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# **Creative Entrepreneurs in Groningen**

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## Summary

Last decades have shown an increase in creative industries all around the world. More firms and jobs are created in sector which comprises arts, media and entertainment, and creative business services. While this is the trend, it has benefited more larger and cosmopolitan cities like London, Paris or Amsterdam. However, some smaller cities, as e.g. Groningen, have benefited by presence of higher education institutions which have lured in young people from other regions, also from all over the country. While many of them leave, others are stick to the place because of family reasons (life-partner), friends and preference to more relaxed urban environment. These are the explanation why overwhelming majority of entrepreneurs studied in this paper have lived in the region before they started their business there—indeed, from the 11 out of 30 entrepreneurs who are born outside the three northern provinces, ten have studied in Groningen. It must be noted that in respect of creative industries, Groningen stands out relatively well in comparison to larger municipalities of the Netherlands. If Groningen wants to enhance its position among other cities, attention should be paid not only to classical entrepreneurs' pools, like university graduates and entrepreneurs in other regions, but also less represented groups like women and ethnic minorities. Employees in not well doing firms form also one possible pool for entrepreneurship.

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## Introduction

Entrepreneurship is a way to increase employment and economic growth in developed countries. New firms add more to the growth rates of GDP than established firms, and are also important in creation of new jobs (van Praag & Versloot, 2007). With last decades, creative industries have begin to play this role in a greater extent (cf. Hartley, 2005). Between 2006 and 2007 employment in creative sector in Groningen has risen 5,1% against 2,9% in total employment (Bureau Onderzoek en Statistiek, 2008). The shift towards creative economies is a larger-scale shift from Fordism to post-Fordism. This is a shift from organised work style, low-skilled workers to production process where every participator is possible innovator who can enhance the product.

Creative industries—although not easy to define—can be delineated as economic activities whose products and services have high symbolic value compared to utilitarian value (Scott, 2004). Creative economies range from “technology-intensive manufacturing” to “purely symbolic output” (Scott, 2006, p.3). In the midst, neither high-culture nor high-tech, are sound designers, furniture designers, architects, media and software developers, IT-managers, etc., who receive their income from market, and whose field of operation requires constant creativity. They form the group under study in this paper. Stam et al. (2008) has considered creative industry to consist a colourful group of firms which have some distinct domains, namely arts, media and publishing, and creative business services. These three groups figure in studies of creative economy in the Netherlands.

The share of creative industries in regional economies differs considerably. In the Netherlands, the municipality of Hilversum has the largest relative number of employees in creative industries (19.1%)—the second is Amsterdam (7.8%), followed by Amersfoort (6.4%), Utrecht (5.2%), Delft (4.6%), Arnhem (4.6%) and with Groningen (4.3%) on the seventh position (ETIN Adviseurs, 2008). The number of employees in creative sector in Groningen is seventh also in absolute terms. The position is one place higher than the position in the top of biggest municipalities in the Netherlands. Groningen outperforms larger towns like Tilburg and Almere and many smaller towns located in Randstad area—the core region of the Netherlands with the highest share of population and production of GDP. When considering domains of creative industries separately then it appears that Groningen stands out very well in amount of employees in arts sector – relative size in comparison to national average is above 130% alongside with upper part of Randstad; in media and creative business

services it does worse but has still employees in an amount on national average or above it (Stam et al., 2008). Based on data presented in Rutten (2005), Groningen holds seventh position among Dutch cities based on added value in creative industries (data from before 2004). However, the position is fifth for arts, while for media & entertainment it is sixth and for creative commercial services ninth. As Groningen was seventh biggest municipality in the Netherlands in 2003 it has done relatively well in national terms.

According to Richard Florida (2002; 2005) if a region wants to be successful in modern economy it has to have a large number of talented people; the presence of creative class will attract and create firms and is the source for economic development. As talented people are mobile they can pick cities which they like to and they do not pick—as Florida especially stresses—cities just because the presence of one particular job where they have applied. Talented people want plenty of jobs; they want to have a choice. More important than hard factors of region—e.g., finances, jobs, infrastructure—are soft factors, like creativity (calculated in number of bohemians, the so-called Bohemian Index), tolerance and diversity. Talented people are attracted to diverse and tolerant places which enable ‘low entry barrier’—outcomers are more easily accepted to local community. As argued in Lee et al. (2004) creativity and diversity are also behind increased entrepreneurship in a region; same conclusions are made for European cities (see Rutten & Gelissen, 2008). Largest metropolitan cities are major attractors for talented people as they offer the most opportunities and have diverse environment—therefore, largest share of talent pool and the most of the creative industries are located in big cities (cf. Hall, 1998 cit in Scott, 2004). However, although it is not possible for smaller cities, like Groningen with its 183,000 inhabitants, to be similar creative city that skims the cream of talented people (like London, Paris, Berlin and Amsterdam in Europe); small and medium-sized cities have their own trumps.

Would anyone move to a city where (s)he has not lived for some time before, where (s)he does not have friends or acquaintances, a job or acceptance to university? Florida would probably answer with ‘yes’. In his view, choice of a city should come first and this determines friends, career and a future ‘significant one’—the person with whom one wants to share his/her life. Florida even draws examples on his friends and acquaintances who have carried out a small research to find the right place where they should move (see Florida, 2008). However, it has been argued that people tend to migrate to cities where they are accepted to job or where they have studied before. Martin-Brelot (2008) in her studies on creative workers

in Toulouse showed the importance of life-trajectory of person in choosing the city to reside. Almost two thirds of employees had born or studied in the Toulouse as others had no previous relation with the region. The importance of life-path is what this paper also argues, pointing out that previous connection to the city is especially important for entrepreneurs. Michelacci and Silva (2005) argues that the relative number of people who set up the firm in location where they have born is significantly higher than the corresponding fraction of dependent workers. For starting a company, local entrepreneurs have exclusive access to financial resources. People almost always have stronger and more diverse social ties in the region in which they reside making firm creation—resource mobilisation—easier (Stuart & Sorensen, 2003). Therefore, entrepreneurs rather do not *choose* cities than they *happen* to live and do business in one. This paper argues that the choice of the city where to live cannot be the first as it is strongly determined by person's previous locations. As entrepreneurs tend to do their business in a place with what they have previous connection, then not only having the birthplace there but also studying in a university can make otherwise not suitable city more probable option. According to the number of students in university and professional education institutions, Groningen is on the fourth position in the Netherlands just behind the three largest municipalities located in the Randstad area (Bureau Onderzoek en Statistiek, 2008). Presence of university and other professional education institutions can explain the relative success of Groningen in creative industries.

Following this line of argumentation, the main research question asked in this paper is: What are the reasons why creative entrepreneurs are living and doing business in Groningen? For answering this question following subquestions need to be disclosed:

- Has Groningen been able to attract talent pool from outside northern part of the Netherlands and/or from other countries [how many entrepreneurs are from outside North Netherlands]?
- What is the role that university has played in attracting talent pool [how many entrepreneurs have studied in Groningen]?

The paper concludes with the elaboration of the options for Groningen to further increase its creative entrepreneurship.

## **Method, Data and Study Areas**

The study is based on semi-structured interviews with entrepreneurs (firm founders and owners plus self-employed) in three cultural factories—Puddingfabriek, Mediacentrale and Het Paleis. Information from literature and discussion with important actors in the field of creative industries complement this.

*De Puddingfabriek* (The Pudding Factory) is the oldest cultural factory in Groningen; it was founded in 2001 and offers 2,000 square metres of space for firms. Now it is home for diverse set of firms in different fields of operation. Puddingfabriek comprises also a hall where various shows, performances, exhibitions, conferences, etc. can take place. Once a month it hosts a gathering of creative entrepreneurs all over the city.

Puddingfabriek contains also an incubation room (called Silverroom) for start-up businesses. It is an area for about sixteen tenants offering a small working space with Internet connection. The target group is young graduates who need cheap space for starting their business. Usually they move out quite soon, letting others to move in ('easy-in, easy-out').

*Mediacentrale* (Media Central) was developed slightly after Puddingfabriek—it was opened in 2005. Mediacentrale is specialised to more technology side of firms than Puddingfabriek and Het Paleis. Nevertheless, it has architecture characteristic to cultural factory—Mediacentrale is in old (gas) factory; it is located in new development area of Groningen, Europapark. While it's most important function is to be a home for firms it also hosts cultural events. Mediacentrale contains incubator space—one floor has smaller rooms and cheaper prices than the others.

*Het Paleis* (The Palace) is the newest cultural factory in Groningen and is still in development. First tenants moved in in the end of 2008. When ready it will have in total 9,000 square metres of space in offer for different functions, including studios for firms, hotel rooms for artists, a hall, a restaurant, etc. Het Paleis differs from previous developments (Puddingfabriek, Mediacentrale) by the presence of privately owned studios. However, it will also contain renting space meant for younger entrepreneurs, and as new developments, guestrooms for visiting artists and privately owned apartments. As it is developed in cooperation with housing association Nijestee, and therefore not for seeking profit, the prices are kept down.

There are around 137<sup>1</sup> firms in total in these facilities, from which 30 were interviewed (13 in Puddingfabriek, 12 in Mediacentrale and 5 in Het Paleis) resulting in responses that lasted from 10 to 30 minutes; average length was about 15 minutes. All interviews followed the same structure—starting from information about firm followed by data about entrepreneurs and ended in discussing entrepreneur’s choice for living in Groningen (see interview schema in Appendix 1). Answers were inserted into table for statistical analysis, answers to question number 18 were grouped into categories devised *a posteriori*.

The firms in this research were very small, as is common to creative firms (see Stam *et al.*, 2008 in this respect)—13 out of 30 had no employees, only 8 had five or more, and the average size was 3.5 employees (with the entrepreneur). However, it is possible to distinguish three groups of companies—first, one-person company (more common in Puddingfabriek and Het Paleis); second, firms with some employees (or joint-ventures with two entrepreneurs) but the number of employees has not changed much in time; third, rapid growers which may have started as one-person firm but have taken off and could now have even above 10 employees. The last group of firms have also used external finances to enhance their development. All of the firms in this research are older than one year; the median establishment year is 2002. Companies in Het Paleis are established somewhat longer time ago (in 1991 – 1993), possibly explainable by the fact that offices there are owner-occupied.

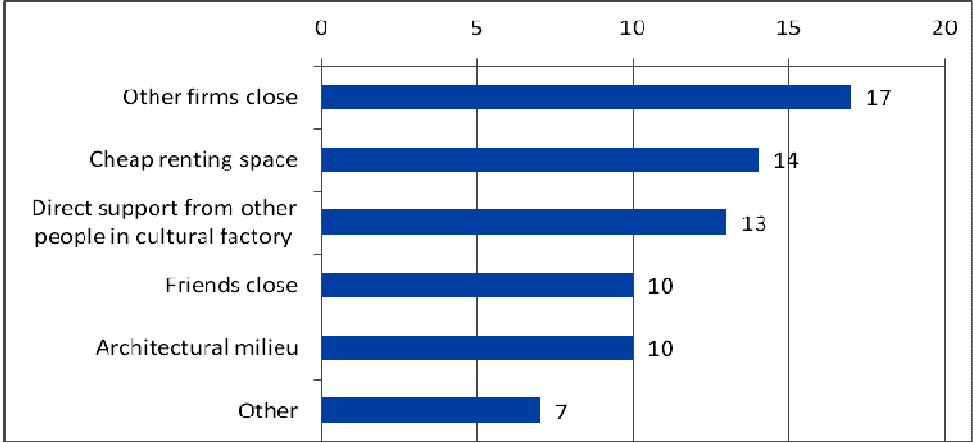
Some methodological clarifications about study areas should be made. The companies in cultural factories do not represent in full respect all the firms in creative industries—their preference to move compared to firms outside is less pronounced, also survival rate is higher. Furthermore, the importance of in-house interaction—not possible for firms that do not locate together—was pointed out by entrepreneurs. 17 entrepreneurs out of 30 said that other firms close is their reason for choosing this place for their firm (see Figure 1). In total, 80% of entrepreneurs have chosen either ‘friends close’, ‘other entrepreneurs close’ or ‘direct support from other people in cultural factory’ as their reason. While some respondents stated the lack of knowledge about how the interaction in cultural factory could be before they moved in, then about present informal interaction (e.g. asking advice about computer), as well as formal (buying web-pages was common, also supplying communication systems, digital visualisation for photographers, services by photographers for others) were pointed out. In incubators—

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<sup>1</sup> 40 in Puddingfabriek, 43 in Mediacentrale and 54 in Het Paleis (30 privately-owned studios and 24 renting places). Het Paleis is still in development and most of the firms had not yet moved in.



Silverroom in Puddingfabriek and fifth floor in Mediacentrale—the cooperation is especially intense. In Puddingfabriek some entrepreneurs do projects in collaboration with other firms in the same building. When the project is over, the team breaks up and in next projects the same or different group may be formed.

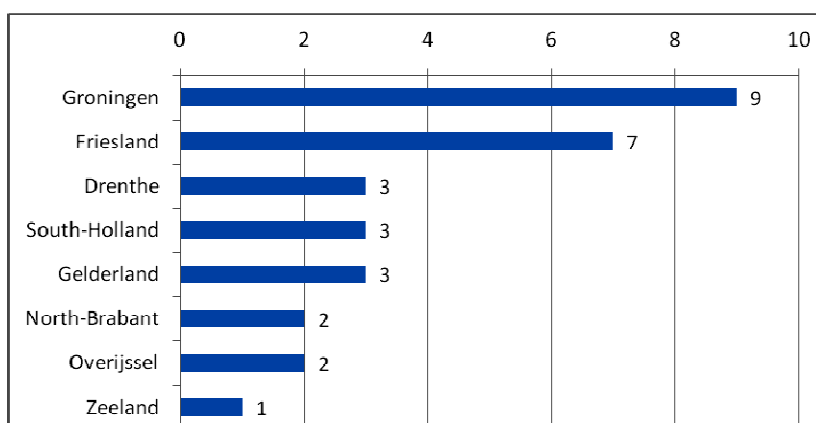


**Figure 1.** Reasons for locating firm into this cultural factory (Q19, multiple choice).

## Creative Entrepreneurship in Groningen

### Why Have Creative Entrepreneurs Picked Groningen as Their Living Place?

The majority of entrepreneurs had lived in North-Netherlands before they started business in Groningen. From all the respondents 23 had graduated or studied in longer period in Groningen, and 19 out of 30 are born in North-Netherlands (see Figure 2). Only one entrepreneur is not born nor studied in North-Netherlands; four fifth of respondents have the city of Groningen as their birthplace or studyplace. The most of the entrepreneurs who have studied in Groningen did that in professional education institutions—Hanze (7) and Minerva (8). University of Groningen has been place for studies for 7 respondents. From the entrepreneurs who have studied in Groningen, six are born in the province of Groningen, six in Friesland, one in Drenthe, and other ten are from outside the North-Netherlands. The last fact needs stressing as this ten is the overwhelming majority from the total of eleven entrepreneurs who are not born in three northern provinces.



**Figure 2.** Provinces where entrepreneurs of creative industries in this research are born.

Higher education institutions work as a ‘pump’ that brings in people (mostly from northern part of the Netherlands but also from all over the country), but it requires environment that keeps them in Groningen. During the study time people form a network of friends and acquaintances. This network helps in finding a job after graduation but it is also extremely important in starting a business. Business network is what makes entrepreneurs more stick to a place and moving out more inconvenient.

“I got to know a lot of people in Groningen in the architectural field [because he was an employee in architectural firm – *T.T.*]. It would be quite stupid not to use it, it is a

network, anywhere else I wouldn't have been that successful.” (Interview nr 15, Puddingfabriek)

“In first place, I did my studies here. Well... then you really have to have reasons to go away.” (Interview nr 26, Het Paleis)

A lot of graduates, however, do have this reason. While education institutions in Groningen work as ‘pumps’ they form also an ‘escalator’ (as suggested by Latten *et al.*, 2008). Groningen lures in people from Northern Netherlands but after graduation they tend to leave to western part of the country where salaries are higher, the job market is bigger and more diverse. Slightly less than a half of the persons older than 18 who came to Groningen in 1999-2000 stayed after five years; others had moved out again (Latten *et al.*, 2008).

Entrepreneurs who have chosen the city point out the importance of characteristics of the city in their decision—13 out of 30 describe these as factors in their decision. It is probable that preference towards city means also valuation of its social context—friends, acquaintances and business network. As Groningen is a regional centre for about 1.7 million people and hosts large higher education institutions, its provision of services and leisure infrastructure is at the quality that could normally be found in larger urban areas. Entrepreneurs pointed out Groningen's character of ‘big and small at the same time’ as the advantage, as done by this respondent:

“Groningen is a very comfortable city . . . I like the size of Groningen. . . . Because of all the students, it has all the facilities of normal city; on the other hand it is still a village. When you walk over the centre, it is like a village, you meet so many people you know. . . . I like the combination of city and village” (Interview nr 22, Mediacentrale)

Smallness is explicitly seen as advantage by six entrepreneurs. It was reported to be easier to plug into social networks when the city is small; also reputation of good firms spreads with ease. Furthermore, even characteristics of residents in Groningen are seen as differing from the large cities—the core area of the Netherlands:

“When I first moved here I liked the ‘climate’ and the people very much. I could compare a lot between Amsterdam and Groningen. When I chose to come back it was because of the atmosphere and doing business with people in Groningen, it is a little bit different than in Amsterdam. Besides that, it is more relaxed here, people are more relaxed. They are usually more *faceful* to you. When they give you an assignment,

most of the time they come back when they are happy with you and don't go to shop around for someone who can do this job 10 Euros cheaper than you." (Interview nr 27, Het Paleis)

It not only makes the city more comfortable and contacting with clients easier, it also improves relationships with employees:

"You can't create a company when people are leaving every half a year because they can earn 20 Euros more at neighbour's place. You have to have solid basis, that what you find here." (Interview nr 10, Mediacentrale)

What is more, the decision to move to or stay in Groningen was in 11 cases influenced by family—girlfriend, boyfriend or being 'close to roots'; being more often stated by the respondents who were born in the region. Groningen is also seen as a good place for raising children. Furthermore, an important factor is accommodation that is cheaper than in Randstad region. This is reinforced by the lack of suitable dwellings for talent pool in Amsterdam (Musterd, 2004). Amsterdam is so successful it has lead to speculations that its "success will bite its own tail" as it has become too expensive and inaccessible for talents from other parts of the country (Saris & Brouwer, 2005, p. 136).

Being rather immobile is characteristic not only for entrepreneurs but also companies as the majority of firms in this research are established in Groningen (26/30) and 10 of them even at the same building and office where they are now. Because the firms interviewed were small and almost half of them had no employees, the location of firm is strongly connected to the preferences of entrepreneur. The entrepreneurs' preference to stay in Groningen keep the firms local as well. Only four entrepreneurs said they would leave Groningen within five years, two will take their business activities with them as they are self-employed. One explained emigration from Groningen by business related reason but for others it is more of a personal decision.

### **Attracting and Supporting the Talent Pool**

Groningen has a relatively good position among other municipalities in the Netherlands based on relative and absolute number of people employed in creative sector and value added by creative industries. If a region seeks to increase its entrepreneurship, it has two options: first, to increase entrepreneurship among people who are settled in this region; or second, to attract

entrepreneurs from other regions. Both of these options have their strengths and shortcomings which we will discuss now in relation to Groningen.

Higher educated who live in Northern Netherland evaluate it much higher than the ones who live in other parts of the country (van den Berg, 2008). Meester and Pellenburg (2006) have studied perception of locations for doing business among Dutch firm owners. These studies revealed that while own place of location is preferred, larger agglomerations are seen as more desirable places for firms (Meester & Pellenburg, 2006). Dutch entrepreneurs still perceive Randstad area as more desirable place for location of firm than other parts of the country (ibid.). If Groningen would like to attract some more entrepreneurs it should enhance its image, to brand itself—possibly using Groningen’s character of ‘big and small at the same time’. For people outside Groningen, branding should break the stereotypes that have formed around the North-Netherlands. Active attracting of firms is done by Investment and Development Agency for the Northern Netherlands (NOM) which makes contacts with businesses outside its region and explains the advantages in locating to this part of the country. While the attention is mostly on technology and science intensive companies, prospective firms in ICT are also of interest. However, none of the respondents of this research regarded financial aspects as decisive factors in their choice to reside in Groningen.

The second opportunity is to increase entrepreneurship among local residents. Local initiator Thuur Caris (via e-mail) and representative of Creative Stad Groningen explained that attracting creative entrepreneurs is not the major goal for Groningen. The city has around 183,000 inhabitants but disproportionally large amount of students—almost 50,000. It is more useful to try to keep young people after graduating university longer in the city before they move to global cities; and possibly attracting older entrepreneurs whose business has grown up in Groningen before they moved out and who may come back to Groningen in their later stage of career because they prefer more rural and easy life to raise their kids or retire.

However, when Groningen wants to keep graduates, it has to really offer something for them as they tend to leave for a reason—to get higher salary and increase job opportunities. Therefore, just enhancing the image and breaking stereotypes would not be successful as they are probably already changed. In this respect NOM measures for new business development could be beneficial: programs like Flink and Talent Pitch Noord offer finances for start-up businesses—among others for creative entrepreneurs. Also incubator space in creative factories can work as a keeper of creative talent. While incubator space should be ‘easy-in,

easy-out' it should not be 'easy-in, easy-away' and attention must be paid where these young entrepreneurs go after starting their business in incubator.

Following the main thesis of this research—that entrepreneurs do not pick their city, they happen in one—the probability of *happening* should be enhanced. If university students have started business during their studies, or know how to acquire finances and have formed a network of people who can benefit them in business, then entrepreneurship could be increased. Keeping the quality of urban environment (not too big but not a village either) is absolutely crucial. Therefore, the indirect support from municipality for creative entrepreneurship through improving urban cultural environment (e.g. supporting Eurosonic music festival) is a measure in the right direction. However, it should be supported by more direct measures to creative entrepreneurs.

There are some more pools for prospective entrepreneurs to which not sufficient attention have been paid: namely, women, ethnic minorities and employees in not-successful companies. According to this paper, women are underrepresented in creative industries as only 5 out of 30 respondents were women. It was to be expected as among all the entrepreneurs in the Netherlands male entrepreneurship is twice the amount of female one (Allen *et al.*, 2008). Allen *et al.* (2008) states that women perceive similar circumstances differently from men which implies a need for different policy measures. Women entrepreneurs, for example, tend to be more scared in risk-taking than male entrepreneurs.

Second, ethnic minorities form a hidden pool for entrepreneurship. The share of immigrated inhabitants from the total population of the municipality of Groningen has risen from 16.6% in 1998 to 20.0% in 2007. Saris and Brouwer (2005) see the underrepresentation of ethnic minorities in jobs of creative industries in Amsterdam as a waste of talent. In current research, out of 30 respondents no one was born outside the Netherlands. However, as entrepreneurship relies strongly on networks, the inclusion of less-represented groups of people may be problematic. Furthermore, inability in Dutch language may be a problem.

Third pool for new entrepreneurship is employees in not well-doing firms. They have knowledge of their field of specialisation and have formed a social network. Some entrepreneurs in this research have been former employees whose company has gone to bankruptcy. Being an entrepreneur by yourself makes you responsible for your own success, and not a victim for someone's bad management. In creative industries, where one-person

firms are the most common, the splitting of larger companies to smaller ones could be a major source for nascent entrepreneurship.

Without attracting talented people or trying to increase entrepreneurship among residents, the further source for economic development is enhancement of interaction in creative industries. Currently, software sector and art sector in Groningen form two more or less separated communities. For example, there is not much interaction between Mediacentrale and Puddingfabriek. An interaction between different parties would enhance the development of new and innovative products. Arts and web-development are both successful activities, but combining them can lead to numerous new products and services. There is some hidden potential in possible interactions, which, however, is not easy to release. According to Renger Koning, a creative entrepreneur and chairman of the Puddingfabriek Union, it needs active people who want to put their time into developing events and activities where entrepreneurs can meet. A group of active people, who are themselves entrepreneurs, is carrying out a diverse set of activities (City On A Roof, Fablab, Twist, etc.). Nevertheless, a lot is still in development.

## Conclusion

In a nutshell, Richard Florida's suggestion that creative people tend to move to places because of its social climate, was supported with the findings of this research, while pointing out that overwhelming majority of entrepreneurs had previous connection with the region. Creative entrepreneurs in Groningen were favourably inclined towards the city; many respondents described the city as 'big and small at the same time'. However, only one entrepreneur is not born in North-Netherlands nor studied in Groningen; about 80% of respondents have studied or lived during the period of studies in the city of Groningen. Therefore, the argument posed in the introduction, that people do not just pick the cities they rather happen to one, was supported. Higher education institutions have played important role in luring in people and making them accustomed with the city environment; also social network is created during the study period which is behind sticking entrepreneurs to this particular region.

Last decades have shown an increase in creative industries all around the world. More firms and jobs are created in sector which comprises arts, media and entertainment, and creative business services. However, larger cities have been more successful; they can offer more diverse, vibrant and open environment which is important factor for attracting and keeping the most talented people. Smaller cities, like Groningen (around 183,000 inhabitants) which was under study in this paper, can benefit from the presence of higher education institutions. Indeed, more than quarter of the inhabitants in Groningen are students; the city is on the fourth position among other cities in the Netherlands based on absolute number of students (in total number of residents Groningen holds eighth position in Dutch municipalities). While over the half of the students leave Groningen after the graduation, others have formed networks and become accustomed with the benefits that this city can offer, and stay as employees or as entrepreneurs. Therefore, people do not *shop* cities as it seems in Richard Florida's studies; they rather *happen* in they life-course to live in this particular region.

This research, carried out in three cultural factories in Groningen—Puddingfabriek, Mediacentrale and Het Paleis—found that 23 out of 30 entrepreneurs had studied in Groningen; only one entrepreneur is not born nor studied in North-Netherlands. The importance of higher educational institutions in migration of talent pool is highlighted by the fact that from the 11 entrepreneurs who are born outside the three northern provinces, ten have studied in Groningen.



The most common reason for staying in Groningen was the city environment—stated by 13 out of 30. Six of them pointed specifically out the advantage of city size—Groningen is small and big at the same time. Smallness helps plugging in to social networks; it also enhances trust between firms, clients and employees. The second most pronounced reason was family (because girlfriend, boyfriend was in Groningen, or relatives lived near-by)—about 11 pointed this out. Financial incentives were not mentioned and advantages for doing business were not explicitly pointed out. Besides, entrepreneurs did not perceive cultural factories as a reason for their decision to live and do business in Groningen while they pointed out the advantages of these facilities—formal and informal contacts among residents.

Universities in smaller regions lure in young people from adjacent regions and from all over the country. While many of them leave others are stick to place because of family reasons (life-partner), friends and preference to more relaxed urban environment. Therefore, the urban climate has influenced immobility of entrepreneurs directly—they are pleased with relaxed city and people—and indirectly by lightening social networks creation and hence making relocation more inconvenient.

Groningen has relatively good position among other municipalities in the Netherlands based on relative and absolute number of people employed in creative sector and value added by creative industries. If Groningen wants to strengthen its position by enhancing entrepreneurship, attention should be paid not only classical entrepreneurs' pools, like university graduates and entrepreneurs in other regions, but also groups like women and ethnic minorities who are misrepresented among creative entrepreneurs in Groningen. Employees in not well doing firms form also one possible pool for entrepreneurship. Additionally, further interaction between companies, especially currently lagging cooperation between Mediacentrale and Puddingfabriek, can help to improve economic development in Groningen. Keeping the quality of urban environment (not too big but not a village either) is absolutely crucial.

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# Appendices

## Appendix 1: The Plot Used in Interviews

<p><b>Entrepreneur:</b> 1) Age ..... 2) Gender: M/F 3) Education (level &amp; field): .....          ..... 4) Place of studies (city &amp; University) .....          ..... 5) Birthplace ..... 6) What year did you move to Groningen? ..... 7) What was          your place of residents before moving to Groningen? .....          8) From the options you had, why did you choose becoming an entrepreneur? Or did you choose?.....          .....</p>	
<p><b>Firm.</b> 9) When established ..... 10) Where established ..... 11) Field of operation          ..... 12) Number of employees (full / part) ..... Has it changed?          ..... 13) How much were the revenues last year? ..... Profit? .....          14) Does the firm get subsidies from third party (gov., mun., fund)? ..... 15) Would you be          doing this business if you don't get additional financies from third party? .....          16) What is the share of market outside Groningen for your products (services)? (a) 0% (b) less than 25% (c) less          than 50% (d) more than 50% (e) more than 75%</p>	
17) Did you consider some other municipality as your possible living place?	
18) Why did you move to Groningen? <ul style="list-style-type: none"> <li>• Did you know about cultural factories (CF) of Groningen before moving to Groningen?</li> <li>• Would you have chosen some other city if the CF havent't existed?</li> </ul>	
19) Why did you choose this place (PF, MC or Paleis) as your place for firm? <ul style="list-style-type: none"> <li>a) Finances for starting business</li> <li>b) Cheap renting space</li> <li>c) Friends close</li> <li>d) Direct support from other people in PF/MC/P</li> <li>e) Other firms close</li> <li>f) Architectural milieu</li> <li>g) .....</li> </ul>	
20) Did you consider starting your business in some other site in Groningen? Why?	
21) Do you use services of other inhabitants of PF/MC/palace?	
22) Are you planning to leave Groningen within 5 years?	
23) Do you have plans to move the firm from the PF/MC/P? If so, whereto?	