organizational form that facilitates fast responses. This is not the project-based form as this allows for innovations more than for being fast. Instead the newspapers tend to use in-house staff due to the advantages of using directions. In other

words knowledge externalities are partly replaced by in-housing, and this carries implications for the locational choices/possibilities. Moreover, while face-to-face communication and buzz are important in this industry, it is important in a significantly different way than suggested by the creativity-literature. This literature stresses buzz on trends and fashions in the industry; newspapers rely on face-to-face communication to get controversial information, and non-centrally located newspapers can rely on electronically mediated buzz to get the news about new trends in the industry.

Thus to sum up, the case study has provided ammunition for suggesting a need to pay more attention to the specificities of the individual industries in the creative industries. More controversially the study argues that the concept knowledge externalities has to be rethought and the focus on knowledge externalities has to be supplemented with a focus on in-housing if we are to gain a better understanding of the spatial organization of creative industries.

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