

## Creative Clusters, Creative Economy and City Growth: A Case for Bespoke Creative Models & Policies

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### Abstract

This paper presents indigenous creative industry issues and presents an argument for the capability of creative clusters to drive economic and urban development. The argument draws inspiration from Florida's claim over how the creative class can serve as a tool for urban regeneration. The paper also presents a critique of the relationship between the creative class and growth; also considering clusters in the UK and their contributions to the economic development of their region. Direct observation, interviews and discourse analysis were utilized as the research methods. Findings indicate issues in a specified creative industry whilst acknowledging new and unique creative clusters. It posits that the new unique clusters ought to be effectively recognised and further developed into a proper creative hub. As recommendation, the government should do more in consolidating creative hubs by via policy announcements to help harness and grow the industry. There is also need for clear regional and national creative industry policy guidelines to provide a proper structure and bespoke framework for future growth. For City Regeneration and boosting competitive advantages of the industry, the bespoke creative policy must focus on Strategic location, Local market demand, Integration with regional clusters, Human resources, plus Private sector involvement and leadership.

**Keywords:** Creative Clusters, Creative Industries, City Growth, Creative Economy, Regeneration

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### 1. Introduction

The debate on the creative industries as a tool for economic development has seemingly become a ubiquitous one. More recently, this argument has been extended to accommodate the ability of creative clusters as a veritable tool for urban development. By way of definition, a creative cluster is a conglomeration of creative workers in the same location offering complimentary and sometimes similar services to the same industry. A key advantage of the clusters is that by staying close together, the people can provide services to each other. Hence, a typical production value chain can have a cluster for those who sell fabric, those who sew the fabric and those who do embroidery or beading of the fabric in the same physical location.

There are so many advantages to clusters, such as reduced prices arising as a result of high competition within the cluster, skill specialization and innovation amongst the members of the cluster. Another advantage of creative clusters is perhaps the investment it attracts to the town in form of new businesses that are set up around it. A good example is the secondary industries that are established to service the clusters. Industries such as hospitality, food, and transport are common examples of industries you will find springing up around these clusters. Hence, policymakers are always quick to identify the potential of clusters as a tool for urban development. In the UK alone, the creative industry provides jobs for 1.8 million people and contributes about 8% of the country's GDP (Creative London, 2006).

London has been a major benefactor of the creative industry as 1 in 5 people living there are engaged in some form of employment in the creative industry. Alfred Marshall (1975) and Michael Porter (1995) highlighted the economic relevance of customers in city planning and ever since many countries have long moved to incorporate the setting up of clusters in planning their city development.

According to Porter (1995), the setting up of a business cluster is a veritable strategy for city growth. This idea of establishing creative clusters has gained ground in Europe and has become a way of growing the creative

industry. In the UK, this idea led to the City Growth Strategy (CGS) which involved setting up clusters to revive moribund settlements. The strategy aimed to identify the strengths of a given community and build a cluster around the identified strength. This approach of identifying strengths and empowering such talent is different from the usual government approach wherein the government identifies deficiencies in a locality and intervenes to ameliorate the deficiencies. The CGS approach identifies the creative potentialities, provides the resource to grow these potentials and in turn creates jobs for the inhabitants of that society.

Simply put, creative clusters have become a veritable tool for urban rejuvenation. With the improved spending power of the society, investment is attracted to the community and in time, the society urbanizes. In practice, what most governments have done has been to provide the physical space – albeit with cheap rents - where these clusters will be set up. This paper draws on the results recorded in Lagos clusters (Computer Village) and compares that with a creative cluster in the UK. In this paper, our case in point will be the jewellery cluster of the City Fringe which we will use to test the efficacy of the CGS as a tool for urban development.

## 2. Methodology

The data used in this qualitative research was obtained from academic archives like Ebsco, ProQuest and google scholar. Direct observation, interviews and discourse analysis were also utilized as the research methods.

Observation of the computer village was conducted on weekdays and weekends. Semi-structured interviews were also conducted with some of the players within Computer Village. The interviews lasted approximately fifteen minutes and the interview aimed to obtain primary data on (i) usage and expectation of the cluster (ii) social interaction between the creative practitioners, and (iii) the happening of creativity within the cluster.

## 3. Conceptual Literature & Discourse Analysis Creative Clusters

There are numerous definitions of clusters but for this paper, we will consider the definition given by Michael Porter. He defines creative clusters in terms of geography, connectivity of creative talents and similarity of purpose. The fact that these companies are located within the same space, drives specialization as they are constantly complementing one another in a competitive but healthy environment. Understanding how clusters operate, policy influences and how successful clusters are built have been the study by several scholars such as Lundequist and Power (2002) DTI 2004). Based on extant literature, three factors were identified as drivers of the success of any cluster, and they are as follows;

1. Availability of functional networks and partnerships
2. Presence of a vibrant innovation hub/ R&D activities – After all this is where the specialist is located
3. High skill level of the cluster workers

Some scholars such as Wolfe, Simmie and Gertler consider some of the definitions of clusters to be a bit incongruous. These scholars have questioned the relevance of local linkages and whether agglomeration instead of clustering is more likely to be a reflection of urban economies Baily (2003) states that the challenge in clusters is that cluster policies are more often than not “slippery concepts in a slippery space”. Also, they argue over the degree to which support from external players can aid in building vibrant clusters or support established ones. In 2003, the scholars Solvell and Ketels conducted a detailed study on 250 clusters. Their study revealed that policies worked best on clusters that had longevity and a good business environment. Hence, clusters that had been around for a while responded more positively to policies than the ones that were just set up. Atherton (2003) believes that the idea that clusters aid economic development is at best circumstantial. Enright (2002).

### Creative Industries, Creative Clusters and Regeneration

Creative industries can be defined as those industries that rely on individual creativity to exist and execute the job and whose work has economic implications. The argument for creative industries initially started from the idea that the cultural industry as we know could be so much more than a means to express and preserve culture but that this cultural trade could be harnessed from an economic perspective. Thus began the journey to an economy-led approach in the formulation of policies to drive cultural policies. To achieve this, one had to determine what would constitute part of the creative industry. Under the Tony Blair administration, the Department of Culture, Media and Sport (DCMS) proposed a definition for the creative as ‘those sectors that rely on creativity in the execution of their job and these jobs have the potential of becoming economically viable. In a nutshell, we can define them as those jobs that require a level of creativity to execute and also have some sort of economic implication.

Before this definition/classification, what we had mostly was a cultural industry wherein the industry was not approached from a viewpoint of economic viability but as a way of preserving culture. The Blair UK government was the first to propose a restructuring of the industry and pursue its economic potential by first rebranding it with the name cultural industry (DCMS, 1998). Participants of the creative industry often conglomerate to form a creative cluster. These clusters are usually different from other business clusters in that it takes a lot more to create them and their goal of formation is always different from that of other business clusters. These goals may range from social, and cultural to enterprise goals.

### **The City Growth Strategy (CGS)**

In July 2011, the UK government launched the City Growth Strategy (CGS) to promote small businesses in the creative industry. The strategy of the policy was to focus on the creative potentials of the inner city areas, and harness the potential of the area to develop area. The policy was an extension of earlier works of Michael Porter on the competitive inner city. According to Porter, there are four main advantages of the inner city area namely location, demand, integration, and human capital. Porter believed that leveraging the advantages could stimulate urban development.

### **Sustainable Cultural and Creative Clusters**

Every cluster is sustained by the workers within it and that which makes the workers stay in the cluster to conduct their business as well as attract new creative workers to the cluster is what ensures the sustainability of the cluster in the long run. According to Kong (2012), sustainability can be defined in three folds (i.e. cultural, social and economic). In terms of the cultural aspect, she defines cluster sustainability as the ability of cultural workers to create cultural works and have new cultural workers join them as well as the continuation of the conditions that encourage the continued production of the cultural works and workers (adapted by me). She described social sustainability as the support system available in the space. This is very important as it is this support system that attracts new creative workers. Why should a creative worker join a cluster and compete with others for relevance? It is the support system the cluster provides that often makes the difference. Lastly, there is the continued economic implication of clusters which gives them relevance, Hence, in the absence of these three factors, there would be a spike in the dropout rate and a decrease in the production of new works.

### **Cultural and Creative Clusters in Lagos**

By the definitions above on creative clusters, one may struggle to place any creative cluster domiciled in Lagos, Nigeria despite being a hub of creative activities, events and individuals. The closest we have to a creative cluster in Lagos for software & gadgets might perhaps be “Computer Village”. Located at the heart of Ikeja, computer village is home to more than a thousand computer-related companies that engage in various businesses such as phone sales, repairs, programming etc. One would wrestle to classify this as a creative cluster by way of the definition of creative clusters as it is largely unstructured and lacks any sort of policy direction. However, the area has signs of evolving into a creative centre if given the required support.

### **Challenges Facing the Nigerian Creative Industry**

The Nigerian creative industry lacks a proper regulatory framework. In addition to the milieu, other challenges being faced by the industry include;

- i) *Poor enforcement of copyright and intellectual property rights* – Our movies are shown all over the world, hawked openly on the streets and televised on national TV without any royalty payment being made to the producers. A musician's faith is even worse as both counterfeit and original CDs are sold for N150. Our system is yet to enforce copyright laws, hence potential investors cannot invest in the industry, the artist cannot grow and the expansion of the industry remains relatively small. For instance, records from the American Box Office showed that the top two movies in America (Harry Potter & Transformers) raked in over \$700 Million in America alone. This is more than the entire size of the Nigerian Movie Industry.
- ii) *Access to finance* – Truth is, it costs money to produce. Take, for instance, the movie industry is capital intensive. It requires a lot of expensive equipment, actors, sets, logistics etc. before the movie is produced. Oftentimes, the government provides grants that enable movie producers to scale these hurdles and repay later.

- iii) *Lack of Proper Distribution Network & Clusters*– Every manufacturer relies on a vibrant retail network to get his goods to the final consumers. Manufacturers cannot be saddled with the responsibility of producing and distributing. In Nigeria, the manufacturer does more than produce, he ideates, sources raw materials, produces and then finds a market to sell the goods not to mention monitoring and enforcement piracy infringements. It had to operate like this and expect any form of growth.
- iv) *Lack of Formal/Specialized Training* – Today, we hear of the London Fashion School as well as other reputable creative schools around the world. In Nigeria, most practitioners are not specialized and possess very little formal training. For instance, to create a Dior gown, someone designs, someone does the mock-up, someone does the cutting, another the sewing, yet another the stitching, and everyone plays different key roles
- v) *Lack of infrastructure* (i.e. Internet, Film Sets, equipment, etc ) This also ties to cluster benefits. Where there is support for effective cluster set-up, the cost of shared infrastructure drops and can easily attract more funding by stakeholders. The lack of infrastructure is also tied to policies. Favourable policies can drive investment by public and private entities in the industry.

### **The UK Jewellery Creative Cluster**

The City Fringe is perhaps the area of the London district that has recorded the most remarkable growth in terms of employment, housing and infrastructural development. The city is popular because of the role it serves in London as a creative cluster. As a pilot place for the CGS, the city is renowned for the jewellery cluster which has been synonymous with it since the 16<sup>th</sup> century. According to a report published by the Annual Business Inquiry in 2004, London alone accounts for over a quarter of the total jewellery business in the UK with over 42% of London's figure emanating from the City Fringe. The City Fringe jewellery cluster employs over 2,139 people working in 446 firms. The services provided by the cluster include jewellery manufacturing, retailing, designers, goldsmiths and so on. A major characteristic of the business operating within the cluster is that most of the businesses are family owned and relatively small.

### **Clusters as a Tool for City Regeneration: The Jewellery Cluster**

We will now consider in detail the role (if any) of clustering as a tool for urban regeneration. In his thesis on clusters, Porter stated four advantages of the inner city, and we will now consider the extent to which any of the competitive advantages he listed can contribute to city regeneration. We will utilize the Inner City Jewellery cluster as our reference point

#### ***Strategic location***

The UK Inner City cluster can be considered as a sort of one-stop-shop where customers and business owners can come and get everything they require in one single spot. The jewellery cluster consists of several other clusters which parade businesses such as chain makers, designers, bullion dealers, silversmiths, precious stone experts, stone setters gold smiths and polishers. As a result of the pool of jewellery expertise available here, businesses take advantage of their strategic location by migrating their own business within proximity of the cluster. This in turn provides the opportunity for direct interaction between business owners and local suppliers. The proximity of the Assay Office was particularly cited as important, enabling pieces to be hallmarked overnight if required. The Hatton Garden is considered the centre for the diamond business in London such that any jewellery dealer without a business location in Hatton Garden would be considered irrelevant (Bagwell, 2008).

#### ***Local market demand***

Another major advantage of clusters is the market it provides within itself for other smaller businesses operating within the cluster. Bagwell (2008) states that Designer-makers and retailers rely on the local City Fringe market, with over 50–80% of their going to businesses located in the City Fringe, or to customers visiting retail outlets in the area.

### ***Integration with regional clusters***

According to Michael Porter, the most interesting prospect for the development of inner cities in the UK lay largely in integration with regional clusters. For instance, it is no surprise the proximity of the jewellery cluster to the city of London, the financial cluster of the UK. On the other hand, bankers in the London metropolis patronise the cluster for bespoke suits.

### ***Human resources***

Lastly, Porter (1995) cites the availability of a relatively cheap workforce in inner cities as a comparative advantage to establishing clusters in rural areas and using them as a tool for urban development. Bagwell (2008) however stated that this did not apply to the jewellery cluster as recruitment was largely word of mouth, thereby making it difficult for locals to get the jobs. According to him, trust is an important factor when recruiting people into the diamond business. Hence, most recruitment is done through existing networks.

### ***Private sector involvement and leadership***

Perhaps, nothing attests more to the efficacy of the CGS approach to urban regeneration than the level of private partnership it has generated. According to Bagwell (2008), there has been significant private sector investment in the development of the Jewellery Sector Investment Plan with over 100 firms involved in the various consultations and focus group meetings.

## **4. The Way Forward: Need for a Glocal Cultural/Creative Policy & Clusters**

Craik (2007), defines cultural policy in two ways. First, she defines it as the regulation of the ‘marketplace of ideas and creative practice’. By this definition, Government serves to regulate the production and consumption process to encourage certain sectors and ensure the continued sustenance of certain other aspects.

A cultural policy can also be defined in terms of the legal framework postulated by the Government to oversee cultural resources and institutions. Hillman-Chartrand and McCaughey propose four types of cultural policy utilized by various governments around the world. They include the engineer state model, facilitator state, the architect state and the patron state. A facilitator state model is an indirect approach utilized by the government to attract the private sector into making investments in the creative industry. It achieves this through the advancement of tax rebates and incentives which makes the sector attractive to the private sector. Through this method, the private sector provides the funding required for the growth of the sectors.

A good example in Nigeria is the GTBank Fashion Weekend; a free platform designed to support budding entrepreneurs within the fashion industry. The GTBank Fashion Weekend is a continuation of the Bank’s long legacy of supporting the local fashion industry. Over the years the Bank has repeatedly sponsored fashion events in the country and partnered with global brands to raise the international profile of African fashion. It has been argued that the model shares many ideological similarities with neo-liberalism and the American entertainment industries. The patron’s model differs from the facilitator model in that support for the industry by way of funding is provided through the elite and high-profile independent bodies. It is very common to find art auctions in the UK where artworks are sold for ridiculously expensive prices. This will in turn encourage artists and budding entrepreneurs who desire to practice painting and crafts as full-time professions.

So far, we have discussed an indirect model utilized by the government as well as the patron model wherein the industry is funded by the elite. We will now discuss a model known as the architect model which allows the government a more direct role in the regulation and management of the creative/cultural industry. As the name suggests, this is an interventionist model wherein a dedicated ministry of government is created to direct the affairs and development of culture within the state. The goal of this model is usually to align cultural policy with the country’s cultural objectives and social welfare. Many European countries –including France- practised this approach until the 1990s. Lastly, is the engineering model which is the most extreme case of the Government’s direct intervention in cultural policy formulation. It usually has a strong political undertone and includes a system of culture being funded by the government as a tool for political education. The cultural workers are employed by the government and their creations reflect the political agenda of the government. This system is adopted by Cuba, North Korea, China and the former Soviet Union.

Craik (1996) introduces a fifth model known as the elite nurturer model. It is a little similar to the patron's model just the elitist organizations responsible for managing cultural affairs are selected by the government and funded by the government. While no model is a perfect match, over the years, governments have resorted to a sort of mix-and-match system combining a little bit of this and that to suit the peculiarities of their environments. For instance, the UK Arts Council uses the arms-length approach in funding culture public lotteries provide significant amounts of funding for other projects using a facilitator model, and still, other monies are made available through architect-style cultural planning and community revitalisation strategies (Gray 2004, 2006; Lee 2006).

Nigeria, compared to countries like the United Kingdom, Australia and even South Africa has witnessed - with apparent helplessness - the relegation of its cultural heritage in recent years. Nigeria's culture is seemingly being rapidly relegated and replaced by a foreign culture. Perhaps we can attribute this to urbanization and western cultural imperialism. Truth is, the proliferation of the creative economy policy in the West is being replicated by the extension of cultural heritage in developing countries. The passive role, to which culture, has been downgraded in recent years has on paper been of major concern to various governments. We are, however, yet to see the deliberate formulation of policies by the government to harness the economic potential of the industry. Nigeria today is truncated by political disharmony. Our international reputation will most definitely benefit from the exportation of our rich cultural heritage. Though the ministry has in recent times run several national rebranding campaigns - #GoodPeopleGreatNation, #ChangeBegisWithMe – it remains to be seen the efforts of the government in revitalising its ailing cultural industry.

In 1988, the federal government established the national cultural policy and has since then made other strides such as becoming a founding member of the World Decade for Cultural Development (WDCD) and playing critical roles in the establishment of the Cultural Charter of the Organization of African Unity (OAU) – now AU- as well as the African Cultural Common Market (ACCM). A quick review of the Nigerian cultural policy says very little about the commodification of the policy for economic purposes except we consider section 3(4) which states “*The policy shall promote creativity in the fields of arts, science and technology, ensure the continuity of traditional skills and sports and their progressive updating to serve modern development needs as our contribution to a world growth of culture and ideas*”.

By scope, this definition excludes critical fields contained in the creative industry that have the potential to drive the economic. The policy also says very little as to the methodology that will be used in implementing and measuring the policy.

## 5. Conclusion/Recommendation

This paper aimed to examine the possibility of clusters as a tool for urban regeneration. In the case of the Inner Fringe City, we have seen how the establishment of the jewellery cluster rippled into the multiplicity of businesses which in the long run improved the economic prowess of the location.

In Nigeria, the computer village story can be developed into a proper creative hub, The Lagos State government has taken the first step in announcing the relocation of Computer Village to Badagry – a suburb on the outskirts of Lagos.

This must however be followed by proper policies to help harness and grow the industry. The same applied to the film cluster in Surulere. There is a need for clear policy guidelines to give it a proper structure.

Nigeria's creative economy has moved from the celebration and preservation of our indigenous value system to more self-enterprise and economic development. To grow this immensely talented cultural industry, efforts must be made by stakeholders to restructure and come up with acceptable models, policies and configurations to best serve the growing industry whilst leveraging technology.

Also drawing lessons from UK Jewellery Cluster as a Tool for City Regeneration and boosting competitive advantages of the industry, Nigeria's creative industry policy makers and stakeholders must reconsider creating bespoke creative policies with focus on Strategic location, Local market demand, Integration with regional clusters, Human resources, plus Private sector involvement and leadership.

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