The Adaptation of the Cultural and Creative Industries Clusters Policies in Eastern Asian Cities:

The Case Studies in Taiwan

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Abstract

Cultural and creative industries (CCIs) clusters have been a privileged policy approach to expand urban and economic development in Eastern Asian cities, such as Singapore, Hong-Kong, Shang-Hai and Taipei. Most CCIs clusters examples in Eastern Asian cities, combine both urban planning and economic rationales and take the form of mega-projects and various initiatives. These restricted economic and planning approaches generate debates on the effects of cluster policy on the development of CCIs in Eastern Asian cities because policy-makers emphasize the economic effect of CCIs, but neglect the local contexts in terms of existing and potential markets and consumption levels. The thesis presents a more holistic approach including cultural, economic and planning components to assess the effectiveness of a bottom-up initiative Hua-Shan Cultural Park and a top-down initiative NanKang Software Industrial Park in Taipei. The research is based on a longitudinal approach and discusses the perspectives of the various actors involved in this initiative over time: the cluster operators, the policy makers and the CCIs representatives (including individual workers, companies and NGOs). By contrasting these different perspectives, this article demonstrates the types of issues, conflicts and compromises that can happen during the implementation process of cluster policies as well as potential emerging collaboration and impacts on CCIs actors. This thesis concludes by exploring the implications of taking into account the local contexts when implementing such policies and further suggests ways for policy makers to better do so in Eastern Asian cities.

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Chapter 1 introduction

1.1 Introduction of the research

Owing to industrial transformation and technological development, economic and industrial growth no longer depends on manufacturing but on seeking new possibilities in emerging new industries, such as the Cultural and Creative Industries (CCIs) (Bassett, 1993; Scott, 1997; Pratt, 1997). Since the 1980s, CCIs have started to be used as a popular policy strategy in economic and urban regeneration in many Western cities (Scott, 1997, 2006; Santagata, 2002; Evans & Shaw, 2004; Amin & Thrift, 2007) and increasingly in East Asian cities (Kong, 2005, 2007, 2009; Keane, 2009; Wu, 2004). On the other hand, in the last thirty years, 'clusters' have become a more recognised phenomenon to support economic development: ''clustering' produced a range of economic benefits – pools of common knowledge and skills, flexible human resources, relations of trust and a sense of common goals - which were a shared effect of these networks themselves and acted as 'untraded externalities'' (O'Connor, 2007, p.29). Combining these two trends, CCIs clusters policies are recognised as complex plans to harness local dynamics by developing CCIs (and wider activities such as leisure, entertainment and tourism) and their value chains - as Mommaas (2004, p508) has pointed out, these are 'complemented by shared local knowledge which was rooted in local social structures, institutions and cultures.' – ultimately to contribute to urban and economic redevelopment (Mommaas, 2004).

1.1.1   Aims and contributions

This research aims to understand the effect of CCIs clusters policies on CCIs development in East Asia, taking into account the effects of local social, cultural and economic contexts. The need for further research on the influences of local social, cultural and economic contexts on CCIs clusters and their policy implementation has been suggested from issues experienced in Western cities (Chang, 2000; Moss, 2002; Hutton, 2003; Kong, et al., 2006; Kong, 2007; Keane, 2009; Pratt, 2009a). By addressing this gap, this research will contribute, firstly, to the development of knowledge on empirical CCIs clusters policies implementation in East Asian cities; secondly, to the theoretical basis underpinning this policy implementation, and, thirdly, to the reflection on the effect of local (social, cultural and economic) contexts on the development of CCIs clusters policies and its impacts.

Indeed, three main areas of study seem in need of further research in the literature on CCIs clusters policies. Firstly, there is still some questions on the degree of the governance - interaction and cooperation between the public sector, the private sector and other CCIs actors. There are yet coordinated and also yet understood to what extent the various stakeholders (public and private sectors and CCIs themselves) need to be or are involved to ensure the development of a CCIs clusters in Eastern Asia (Moss, 2002; O'Connor & Gu, 2010). Thus, the cooperation and collaboration between the stakeholders have been suggested as an area where more exploration is necessary (Bassett, 1993; Moss, 2002; Mommaas, 2004; Gibson and Kong, 2005; Pratt, 2009; Evans, 2009a; O'Connor and Gu, 2010). Secondly, there is still a gap between CCIs organic dynamic and the objectives pursued by CCIs clusters policies (O'Connor and Gu, 2010). As such, CCIs cluster policies tend to be very much focused on pursuing economic objectives, even though experience demonstrates that they cannot deliver immediate economic profit (O'Connor and Gu, 2010; Pratt, 2009a;

Moss, 2002). Thirdly, the development of CCIs is correlated with local economic and socio-cultural values, however, this correlation and its impact is not clearly explained in the CCIs clusters policies literature, especially in Eastern Asian cities (O'Connor and Gu, 2010; Keane, 2009; Pratt, 2009a; Kong, 2005, 2007, 2009; Mommaas, 2004; Moss, 2002).

Mommass (2005, p.531) has suggested that '… the exchange between cultural and other (social, economic) values has become more complex and unstable, the search for new forms of urban cultural governance can easily be frustrated by a combination of unclear goals, a lack of mutual understanding and involvement, overgeneralised models and inhibitory attitude'. This suggestion is especially relevant to the sustainable development of CCIs in developing cities. A similar suggestion for the need for further research has been made by Pratt (2009a, p.1058) who has advocated for 'the need to attend to the complexities of socioeconomic-cultural action: in and across firms, between formal and informal activities, between art and commerce, and between public and private sectors. Further research on these topics, grounded in empirical studies, is urgently required if we are to understand fully the emergent neo-industrial city'. Taking into account those contexts and the three gaps identified previously, there appears to be a need for a better understanding of the complex interaction between CCIs, policy and the cultural, social and economic contexts of a place, particularly in Eastern Asian cities. This thesis aims to address this need.

1.1.2   The emergence of CCIs policies in East Asian cities and Taiwan

Many Eastern Asian cities have started to use CCIs in their policies to support their economic and urban re-development. The transfer of CCIs policies from the West has had an extensive influence and so has the cluster approach and its multifaceted policy

purposes (Florida, 2004; Landry, 2000; Pratt, 2002; Kong, 2007; Kong, Gibson, Khoo, et al., 2006).

So far, the attraction of Eastern Asian governments towards CCIs has been their potential economic benefits as well as their capacity to attract international talent, investment, and to counteract the economic recession context linked to deindustrialisation (Landry, 2000; Chang, 2000; Wu, 2004; Kong, et al., 2006; Kong, 2007; Keane, 2009). The use of cultural flagship projects with mixed use projects has started to become a common feature (Yeoh, 2005 and Kong, 2007, p.384). As such, the construction of arts and cultural facilities has been increasingly included in urban development projects.

Singapore has been the first Eastern Asian country to incorporate CCIs into its national policy in the late 1990s (Kong, 2000). Following the example of Singapore and the 1997 financial crisis, CCIs began to be integrated within urban development plans and economic revitalisation policies in Hong Kong, where the film industry has been used as a driver for the creative economy (Kong, 2007; Yeoh, 2005; Chang, 2000). It has been expected that such policies could target investment, tourism and additional creative activities by building cultural infrastructure and relevant supporting facilities, such as exhibition centres, hotels and restaurant (Kong, 2005; Yeoh, 2005; Kong, 2007). However, early evidence shows that CCIs clusters policy can be a source of conflict between the public sector and private actors (local residents or CCIs actors for example) (Kong, 2005, 2007).

Since the early 2000s, the cases of Hong Kong and Singapore have been imitated by other Asian cities, such as Beijing, Shanghai, and Taiwan (Wu, 2004; Kong, 2007; Keane, 2009). As in the cases of Singapore and Hong Kong, CCIs clusters' initiatives have focused on developing flagship projects such as cultural or urban infrastructure (including hotels, bars, restaurants, galleries and exhibition centres) (Evans, 2012;

Keane, 2009; Jayne, 2005; Mommaas, 2004; Montgomery, 2003). Moreover, the roles and functions of artists, creative workers, and cultural and arts agencies, have at times been manipulated by policymakers towards various policy purposes (Wu, 2000; Wu, 2004; Kong, 2007; Keane, 2009).

During the same period, in Taiwan, CCIs have been considered and integrated into a national economic plan and have been listed as one of the economic targets (Challenge 2008, 2002, p.2). The content of CCIs policy in Taiwan has imitated many policies and theories from Western countries. Kong et al. mentioned (2006, p. 184): 'Indeed, like the other 'tigers', and reminiscent of post-World War II Japan, Taiwanese official discourse is deeply built on information on European countries, particularly the UK, drawn from serious detailed research'.

As such, CCIs clusters policy has been implemented to reverse the decay of urban sites by introducing new activities (or usage) and develop the CCIs (Lin and Hsing, 2009). In Taipei, the capital city of Taiwan, the influence of industrial transformation could be found clearly in both its spatial development and its economic structure. However, as for other Asian cities, the local market, consumption, values and the social-cultural contexts have been unable to appropriately support the development of the CCIs (Kong, 2006, 2007; Keane, 2009). As such, Lin and Hsing (2009) in their study of the mechanism of CCIs policy in Taiwan found that indigenous cultural and social content drives the mobilisation between place and community and contributes more to the development and promotion of CCIs than any other single force. This suggests that there are indeed uncertainties as to the role and effects of current policies on CCIs if the local socio-economic and cultural contexts are not taken into account. The current status of the market and demand for CCIs' products reveal that CCIs' development in Taiwan has not the same dynamic as in Western cities (Keane, 2009). This difference in dynamics seems to have caused CCIs organic clusters to

be restrained by existing policy intervention. However, this has not been really explored in the literature.

Exploring CCIs development and cluster policy in Taipei will thus add to the understanding of CCIs development and policy in Asia, in terms of the effect and influence of local social, economic and cultural contexts in terms of policy formulation and implementation. This research will provide an insight in terms of the dynamics and actors driving CCIs clusters development in such contexts.

1.1.3   The issues of CCIs policies implementation in East Asian cities

It can be argued that there are three main issues related to CCIs policy implementation in East Asian cities. Firstly, the dynamic driving CCIs market is too dependent on the public sector in these cities. The local contexts in East Asian cities seems to be unable to support the development of a CCIs market as in Western cities (Keane, 2009) due to a gap in local consumption which causes concerns over whether the development of CCIs can be supported in East Asia (Chang, 2000; Hutton, 2003; Kong, 2006; Keane, 2009). This issue relates to the question whether CCIs cluster policies adopted in Western cities are applicable to East Asian cities.

Secondly, the issue of collaboration between public sector bodies, such as the interaction between the national and local levels (Bassett, 1993) and intergovernmental cooperation (Gibson and Kong, 2005; Kong et al., 2006; Kong, 2007) as well as the different methods of cooperation between the public and private sectors (Wu, 2004; Hutton, 2003; Kong, 2006, 2007; Keane, 2009; O'Connor and Gu, 2010) still need to be explored further. This matter has been raised with respect to the current CCIs policies and research on Western cities (Moss, 2002; Pratt, 2009a). In Eastern Asia, this has had more effect on CCIs policy, as public policy has recognised

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its effect and influence on both the CCIs market and economic development (Kong et al., 2006; Kong, 2007; Keane, 2009).

Thirdly, CCIs cluster policy cannot yet guarantee the extent of its contribution and effect on CCIs development. The different CCIs initiatives between public and private sectors, and the conflict between organic CCIs clusters and public policies, have affected the extent to which CCIs have developed (Kong, 2007, 2008; Chang, 2000). The main reasons for these difficulties include:

- The need for cooperation between different public sector bodies, especially urban planning, cultural and economic development (both at local and national levels), expected to build a conducive atmosphere for CCIs' development (Moss, 2002; Hutton, 2003;Montgomery, 2003, 2004; O'Connor and Gu, 2010);

- Private and public sectors need to consider that organic and policy induced initiatives of CCIs' development may be based on different dynamics. For example, public sector initiatives are usually focused on economic development and urban regeneration (see Pratt, 2009a; Moss, 2002; Brown et al., 2000; Bassett, 1993), while several organically formed CCIs clusters are created to serve their local market, residents and communities and are linked to local arts (cultural) and historical elements, not necessarily easily exportable. This also touches upon the issue of the public sector taking a 'hands-off' approach in supporting CCIs organic clusters (Brown, 2000, p.442; Porter and Barber, 2007; Pratt, 2009a).

1.1.4   The arguments of this thesis and its research framework

As explained, it has been argued that CCIs policy implementation in East Asian cities has been too strongly inspired by Western experiences of cluster policy and their theoretical underpinnings such as Creative class (Florida, 2002) and Creative city (Landry, 2000). As such, the differences in the cultural, economic and social backgrounds between Western and East-Asian cities have not yet been fully taken into account in terms of policy formulation and implementation (Kong, 2007; Keane, 2009). As summarised in Figure 1.1, these contextual differences have presented East Asian cities' governments with different challenges in applying these policies transferred directly from Western cities (Wu, 2004; Kong, 2007; Keane, 2009).

Figure 1.1 Our research framework
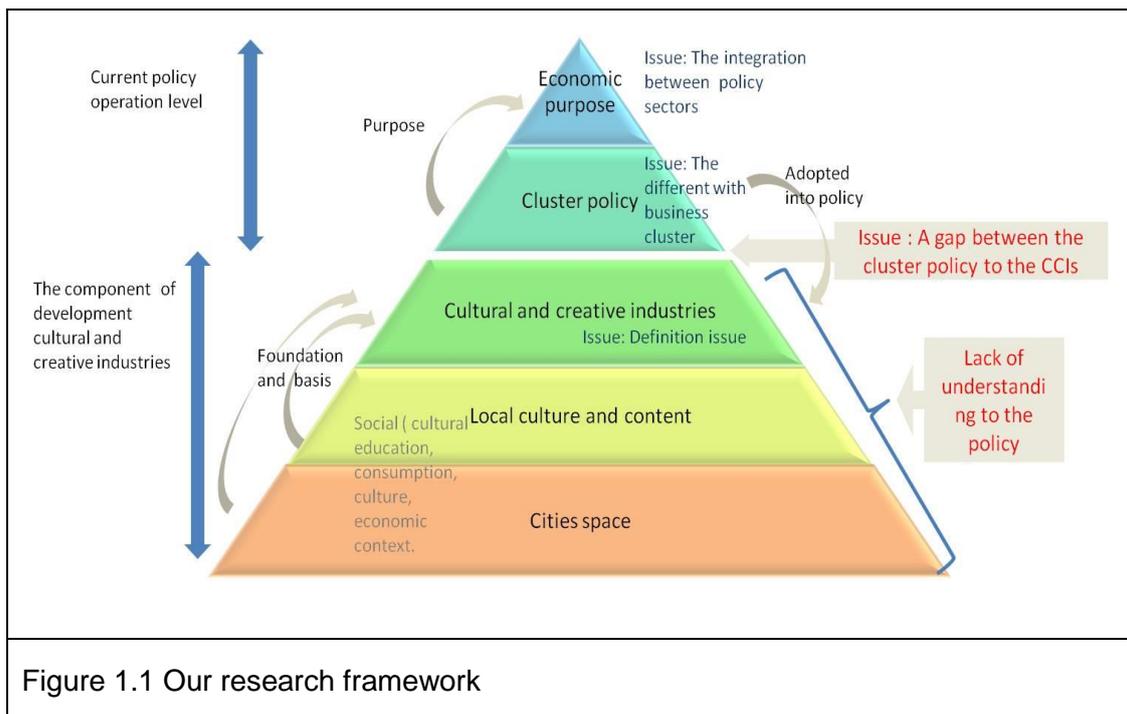
Therefore, in considering the issues that arise in Western cities and Eastern Asian cities, this research looks at three interrelated aspects of CCIs clusters policies and their development as represented in Figure 1.2: how CCIs are understood, the type of cluster policy implemented and the impacts of the local cultural context.

Firstly, there is an unclear definition of CCIs (Galloway & Dunlop, 2007) as will be discussed in chapter 2, which means that the theoretical framework and the foundation that underpin the development of CCIs policies is unclear. It has been argued that this causes CCIs policy to be too focused on economic profit, delaying CCIs development (Garnham, 2005). Policymakers have not yet understood the nature (and definition) of CCIs and the necessary dynamics (and actors) to develop them, especially as the content and definition of CCIs is still controversial in existing academic research (Wu, 2004; Hutton, 2003; Cunningham, 2003; Kong et al., 2006; Kong, 2007; Keane, 2009).

Secondly, CCIs' value chain has changed due to the influence of information and communication technologies (ICTs) on CCIs market and its development (Pratt, 1997; Caves, 2000; Hesmondhalgh, 2002). The role of the user (consumer) has evolved from someone who was initially only buying a product to someone who is additionally assessing the value of CCIs products depending on local cultural context and their interface with global markets (Hartley, 2004, 2008).
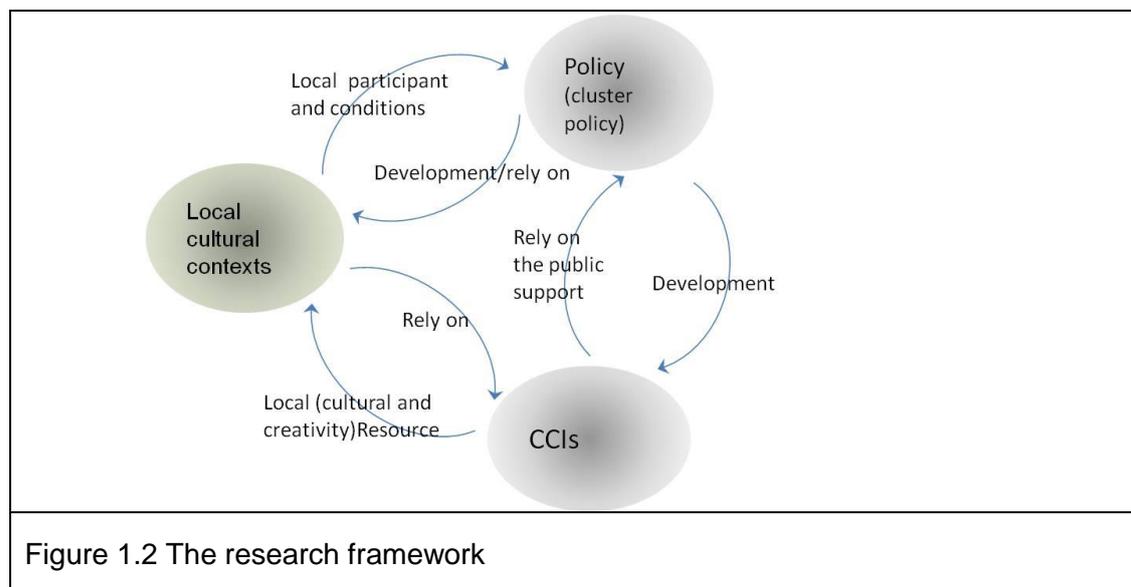
Figure 1.2 The research framework

Thirdly, the literature highlights doubts about CCIs public sector initiatives approaching CCIs policy from a traditional business cluster perspective, with too much focus on economic objectives (Kong, 2007; Pratt, 2002, 2009a; Keane, 2009; O'Connor and Gu, 2010). It has indeed been argued that the economic purpose of the traditional industrial cluster may not suit CCIs development and ensure their sustainable development (Stern and Seifert, 2010). Although some characteristics of CCIs clusters have been analysed (Montgomery, 2003, 2004), there has not yet been a study on CCIs clusters policy (and theory) taking into account in depth the effects of social, economic and cultural contexts on such policies, particularly from an East Asian city perspective (Flew, 2010; Kong, 2007; Wu, 2004; Keane, 2009).

1.2 Research Questions

The main question of this research is 'To what extent can CCIs clusters policies support the development of the cultural and creative industries under the specific local context of Eastern Asian cities?' To be able to answer the main question, some extended questions will be explored with regard to three aspects which will be outlined in chapter 5:

1) The understanding of CCIs and CCI clusters and their related policy rationales,

2) The policy governance and approach; and

3) The broader issue of local cultural and social contexts.

1.3 Research Methodology

A qualitative case study approach is adopted in this thesis as both cluster policy and CCIs development are highly politically, historically, and locally influenced. This enables an understanding of the diverse dynamics of CCIs clusters and the effect of local cultural and social contexts. As such, this research studies in depth CCIs clusters policy in Taipei, Taiwan. Three main reasons have driven the selection of Taipei for this research. First, Taipei is providing an interesting example in terms of its social and cultural contexts, which can help reflect upon other cities in Eastern Asian cities. A significant number of Asian cities have imitated one another in addition to designing their CCIs clusters policies influenced by Western theories and policy experiences; Taipei is one of these cities (Scott, 2006; Kong, et al, 2006; Kong, 2005, 2007; Cunningham, 2003). To ease the comparison and reflection of the Taipei case with other East Asian cities, this research includes a review of relevant other Asian cities experiences in chapter 4.

Within Taipei, this research focuses on two significant and distinctive CCIs clusters policies: HuaShan Cultural and Creative Park and NanKang Software Industrial Park. These two CCIs clusters policies were launched against similar backgrounds and at a similar time, in the 1990s. The two cases involve different actors, industries (cultural and creative industries) and approaches (including the diversity of public-private initiatives, and also cluster dynamic). First, the NanKang Software Industrial Park is a top-down (policy-made) CCIs cluster; and second, HuaShan Cultural and Creative Park is a bottom-up (organic cluster followed by public sector intervention) CCIs cluster. These two cases are considered with the aim of demonstrating the influence of their policy objectives, governance and the effect of the local contexts on the development of CCIs cluster policy and its implementation.

The methods of semi-structured interviews and secondary data have been used to collect the data for analysis; this includes 45 interviews with representatives from the public sector, CCIs workers and the private sector. Within-case and cross-case analyses are used to decrypt the data gathered in this research, highlighting the similarities and dissimilarities between the two cases. This also accompanies an examination of the literature to ensure external validity. This type of research inquiry is generally not well served by quantitative data though it has been applied in the existing cultural cluster policy literature (Chapain and Roberta, 2010; Hesmondhalgh and Pratt, 2005; Martin and Sunley, 2003). A qualitative approach, however, appears to facilitate a greater variety of data to provide insights for this research inquiry.

1.4 Thesis Structure

The thesis is divided into ten chapters. Chapter 2 provides an account and assessment of the literature addressing the concepts of the cultural and creative industries. Much of the work in this chapter aims to provide a fundamental understanding of CCIs, key issues and challenges and the relationship between different CCIs actors. Chapter 3 reviews the literature regarding the understanding and exploration of cluster theory and policy. The differences between a CCIs cluster and a business cluster are explored. Key elements of consideration in the study of CCIs clusters are discussed. Chapter 4 provides a review of the literature regarding current CCIs policies and their related issues in Asian cities as well as key factors to consider when exploring policy transfer, as many of the policies implemented in East Asian cities have been transferred from Western experiences. Chapter 5 presents the thesis research framework and its methodology. A set of research questions is developed based on this framework. Chapter 6 discusses the secondary data material gathered in this thesis to illustrate the background to the development of CCIs and

related policies and governance in Taiwan. Chapters 7 and 8 analyse the fieldwork data gathered from our two case studies looking at CCIs clusters policies rationales, governance and impacts of the local context; chapter 7 examines the bottom-up policy case, HuaShan, whereas chapter 8 focuses on the top-down policy case, NanKang. Chapter 9 compares and contrast the findings emerging from the two case studies. Chapter 10 summarises our findings, answers our research questions and considers potential policy implications and the limitations of this research and makes suggestions for further research.

Chapter 2 Defining and Understanding the Cultural and Creative Industries

2.1 Introduction

Over the last decades, Cultural and Creative Industries (CCIs) have been used in policies to promote economic growth and urban development. The increasing attention paid to the CCIs has attracted divergent discussions leading to various definitions of what CCIs actually are (Towse, 2003; Garnham, 2005; Galloway and Dunlop, 2007; O'Connor, 2007; Hartley, 2008).

The lack of clarity in the definitions of CCIs is due in particular to the difficulty in distinguishing the differences between the terms 'cultural industries' and 'creative industries' and in establishing to what extent the two terms are interchangeable (O'Connor, 1999, 2007; Towes, 2000; Hesmondhalgh, 2002; Hartley, 2004, 2008; Garnham, 2005; Galloway and Dunlop, 2007; Pratt, 2009). Galloway and Dunlop (2007, p.19) summarizes, 'deliberations to this issue have failed to adequately consider the differences between cultural and creative activities; this is partly due to the terminological clutter surrounding the term culture'. In line with this, to be able to continue this research, there is a need to explore the definition of what we consider as CCIs both conceptually and operationally. In addition, it is important for the CCIs clusters' research to clarify the various dimensions of the CCIs associated with these definitions, and the range of actors involved in the creative ecology (Pratt, 2009; Moss, 2002; O'Connor and Gu, 2010).

The other key objective of this chapter is to understand the creative value chain and its changing nature (Hartley, 2004, 2008). The change in the CCIs' value chain has been marked by shifts in both cultural consumption and production patterns, which, in turn, are related to factors such as education, social institutions and cultural values of a place (Hartley, 2008; Pratt, 2008, 2009; Keane, 2009). The individuality and uniqueness of the CCIs products and their desirability with regard to consumers' preferences influence the overall consumption market (Caves, 2000; Towse, 2003). In addition, Internet and Information Communication Technologies (ICT) and internet tools (such as YouTube, Amazon or Yahoo) have also changed the CCIs value chain (including production, reproduction and circulation) increasing the role played by users/consumers in the last decades (Hartley, 2008; Hesmondhalgh, 2002; Flew 2010).

Decrypting the concept of CCIs includes understanding its ecology in terms of the interdependencies among commercial, nonprofit, public, and informal organisations (Markusen, 2011, p.8). There still needs more research on providing an insight into the function and role of each of these actors and the different forms of collaboration and negotiation between them (Kong, 2007; Kong et al, 2006). Additionally, the governance within which these actors are involved affects CCIs policies. Therefore, this section also addresses the contents and objectives of CCIs policies (Evans, 2001; Hesmondhalgh and Pratt, 2005; Adrienne and Beatriz, 2005; Scullion and García, 2005; Flew, 2010).

This chapter therefore examines, first, the emergence of the CCIs concepts exploring various conceptual and operational definitions. The second part examines the changing nature of the creative value chain. The third part focuses on the nature of the creative ecology and the role and competencies of its stakeholders. The fourth part provides a discussion about the context, change and challenges of policies

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supporting the CCIs. Finally, this chapter concludes by providing the definition of CCIs that will be adopted in this thesis.

2.2 Defining Cultural and Creative Industries

The term "cultural and creative industries (CCIs)' has been used since the mid-1990s in relation to the involvement of CCIs in policy for economic revitalisation. Different disciplines have tried to explore the meaning of CCIs, including geography (Coe, 2000; Kong, 2000,2006; Scott, 2000; Bassett et al., 2002; Gibson et al., 2002), sociology, cultural studies (Zukin, 1995; O'Connor, 1999, 2007; Cunningham, 2001; Hesmondhalgh, 2002), urban planning (Hesmondhalgh and Pratt, 2005; Landry, 2000) and economics (Howkins, 2001; Caves, 2000; Throsby, 2001). However, the concept of CCIs is still debated and various conceptual and operational definitions need to be clarified.

2.2.1. The Emergence of a New Term and a Shift in Focus

The term 'cultural industry' was initially applied, in the 1920s and 1930s, to cultural products produced on an industrial scale with the **methods of production** linked to industrialisation (Adorno and Horkheimer, 1947).

Table 2.1 presents the evolution of forms and foci associated with the currently called 'creative industries' over time. The new methods of cultural production like TV, media, music and publishing drove the term 'cultural industries' and excluded cultural and artist-based activities such as painting, dancing and art craft (Adorno and Horkheimer, 1947; O'Connor, 2007; Galloway and Dunlop, 2007), characteristics of the previous period.

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Table 2.1 The 'creative industries': evolving through time (successive phases)			
Phase	Form	Value-add	Innovation/ change agent
Enlightenment/ Modernism	Art/ Reason	Individual talent	Civic humanism
Industrialization	Media	Industry scale	Cultural industries
Creative Industries 1 (1995-2005) Creative Industries 2 (now)	Industry, Market	IP outputs / Inputs (economy)	Creative clusters/ Services
Creative Industries 3 (emergent)	Knowledge /culture	Human capital (workforce/user)	Citizen-consumers

Source: Hartley (2008, p.10)

In the early 1990s, policy makers in Australia and the UK introduced a new term 'the creative industries' to try to capture the arrival of other new **methods of production**, the ICT and their influence on arts and cultural production and activities. As such, this term was first used in the 'Creative Nation' report published by the Australian government in 1994 (Howkins, 2002, p.1; Hartley, 2008). Following this, the term 'creative industries' was introduced by the British Department of Culture, Media and Sport (DCMS) in a mapping document produced in 1998 (DCMS, 1998).The term 'creative industries' was formally defined as 'those industries which have their origin in individual creativity, skill and talent which have a potential for job and wealth creation through the generation and exploitation of intellectual property('Creative Industries Mapping Document', DCMS, 2001, p.05)'.

This new term has created an intense academic debate with various researchers trying to define what the creative industries are and to what extent they differ from the cultural industries. One of the issues relates to the fact that the introduction of this new term is related to a shift in the way cultural industries has been approached and considered in public policy (Garnham, 2005; Pratt, 2009), from a focus on the production of cultural diversity and content to the economic value generated by

cultural products. Pratt (2005, p.31) says 'Yet, they are situated under the umbrella of cultural policy, a perspective that has traditionally championed elite cultural forms funded from the public purse'. This position relates to the discussion of the wider meaning of 'culture' which goes beyond the remit of this chapter (see Hesmondhalgh, 2002 for a detailed discussion[1]).

A more restrictive approach to the shift in terminology from cultural to creative industries has been discussed focusing on the change in production process within pre-modern, modern and contemporary contexts (Hartley, 2004, 2008). Hartley (2008, p.4) explains that terminological transformation occurs when a new product or method of production is used, for example, he said that the term 'industry' for 'cultural industry' came into use following a change in the methods of production from individual talent to industrial scale. The shift from 'cultural industry' to 'creative industries' marked a return to the importance of individual talent and the decreased barriers in accessing the market allowed by the new technologies (see Table 2.1).

Nevertheless, a strong overlap remains between what was called the cultural industries and what is now called the creative industries. As such, a merger of the terms 'cultural industries' and 'creative industries' has been adopted by some academic authors to address this overlap (O'Connor, 2007; Garnham, 2005; Pratt, 2009). As a matter of fact, this research uses the interchangeable nature of the terms, which is often acknowledged in policy and academic debates (O'Connor, 2007; Pratt, 2009) as discussed in more details in the next section

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[11] 'If we define culture, in broadest anthropological sense, as a "whole way of life" of a distinct people or other social group' (Williams, 1981, p.11), it is possible to argue that 'all industries are cultural industries in that they are involved in the production and consumption of culture' (Hesmondhalgh, 2002, p.11).

2.2.2. Conceptual Definitions

There have been seminal contributions to the debate on the nature and definitions of CCIs since the 1990's (Galloway and Dunlop, 2007; O'Connor, 2007; Garnham, 2005). Some researchers use the term 'cultural industries', such as Hesmondhalgh (2002), Moss (2002) and Kong (2000); while others use the term 'creative industries', such as Caves (2000) and Hartley (2008). In addition, some use both terms interchangeably or together: 'the cultural and creative industries', such as O'Connor (2007) and Pratt (2009).

Of interest is the work of Galloway and Dunlop (2007, p.3) who characterise the cultural industries with five main criteria: 'creativity, intellectual property, symbolic meaning, use value and methods of production'. These criteria summarise debate on the changing form of creative production and the measurement of creative value in the last 20 years as discussed in the last section (Dunlop and Galloway, 2007).

The first criterion, **creativity**, is understood as the generation of a new production technique and associated products; this includes creativity in terms of either knowledge or individual innovation (see Hartley, 2008, p.9). However, Dunlop and Galloway (2007) argued that all industries could be related to 'creative': 'scientific and technical innovations could be creative industries (p.19)'. Indeed, UNCTAD (2008, p.9) distinguishes three kinds of creativity: artistic creativity, involving imagination and a capacity to generate original ideas and novel ways of interpreting the world, expressed in text, sounds and images; scientific creativity, involving curiosity and a willingness to experiment and make new connections in problem-solving; and economic creativity, a dynamic process leading towards innovation in technology, business practices, and marketing, and closely linked to gaining competitive advantages. Most discussion on creativity in CCIs studies focuses on 'artistic creativity', i.e. artistic and cultural activities that become products (Kong, 2000, 2007;

Drake, 2003; McCarthy, 2005; Hartley, 2008). Although the three different dimensions of creativity are related, artistic creativity will be mainly applied in this research by adding the value dimension highlighted by the following UNCTAD's (2010,p.4) definition: 'Creativity can also be defined as the process by which ideas are generated, connected and transformed into things that are valued'.

The second criterion, **intellectual property** (IP), is a key element of CCIs (Galloway and Dunlop, 2007). Dunlop and Galloway (2007:19-20) define intellectual property as a process which 'allows people to own the products of their creativity ensuring, crucially, that there is something to be sold'. Thus, the value and economic profit of CCIs product is believed to come from IP (Towes, 2000). However, it has also been argued that CCIs cannot be defined only by using IP and without considering a product's cultural content (Towse, 2000; Galloway and Dunlop, 2007; Hartley, 2008). As Hartley stated, IP could also cover products from the fields of science, engineering and academia (Dunlop and Galloway, 2007, p.20). Hence, IP presents the value of creativity and knowledge in CCIs products, but the concept of culture needs to be accounted for (Towse, 2000; Hartley, 2008). Moreover, IP's involvement in CCIs is thus driven by economic purposes and is used to ensure and evaluate the value of artistic (cultural) productions (Garnham, 2005).

The third criteria, **symbolic meaning**, refers to the fact that CCIs outputs usually reflect local social institutions, customs and values by their aesthetic education and appreciation (Scott, 2000; Hesmondhalgh, 2002; O'Connor, 1999; Galloway and Dunlop, 2007; Keane, 2009; Pratt, 2009; Flew, 2010). This is reflected by Hesmondhalgh (2002, p.12), 'the symbolic meaning means the texts, songs, narratives and performances, which is basically correlated to the social institution, culture and local image and some production with certain social meaning'. But Flew (2002) argues: 'is the design and production of Coca-Cola a part of the cultural

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industries?'. The popular culture that comes with specific brands such as Coca-Cola, in terms of the meaning and social values that are associated with them, could be considered as a kind of recognised culture (symbolic meaning) after a long period of time. However, not all products can eventually become CCIs. This depends on their symbolic meanings in local contexts (Hesmondhalgh, 2002) and what they mean to their users (Hartley, 2004, 2008).

The fourth criterion, **use value**, relates to the value of using a CCIs product for consumer (Galloway and Dunlop, 2007). As such, Hartley (2005, p.29) stresses that the role of consumers resides in deciding the value of creativity, but this use value cannot be gauged until it is used. In addition, consumers tend to share their experience of CCIs products. As such, the way the consumer market functions has become critical for the development of CCIs either locally or internationally, notably through the internet (see United Nations Conference on Trade and Development, 2010, p.4).

Methods of production, the last criterion discussed by Galloway and Dunlop (2007), have been driving the transformation of the cultural industries into the creative industries (Hartley, 2004) as discussed in the previous section and presented in Table 2.1.

2.2.3. Operational Definitions

Various operational definitions in terms of the economic sectors that constitute the CCIs have been devised over the past 15 years, reflecting the ambiguity of its conceptual definition. These sectors tend to be divided between those closer to more artistic activities (visual arts, drama and performing arts, photography, music, film and video), and those closer to mainstream economic activities (craft, advertising,

software, architecture, and design). Table 2.2 presents various operational definitions devised to describe the cultural industries and creative industries.

For example, Hesmondhalgh (2002, p.11-12) states that cultural industries include the 'advertising and marketing, broadcasting, film industries, internet industries, music industries: recording, publishing and live performance, print and publishing including books, video and computer games'. But he excludes the creative arts, such as drama and visual arts, which are considered peripheral due to their semi-industrial or non-industrial production methods. O'Connor (1999, p.5) makes a difference between what he calls ''classic' and 'traditional' arts; where 'classic' cultural industries include broadcast media, film, publishing, recorded music, design, architecture, and new media and 'traditional arts' refers to visual arts, crafts, theatre, music theatre, concerts and performance, literature, museums and galleries '.

With regard to the creative industries, Hartley (2008, p.11), on the one hand, includes all together 'advertising, film and video, architecture, music, art and antiques markets, performing arts, computer and video games, publishing, crafts, software, design, television and radio, [and] designer fashion'. Caves (2000), on the other hand, distinguishes between activities considered as belonging to the previously called cultural industries from those which have been influenced by ICT such as designer fashion, video games (see Table 2.2)

Table 2.2 Operational definition		
	Cultural Industries	Creative Industries
Operational definition Policy implementation purpose	General content (mass cultural production) (O'Connor, 1999) Television, Radio, Film, Newspaper, magazine and publication, Music (recorded), broadcasting and publishing, video Advertising Performing arts, (Hesmondhalgh, 2002, p.11-12; O'Connor,1999, p.5)	Cultural production aspect Books and magazine publishing, the visual arts (painting and sculpture) Advertising Film and video, Music, Art and antiques markets, Performing arts, Publishing, Crafts, Television and radio, cinema and TV films, (Hartley, 2005, p.33, p.384; Caves, 2000; p.1)
	Traditional arts activities (O'Connor, 1999) Visual art Crafts Theatre (music theatre) Concerts and performance, literature	Within the influence of ITCs Design, Software, Designer fashion (Caves, 2000; Hartley, 2005; Fesel, 2007) Toys, computer and video games, and toys (Towse, 2003, Caves, 2000)
	Spatial and cultural infrastructure	
	Museum shops, arts exhibitions (commercial museum activities and arts exhibitions) (Fesel and Söndermann, 2007; O'Connor, 2007; Hesmondhalgh, 2002).	Architecture (Hartley, 2008, P11)
Sources: O'Connor (1999); Hartley (2005); Fesel (2007); Towse (200); Caves (2000, p.1)		

Using work from O'Connor (1999), Hesmondhalgh and Pratt (2005), Caves (2000) and Hartley (2004, 2005, 2008) and considering the content of the cultural industries and the characteristics of the creative industries, this research defines CCIs into three main groups: 1/ **general content (mass cultural production)** ; 2/ **ITCs** and 2/ **cultural infrastructure** (see table 2.3)

Table 2.3 Operational definition of the CCIs used in this thesis
-General content (mass cultural production) Television, Radio, Film, Newspaper, magazine and publication, Music (recorded), broadcasting and publishing, video, Advertising, Performing arts, - ITCs Design, Software, Designer fashion, Computer and video games, and toys - cultural infrastructure Museum shops, arts exhibitions (commercial museum activities and arts exhibitions) Architecture
Arranged by researcher

2.3 The Creative Value Chain

This section explores the notion of creative value chain and gives a detailed exploration of its changes over time, in terms of production chain/reproduction and circulation processes and the role of the consumer/user within them, and how these changes have influenced the definition of the CCIs.

2.3.1. The creative value chain

The concept of the creative value chain was developed in economic and cultural policy research in order to understand to what extent the way CCIs were produced follows standard economic processes and to what extent production, reproduction and circulation methods shape these industries and are influenced by users and consumers.

Some authors have provided definitions of the creative value chain, which imply a vertical process from production to the consumer. For example, Hartley (2004, p.131) defines the creative value chain as follows: 'At one end of the process of shifting goods are origination and the producer; in the middle is found the commodity and its distribution; at the other end is the consumer or end user'. In this definition, the creative value chain includes the production, commodity and consumer (user). This is similar to the definition provided by Pratt's (2008, p.99): 'By contrast the notion of production chain has been used to develop an organisational analysis of any production activity and to stress the linkage between production and consumption'. These definitions are based on a linear model of value chain, however, many authors have highlighted that this linear model is not appropriate to understand the CCIs complex network of interactions. In current debates, the CCIs' value chain is no longer seen as purely vertical (showing the links between buyers and suppliers) but

also horizontal (highlighting the connections within the same industries) (see Flew, 2010, p.87; Hesmondhalgh, 2002).

In line with this, the role of consumers in the CCIs value chain is particularly important (Pratt, 2004; Harley, 2004) resulting in a greater integration between the production and consumption elements of the chain. Different to traditional industrial production and commodity chains, CCI's price and value are strongly decided by consumers' preferences (Hartley, 2004) and their tastes have a determinant impact on CCIs' development early on (Keane, 2009; Pratt, 2009). However, in the research on the CCI's value chain, there is still less attention paid to the role of the consumption (Pratt, 1998, 2004, 2008). As such, some research suggested the necessity to integrate the commodity and production chains to understand better the consumption aspect of CCIs.

2.3.2.   Change in CCIs production/reproduction and circulation (distribution)

The method of production affects CCIs' production, reproduction and circulation (Caves, 2000; Towse, 2002; Scott, 2000; O'Connor, 2007; Hartley, 2008; Evans, 2009). O'Connor (2007) argues that these changes also reflect transformations in social and institutional settings.

The first wave of changes resulted from the shift to an industrial-scale (manufacturing) production and the development of media such as Radio, TV and Film, which helped to universalise fine arts and commercialise cultural activities. The second wave of changes resulted from the development of new technologies and/or intermediaries (Flew, 2010). Flew (2010, p.85) explains,

> 'Google, YouTube, and Facebook, grew not by making established products, services, and processes better, but by developing entirely new ways of doing things, or completely new things to do, like participating in online social networks rather than reading newspapers, or viewing amateur videos online rather than watching television.'

Furthermore, these technologies enable producers to distribute their products by themselves, which has affected the role and function of the geographical clustering of CCIs (Caves, 2000; Hartley, 2005). Besides, this second wave as emphasised by Caves (2000) and Towse (2002) has not focused on the quantity of CCIs products (such as mass production) but more on the uniqueness of the product (from the symbolic and innovation values created by the individual creativity)

Table 2.4 Changes in the production/reproduction of the CCIs		
	Cultural industries	Creative industries
Production Reproduction	-Manufacturing -Industrial-scale -Media -supply chain (cooperation)	- Digital ICTs -Telecommunication -World Wide Web. - Individual product - Producer could be distributor
Sources: Caves, 2000, p.21; Towse, 2002, p.236; Hartley, 2004, p.138; 2008, p.10		

Table 2.4 shows the difference between cultural industries and creative industries. The main difference lies with the role that ICT plays today in the production and reproduction of symbolic content. Nevertheless, some activities still require to be presented and accessed by consumers through a physical performance such as in theatre and exhibitions (O'Connor, 2007). In addition, as discussed previously, today, some CCIs producers can distribute their products themselves. However, technological development has affected the latter as well today and this is why we use the two terms interchangeably.

The economic properties of the creative industries are classified into seven principles developed by Caves (2000) - see Table 2.5. The principle of the 'motley crew', 'infinite variety' and 'A list/B list'' illustrate the non linearity of the CCIs' value chain. Pratt (2008, p.99) highlights that 'critics point to the assumed linearity and

teleological aspect of the chain metaphor; instead they suggest more attention to iterative feedback, networks, and webs to better conceptualise the flows'. What he suggests is again the particular integration of the CCIs in terms of vertical and horizontal networks. In these networks, the 'nobody knows principle' applies and gatekeepers become important for products' circulation, access to market and value evaluation (Caves, 2000; see table 2.5). This also means that CCIs rely highly on some particular gatekeepers in existing or potential markets (Caves, 2000, p.192). Today, ICT has become a new gatekeeper in terms of circulation (distribution) like gallery managers and art brokers (Hartley, 2008; Evans, 2009; Flew, 2010).

Table 2.5 The basic economic properties of the creative industries
Nobody knows principle: Demand uncertainty exists because the consumers' reaction to a product are neither known beforehand, nor easily understood afterward.
Art for art's sake: Workers care about originality, technical professional skill, harmony, etc. of creative goods and are willing to settle for lower wages than offered by 'humdrum' jobs.
Motley crew principle: For relatively complex creative products (e.g., films), the production requires diversely skilled inputs. Each skilled input must be present and perform at some minimum level to produce a valuable outcome.
Infinite variety: Products are differentiated by quality and uniqueness; each product is a distinct combination of inputs leading to infinite variety options (e.g., works of creative writing, whether poetry, novel, screenplays or otherwise).
A list/B list: Skills are vertically differentiated. Artists are ranked on their skills, originality, and proficiency in creative processes and/or products. Small differences in skills and talent may yield huge differences in (financial) success.
Time flies: When coordinating complex projects with diversely skilled inputs, time is of the essence. (marketing)
Ars longa: Some creative products have durability aspects that invoke copyright protection, allowing a creator or performer to collect rents.
Source: Caves, 2000 (p.2-10)

2.3.3. User value and consumers' role

As discussed previously, the emergence of the term 'creative industries' has been linked to the increasing role of the user and consumer in the production and

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circulation of CCIs. CCIs access to market has always been controlled by some gatekeepers. These gatekeepers have played an important role in introducing products to potential consumers and markets (Pratt, 2008; Hartley, 2004, 4008; Towse, 2002; Caves, 2000). Gatekeepers can thus be seen as similar to real estate brokers or business agents (Gibson, 2003; Markusen and Gadwa, 2010). Table 2.5 shows how important a path or access to the market is to the CCIs. Due to the 'nobody knows principle discussed in the previous section, demand uncertainty exists because consumers' reactions to a new product are neither known beforehand, nor easily understood afterward' (Caves, 2000, p.2-10). However, Garnham (2005) noted that policy makers cannot predict consumers' interests and preferences in CCIs products and as such the market is a better place to determine these. This policy weakness is illustrated by the fact that some CCIs productions receive subsidies and funds but are of no interest to consumers. Hence, policy makers struggle in promoting and driving CCIs development. In addition, it has been argued that gatekeepers may focus too much on markets and profits rather than on products' potential and creative making. Therefore, this means that there will still be a high uncertainty for some CCIs products, especially from new CCIs workers who have still not been incorporated into accepted by the market.

Table 2.6 Changes in the circulation process of the CCIs		
	Cultural industries	Creative industries
Circulation Form Agent	-Media (for market and distribution) -A physical good, service and product circulation (sales, retailer, store)	-Gatekeeper -An idea, knowledge and atmosphere and values consumption (Internet, telecommunication technology)
Sources: Adapted from Caves, 2000, p.21; Towse, 2002, p.236; Hartley, 2004, p.138; 2008, p.10		

However, this uncertain consumer demand strongly affects policy implementation. The potential market for new CCIs products and the degree of interest of consumers for these products are unpredictable (Moss, 2002; Pratt, 2009). Nascent creative

workers strongly need public support in the early stage of their development, but public subsidies believe in the principle of the 'winner takes it all' (Frank and Cook,1995). Thus a platform (a path, a gatekeeper, or a venue) that allows nascent CCIs to demonstrate their products is needed (Hesmondhalgh, 2002, p.67, p.162; O'Connor 2007, p.10). This links to the importance of the timing of CCIs production, as Table 2.6 shown, as the 'time flies' principle precisely indicates the importance for CCIs workers of being connected or involved in CCIs' market, 'When coordinating complex projects with diversely skilled inputs, time is of the essence (marketing)' (Caves, 2000, p.2-10), as the 'winner takes it all' (Frank and Cook 1996)..

2.4 The Stakeholders in the CCIs governance

There are wide discussions on the role of stakeholders in the development of both CCIs policies and their associated governance (Markusen and Gadwa, 2010; Evans, 2009; Markusen et al., 2008; Mommaas, 2004). Jessop (1998, p. 29) highlights: 'governance can refer to any mode of coordination of interdependent activities. … Its forms include self-organizing interpersonal networks, negotiated inter-organizational coordination, and de-centred, context-mediated inter-systemic steering'. In his discussion, stakeholders include the public sector and private organisations and institutions, and, their partnership and cooperation provide some power of governance over the consumer market and the development of specific economic activities (Jessop,1998; Stoker, 1995). More specifically and as detailed in Table 2.7, these stakeholders are: representatives from the public sector including planning, culture and economics divisions/departments at local, regional and national levels (Markusen et al., 2008; Grodach, 2009; Flew and Cunningham, 2010); profit and non-profit organisations in both public and private sectors (Markusen et al., 2008; Markusen and Gadwa, 2010; Stern and Seifert, 2010); local communities (Bailey et

al., 2004; Montgomery, 2003, 2004; Kong, 2007; Ponzini and Rossi, 2010) and private (commercial) stakeholders (Dejan, 1993; Kong, 2006, 2007).

Table 2.7 The CCIs stakeholders		
	Local level	National level
Public sectors	Planning, Cultural affairs (Cultural preservation, Education) Economic development (Media, News and Tourism)	
	Museum, Exhibition centre , Gallery, Library	Museum Nonprofit cultural associations Cross national art organisation
Private sectors	Local organisation sectors – Communities Neighbourhoods,	Art organisations Nonprofit cultural providers (unincorporated associations) Museum Exhibition centre Enterprise
	Art sectors – Individual artists, Art organisations Creative workers	
	Commercial sectors – Firms Real estate Planning agencies Arts firms	
	Supporting sectors – Shops, pubs, hotels and restaurants, aeroplane and shipping companies, discotheques, sports halls and the like - who play records in public for their customers. (Towse, 2000, p.6)	
Arrange by researcher		

2.4.1. The public sector

The public sector has been involved in CCIs policy at different administrative levels (local, national and regional levels) (Kong, 2006, 2007; Wu, 2004; Keane, 2009) and with different objectives. It includes planning, cultural affairs and economic development divisions (Moss, 2002; Pratt, 2009; O'Connor and Gu, 2010). Moreover, some non-profit organisations such as museums, galleries and exhibitions have also

played key entertainment, exhibition, preservation and education roles (see the case studies in Mommaas, 2004; Santagata, 2002).

The planning sector directly deals with cultural capital and assets and cultural preservation, local communities' cohesion, and economic revitalisation have been included in planning-based flagship projects and policies (Moss, 2001; Montgomery, 2003, 2004; Mommaas, 2004; Gibson and Kong, 2005; Evans, 2009; Pratt, 2009). As such, the planning sector supports the implementation of CCIs' policies while responding to local redevelopment and economic revitalisation's needs (Mommaas, 2004; Gibson and Kong, 2005; Markusen et al., 2008; Evans, 2009; Pratt, 2009; Ponzini and Rossi, 2010). The planning sector, either at national or local levels, has been used to drive the economic profit ambition of CCIs in particular areas (Markusen and Gadwa, 2010) in partnership with communities and local actors (neighbourhoods, individual artists, art organisations and firms, including real estate, planning agencies and arts firms) (Moss, 2002; Montgomery, 2003, 2004; Pratt, 2009; Ponzini and Rossi, 2010).

Economic departments concentrate on enterprises, economic development and consumption activities, rather than consider individual creative workers or small companies (Kong, 2008; Moss, 2002). Their CCIs policies aim to support venture capitals, enterprises (also SMEs), marketing promotion and IP (Braun and Lavanga (2007). The objective is to use economic approach such as tax incentive and subsidies to encourage CCIs development as well as traditional industrial clustering (Moss, 2002; O'Connor and Gu, 2010). Later, it is linked to urban infrastructure construction and development.

Cultural departments are also involved in the development of CCIs. They try to nurture cultural and creative workers and focus on soft cultural capital (activities) promotion (Robinson, no year; Hutton, 2003; DCMS 2004). Besides the departments

of cultural affairs, museums and galleries, cultural education and facilities have an important role in influencing CCIs' development. For a long time, cultural departments have been the main supporters of the cooperation between public and private sectors (see Schuster, 2002, p.184-187). They are the main providers of subsidies nurturing the roots of the CCIs while planning and economic departments take more of an economic position focusing on CCIs direct contribution to the economy. However, in recent years, some planning and economic policies have also focused on supporting public-private networking (Braun and Lavanga, 2007).

Finally, public profit/nonprofit institutions and organisations act to connect the public and private sectors (Mommaas, 2004; Montgomery, 2003, 2004). Museums, galleries, and arts or cultural organisations provide the functions of cultural education and act as incubators for the CCIs; they even cultivate local people's tastes for local cultural and arts products, and also attract tourism and investment. Thus, the gap between non-profit organisations and the public and private sectors is increasing, because they focused on divergent purposes in supporting CCIs, i.e. economic development, urban reconstruction, cultural facilities, tourism … (Mommaas, 2004).

2.4.2. The private sector

2.4.2.1 Nonprofit organizations

Research about CCIs policy has indicated that nonprofit organisations have increased in importance and effect (Ponzini and Rossi, 2010; Pratt, 2009; Moss, 2002). Nonprofit organisations include those private institutions and groups that have been organised for CCIs' development, such as artist communities, chambers and cultural foundation organisations (or arts and cultural foundations established by enterprise) (Kong, 2000; Stern and Seifert, 2010).

Arts organisations, industrial chambers and cultural institutions provide funds, working spaces and even act as gatekeepers to introduce the CCIs into the market. Markusen and Gadwa (2010, p.385) stress the advantage and function of cultural nonprofit organisations: they 'have a huge stake in city and state cultural planning. Most museums, orchestra halls, opera houses, artists' centres, theatres, and community arts facilities function as nonprofits, as are some artists' studio and live–work buildings and many artist service organizations, including unions and professional associations.'' In addition to the difficulty in obtaining public subsidies, the incubation of CCIs is partly dependent on nonprofit organisations, which are funded by enterprises. Without a business model, nascent CCIs are unable to access market opportunities (Bailey et al., 2004). Hirsch et al. (2010, p.640) argues that 'each object must be discovered, sponsored, and brought to public attention by entrepreneurial organizations or nonprofit agencies before the originating artist or writer can be linked successfully to the intended audience'.

2.4.2.2 Local communities

Local communities have been one of the main actors promoting CCIs development. Local cultural and historical assets have been used to develop cultural and creative production. For example, cultural and historical venues are used to relocate CCIs activities (Drake, 2003). Stern and Seifert (2010, p.266) stress four indicators of the intensity of the cultural scene at the local level:

• Cultural participants;

• Nonprofit cultural providers, including unincorporated associations;

• Commercial cultural firms; and

• Resident artists.

In this research, commercial cultural firms have been included in the category of commercial stakeholders (see section 3.2.4). The nonprofit cultural providers and resident artists are those who are undertaking local cultural activities in a place (Ponzini and Rossi, 2010). Local communities are usually the geographical basis upon which cultural and creative activities develop (Stern and Seifert, 2010). As Drake (2003, p.520) states, 'social and cultural interaction and innovation occurring in the immediate neighbourhood can be of considerable significance in the creative process'. Local communities can engage with local cultural and arts activities, which can bring economic benefits (Ponzini and Rossi, 2010; Kong, 2005; Keane, 2009; Moss, 2002; Mommaas, 2004), especially in the initial stage of creative business development. However, the local communities, especially resident arts and cultural participants, are often unable to attract public subsidies, and costs such as rents could increase according to the policy interference (Moss, 2002; Pratt, 2009; Kong, 2007; Markusen and Gadwa, 2010).

2.4.2.3 The artistic and creative workforce

CCIs activities occur in places where creative workers and arts come together, including homes, workshops, performance venues, galleries, pubs or exhibitions spaces (Markusen and Gadwa, 2010). Markusen et al. (2008, p.30) define creative workers as: 'the thinkers and doers trained in specific cultural and artistic skills who drive the leading industries that include, but are not limited to, arts and culture (occupations in commercial and nonprofit sectors)'.

The individual artists and creative workers are mainly supported by the private sector, which provides funds and financial support. In addition, this type of actors is often embedded into local arts and cultural networks for information exchange, networking connection, cost saving i.e. rent and production costs (Santagata, 2004; Markusen

and Gadwa, 2010). Indeed, difficult financial conditions and problems in obtaining government subsidies have been stressed as a common issue for many artistic and creative workers - this issue also affected local communities - (Markusen and Gadwa, 2010). Such workers aim to show their products and seek support from consumers searching for their own 'fetish', rather than seeking economic profit or commercial benefit (Markusen and Gadwa, 2010, p.385; Evans, 2003). Artistic and creative workers require an external force to help them to access or enter the market. Therefore, public sector bodies provide nascent CCIs workers with opportunities for sponsorship and shortcuts to access the market (Graham, 2005). Some private sector actors outside of the CCIs may also provide opportunities to promote the access to market of CCIs products. Thus, artistic and creative workforce should be taken as an individual sector in CCIs' development, and as a unit that seeks cooperation with other actors.

2.4.2.4 Commercial stakeholders

The economic and commercially orientated approach has dominated CCIs' development in the last few years (see Kong, 2005, 2007 and Evans, 2009). In this regard Mommaas (2004, p.515) has stressed that, 'this is seen as a passing stage towards a more privatised or 'independent' existence, involving a variety of coalitions with private enterprises and investors'. Markusen and Gadwa (2010, p.385) simply define the commercial sector with the word 'profit'. The commercial sector encompasses for-profit firms in industries whose product in large part consists of texts and symbols (Hesmondhalgh 2002), including, in conservative definitions, architecture, design, media, advertising, publishing, recording, and film, TV, and radio (Markusen et al. 2008). The commercial cultural sector also encompasses art markets (galleries, art fairs, online Web sites), for-profit performing arts spaces (theatres, music clubs, restaurants), and artists who sell their work on commission,

directly to the public or on the Web. The discussion on the creative value chain in section 2 has shown that the commercial sector acts as a platform to present CCIs' products to the market.

In addition, other commercial actors drive the development of CCIs through funding, management and other relevant development projects such as real estate projects in recent years (Mommaas, 2004; Moss, 2002; Kong, 2007, 2008; Pratt, 2009; O'Connor and Gu, 2010). Other commercial stakeholders include private planning agencies such as architecture development and construction companies (Ponzini and Rossi, 2010; Moss, 2002), real estate companies (Kong, 2008; Moss, 2002), and trade and investment corporations (Ponzini and Rossi, 2010; Keane, 2009; Kong, 2007, 2008) (see Figure 2.1).
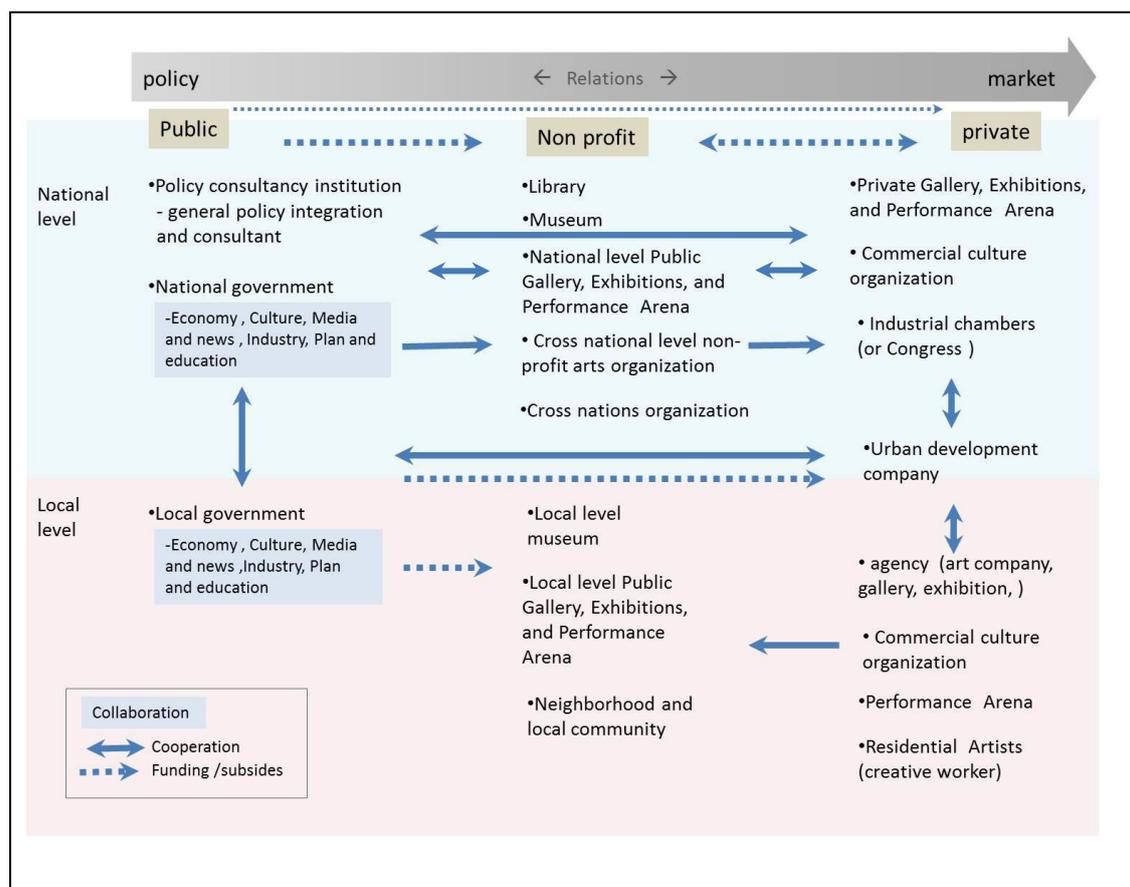
Figure 2.1 The relations between the CCIs' actors

The purpose of CCIs policy has therefore become economic, being driven by entrepreneurial management and participants. In such policies, the commercial stakeholders of the CCIs are not only large enterprises that contribute to CCIs' development, but also small and medium-size enterprises that could bring more flexibility and creativity than large firms (Evans, 2009a, p.1005).

2.4.3. Collaboration and cooperation

Collaboration between the various creative stakeholders aims to create partnerships for various purposes. However, each stakeholder may aim for a divergent target depending on his approach to the development of CCIs. Smith and Warfield (2008), distinguish between two main approaches: the econo-centric and culture-centric approaches. 'Econo-centric theorists propose that central components of creative governance are networks, partnerships, and collaborations that are sympathetic to the growth of creative industries (Smith and Warfield, 2008: p.8)'. The culture-centric approach relates to 'culture and the arts related to identity, expression, culture, belief, purpose, diversity, education, social inclusion, and general social welfare and well-being. Embedded in this is also an historical conception of arts, culture and creativity as things 'beyond' or 'better than' the marketplace' (Smith and Warfield, 2008, p.5). Examining the current development of CCIs, it has been argued that CCIs development methodology requires both culture-centric and econo-centric orientations as well as intergovernmental coordination and collaboration (Smith and Warfield, 2008)[2] to drive policy initiatives such as flagship projects i.e. the North Quarter in Manchester, the CIQ in Sheffield or Kowloon Western cultural district in

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[2] http://www.utoronto.ca/isrn/publications/WorkingPapers/Working07/Smith07_CreativeCity.pdf

Hong Kong (O'Connor and Gu, 2010; Kong, 2005, 2007; Pratt, 2009). Dejan (1993, p.5) writes: 'In the post-industrial world a national museum has come to take on the national significance of a car factory or airport… the bargaining chips that a new generation of entrepreneurs desperately fight over.' Thus, cooperation between the private sector, nonprofits organisations and the public sector has become common and necessary, especially in post-industrial cities (Mommaas, 2005). The non-profit organisations and local communities may be more effective in managing and developing CCIs (Mommaas, 2004, 2009).

Therefore, an emphasis on a vertical and horizontal integration between public and private sectors become critically important for both commercial profit and policies (Pratt, 1997; Mommass, 2004; Garnham, 2005; Flew, 2010). There is no factor that explains the complex interaction and collaboration between the public and private sectors, particularly the 'breakdown of boundaries between public and private' (Moss, 2002, p.216). A more complex understanding in terms of the intentions and conflicts between private sectors focus on seeking profits and public sector's objectives is still required. Furthermore, the economic-centric policy, if used on its own, may be inappropriate in particular for CCIs' development (Kong, 2007) as it can generate an un-balanced cooperation governance model between public and private sectors (O'Connor and Gu, 2010; Pratt, 2009; Moss, 2002). In addition, Moss (2002) stressed that too much dependence on the public sector will not ensure a sustainable development of CCIs over the longer term.

2.5 The Cultural and Creative Industries Policies

Research has shown that the developmental process for CCIs is rooted in cultural policy (Kong, 2000; Mundy, 2002; Cunningham, 2002; Hesmondhalgh and Pratt,

2005; Bassett et. al., 2005). Moreover, cultural policy has changed from its original focus on cultural cultivation and art portfolios (Andres and Grésillon, 2011, p. 4) to a more complex policy (Mundy, 2002; Cunningham 2002; O'Regan, 2001; Bassett, et al., 2005). O'Regan (2001, p. 4) points out that 'cultural policy now meant more than policies towards the arts. Furthermore, it was about 'industry' development, as the priority became the creation of a 'fillum' [film] and television production industry'. Such a statement clarifies the point that a policy transformation process had indeed taken place against the backdrop of global development. This section reviews the transformation process of cultural policy looking at its content, effects and challenges, to allow for a greater understanding of how cultural policy has been transformed and integrated into being applicable to a spatial cluster today (Kong, 2000; Cunningham, 2002; Bassett et. al., 2005).

2.5.1. From culture to cultural policy

Culture policy is a policy aimed towards endeavours in the arts and cultural portfolios (Mundy, 2002). The original 'culture policy' focused on artistic and aesthetic meaning, management, including cultural infrastructure and facilities and heritage preservation at the national level (Bourdieu, 1996; Mundy, 2002; Evans, 2001; O'Regan, 2001; Kong, 2002; Cunningham, 2002; Bassett, et al., 2005; Hesmondhalgh and Pratt, 2005; Andres and Grésillon, 2011). Mundy (2002, p.21) explains the content of 'culture policy' as 'dealing with the inheritance - the place of cultural departments in government, the added value of culture, funding strategies, private and commercial sector contributions and sponsorship'. Its objective covers the contributions of social and cultural enlightenment; in other words, 'conserving identity, celebrating differences, fulfilling individual and collective potential, access, participation, the professional and the amateur, inclusion of minorities and cultural security' (Mundy, 2002, p.39).

In the 1940s, the transformation of cultural policy was triggered by the emergence of the term 'cultural industries'. During that period, mass media began to affect public communication, circulation and reproduction (see section 2.3), and this drove the change from a pure culture policy to an economic and market-oriented policy from the 1960s onwards (O'Connor, 2007; see section 2.2). In the 1970s, culture began to be considered as a commercial industry (Cunningham, 2002; Hartley, 2004). Culture policy included then both the cultural and economic aspects, but was still more involved with social movements, cultural enlightenment and education at a national level (Bourdieu, 1996, 1999; Kong, 2000). Over time, an increasing attention was paid to economic development purposes (see sections 2.2 and 2.3) and culture policy started considering culture within commercial production systems (Cunningham, 2002, p.5). Nevertheless, the main focus was still focused on the arts, aesthetic activities, and literary cultivation and the construction of cultural facilities and infrastructure (Evans, 2001; Mommas, 2005; Hesmondhalgh and Pratt, 2005). From the 1980s, influenced by globalisation[3] and industrial transformation, cultural policy was connected with economic, social and urban policies at the local level (Kong, 2000; Evans, 2001; Cunningham, 2002; Bassett, et al., 2005; Jayne, 2005). As a consequence of these multifaceted applications, the term 'cultural policy' gradually replaced the term culture policy during the 1980s and 1990s.

In the late 1980s, 'cultural policy' was affected by the dramatically altered processes of consumption and production (Kong, 2000; Gray, 2002; Cunningham, 2002; Hartley, 2004, 2008; Hesmondhalgh and Pratt, 2005; Bassett, et. al., 2005). Through the trend of globalisation, with the popularity of the term cultural industries and oncoming

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[3] See Zukin, S. (1982). Loft living: culture and capital in urban change. Baltimore, MD: Johns Hopkins University Press.

creative industries - as well as the development of ICT - cultural policy merged with economic, urban and social development at the national level. Moreover, the urban and social spheres of cultural policy began to be related to cultural infrastructure, facilities, 'local identity' (Hesmondhalgh and Pratt, 2005), 'branding' (Evans, 2003) and 'place marketing' (Kong, 2000; Bianchini, 1999) as well. These new functions were strongly underpinned by local indigenous contexts and cultural contents, which shaped a clear city image to promote or market (Mundy, 2002; Bassett et al., 2005).

During the 1990s, creative industries began to be considered by policy makers, which made cultural policy a mainstream policy. Cultural policy is no longer only for culture and art, but touches upon a wider understanding of major trends in society (Bassett, et al.2005; Hesmondhalgh and Pratt, 2005). Under this circumstance, an increasing attention to the creative policy and theory discourse emerged in the early part of the 21st century, with, for example, the propagation of concepts such as the Creative City (Landry, 2000) and Creative Class (Florida, 2002).

2.5.2. The cultural policy and its various rationales and objectives

The rationales of the 'culture policy' encompassed the arts, education, and authentic meaning on a national scale, and focused on cultural and arts activities as supporting citizens' enlightenment (O'Regan, 2001). The 'culture policy' then shifted to develop cultural affairs as industries through the increasing social-economic trend, which resulted in a more diversified and broadened understanding of the term 'cultural policy'.

In the 1970s and up to the 1980s, the popularity and development of the mass media (see the discussion in section 4.1) caused the contestations of various rationales of the cultural policy. The cultural policy seems focusing on economic and industrial objectives rather than culture and the arts (Ragan, 2001; Cunningham, 2002, 2004;

Flew, 2002; Yim, 2002; Mommas, 2004; Hesmondhalgh and Pratt, 2005; Markusen and Gadwa, 2010).

Within cultural policy today, two main policy axes can be distinguished: the cultural axis (O'Regan, 2001) and the economic axis (Cunningham, 2003; Mommass, 2004; Vickery, 2007). All these show a tight interaction between culture, economics and a few complementarity sectors such as tourism, planning and media (Gibson and Kong, 2005; Bassett, et al., 2005; Hesmondhalgh and Pratt, 2005; O'Connor, 2007; Flew 2010). The cultural framework is more in line with the original cultural promotion policy, which includes funding and subsidies; providing encouragement for developing innovation; industrial information; and communication. The three main purposes of this cultural axis are, first, to connect the art and authentic activities (product) to the public (a social) market (a business model); second, to form a local image and community coherence; and third, to enhance the literary arts and cultural capacity (Banking on Culture, 2000; O'Regan, 2001; Cunningham, 2002).

The economic axis is however increasingly important. It aims to provide some physical support for enhancing the CCIs' possible economic development, such as subsidies, funding, and networking of the cultural and creative industries. In particular, the objective of this economic axis is to encourage the professionalization and artistic skills development for market and industrial development purposes (O'Regan, 2001). Reflecting on this duality, Jayne (2005, p.542) highlights the need for integration:

> 'the policy must be developed to support, in an integrated way, production and consumption cultures alongside knowledge/talent-based services (financial services, education, tourism and health), ancillary professional services (law and recruitment), and as part of national innovation systems (alongside science, engineering and technology)'.

Indeed, integration of the two axis can be particularly important in the development of complex cultural flagship or mega-projects, which focus on both production and

consumption (Moss, 2002; Santagata, 2002; Montgomery, 2003, 2004; Shorthose, 2004; Mommass, 2004; Pratt, 2009; O'Connor and Gu, 2010) or in practice combine planning and economic rationales (Bassett, 1996; Moss, 2002; Evans, 2003, 2004, 2005; Mooney, 2004; Mommas, 2004; Grodach, 2009)

2.5.3. Planning rationales

Planning rationales include cultural facilities, infrastructure, identity branding, and scale, which are used to create or build a basic framework for the application of cultural policy (Landry, 2000; Evans, 2009; Flew, 2010). The first rationale concerns **the cultural facilities and infrastructur**e, and includes memorial halls, galleries, museums and theatres and/or industrial areas. Such infrastructure aimed at cultivating local cultural literacy, and this rationale began to be stressed in cultural policy from the 1970s onwards (Hesmondhalgh, 2002; Hesmondhalgh and Pratt, 2005; O'Connor, 2006; Aim and Thrift, 2007). Hesmondhalgh and Pratt (2005, p.4) highlight the critically important role of locality, including the local indigenous and cultural contexts, in the construction of cultural facilities and infrastructure. However, most cultural policies regard cultural facilities and infrastructure as one of the important and basic policy elements. With that said, these operations and their management tend to need strong policy support (Moss, 2002; Pratt, 2009).

The second rationale is **identity branding**. Here, the intention of cultural policy is to produce a clear and unique image of a place as a space for cultural activities or production. In addition, identity branding also applies to the construction of cultural infrastructure and facilities which may play a role as icons (Mommaas, 2004; Moss, 2002). Mommaas (2004) found that there is a manifest effect of cultural and historical infrastructure and buildings on urban identity in post-industrial cities. Thus, reusing the vacant spaces left by deindustrialisation can help create a new cultural image or

identity for a city. The development of cultural quarters, districts or clusters contribute to this dynamic (Evans, 2001, 2009; Moss, 2002; Santagata, 2002; Montgomery, 2003, 2004; Shorthose, 2004; Mommass, 2004; Jayne, 2005; Pratt, 209; Markusen and Gadwa, 2010). Additionally, a strong cultural identity needs to be underpinned by a significant local cultural content, industrial context, and local market and industrial network (Scott, 2000, 2004). Further, Scott (2000. 2004) emphasises that identity correlates to locality and could bring about an industrial agglomeration which could help the CCIs development spontaneously.

In reference to **scale** in the planning process, the locality provides a significant advantage in terms of industry, cultural landscape, skills or historical (culture) assets (Bassett, 1996; Kong, 2000; Ponzini and Rossi, 2010; Hesmondhalgh and Pratt, 2005; Markusen and Gadwa, 2010). As cultural policy was applied at the national level, it was removed from local preoccupations resulting in some policy implementation difficulties (Bank,2000; O'Regan, 2001; Hutton, 2003; Scott, 2006; Pratt, 2009). There is some evidence in recent policy research that shows that cultural policy needs to be underpinned by local participation and cross-sectional governance (Pratt, 2009; Keane, 2009). Therefore, consumption within the local market is an essential component, which should be stressed in national policies (see Moss, 2002; Mommass, 2004; Kong, 2007, 2008; Keane, 2009; Pratt, 2009 and O'Connor and Gu, 2010). However, it still appears difficult to manage the cooperation between national and local governments' cultural policies (Mommas, 2004; Bassett et al. 2005; Pratt, 2009; Flew, 2010; Ponzini and Rossi, 2010). In some literature, the scale of cultural policy is seen as a rationale that could change depending on the benefit for a particular project (Moss, 2002; Kong, 2007, 2008; Pratt, 2009; Keane, 2009).

2.5.4. Economic rationales

The economic rationales focus on different objectives for cultural policy (Caves, 2000; Towse, 2003; Hartley, 2008). However, those rationales cannot become 'a generalised set of correlational rules' (Mommas, 2004) and, thus, it is understandable to list them as separate rationales.

First, one of the economic rationales behind cultural policy is to adopt a **market-based** (consumption and production) understanding of CCIs. As such, supporting both cultural production and consumption are two key elements that make cultural policy achieves the economic objective of fostering access to market (Scott, 1996; Hesmondhalgh and Pratt, 2005; Flew, 2002). The market rationale aims to place certain activities, productions and actors into the market, and targets policy objectives in support of tourism, employment and finance (Caves, 2000; Moss, 2002; Hartley, 2004; Mommaas, 2004; Kong, 2007, 2008; Pratt, 2009). Different case studies have proved that the main objective of either national or local level cultural policy is usually to create a path for CCIs to access the market (Hesmondhalgh and Pratt, 2005). Graham (2005) strongly stresses the importance of evaluating CCIs and production through the market, rather than expecting too much support from the cultural policy.

In terms of **scale,** cultural policy at the national level tends to aim for the creation of economic value from the inside towards the outside of the city or region (Markusen and Gadwa, 2010; Amin and Thrift, 2007; Scott, 2006). This economic impact can reach the international level, in some cases, such as Hollywood, for example (Scott, 2006). In this case, its economic scale and dimension is covered by cultural policy, but more importantly by economic and industrial development aspects (Scott, 1996, 2000).

In terms of governance, the **national-state** strongly affects the development, implementation and achievement of cultural policy (Hesmondhalgh and Pratt, 2005; O'Connor, 2007). Essentially, this is due to the fact that some cultural industries such as TV and media tend to be largely operated by national-state governments for example (Hesmondhalgh and Pratt, 2005). However, the increasing importance of the local level has been transferred into cultural policy, notably to support city branding (Evans, 2003; Drake, 2003), attract talent (Florida, 2004) resulting in some form of urban cultural governance (Pratt, 1997; Yue, 2006; Ponzini and Rossi, 2010). Increasingly, cultural policy tends to be carried-out at the **local level**, usually with some level of cooperation with - and a strong degree of underpinning from - the national government, for examples, Nottingham Lace market (Shorthose, 2004).

Coordination between economic **actors** is important in terms of economic rationale. Current cultural policies involve various sectoral policies with some degree of cooperation and collaboration with different private sector's actors (Jayne, 2005). As discussed in reference to actors in section 2.4, **public-private partnerships** affect the implementation of cultural policy the most (Moss, 2002; Mommass, 2004; Kong, 2006; Pratt, 2009). Additionally, some research emphasizes **intergovernmental cooperation** as being critically important for private sector participation (Gibson and Kong, 2006; O'Connor and Gu, 2010). Still, co-operation between the public and private sectors appears to be a very basic rationale in regards to the economic rationale in current cultural policies.

2.6 Challenges and complementarities

2.6.1. The challenges

It is acknowledged that there are some difficulties in the application of cultural policy. As discussed previously, consumption has been highlighted as playing an important role in the value chain of CCIs. However, Jayne (2005, p.541) concludes

> '… the conception of creative-industries development to date focuses only on beginning, production, and circulation; with delivering and audience being pretty much ignored altogether'.

In addition, main orientations for cultural policies tend to be developed at the national level which, it is argued, cannot reflect or respond to local cultural context and markets. Effectively, this causes a difficulty in the implementation of policies. In the case of the UK, Jayne (2005) argues that the DCMS's conception of the creative industries do not take sufficiently into account the influence of the consumer and the citizen on the CCIs value chain. In other words, there is a gap between the policy perspective and the working of the CCIs value chain. The critical problem with the current cultural policy is thus a situation in which the CCIs production is unable to be delivered to consumers (Garnham, 2005; Pratt, 2009). This means that current policy objectives struggle in supporting an effective cultural policy (Moss, 2002), for example by not addressing socio-economic changes (Evans, 2001; Mommas, 2004; Pratt, 2009) or the critical impacts of telecommunication and ICTs tools such as YouTube, Google Amazon, etc. (Flew, 2010)

2.6.2. The complementarities

It has been suggested that cultural policy needs to coordinate cultural sectors but also to coordinate complementarities with sectors such as urban planning, economics, tourism, and industrial departments (Moss, 2002; Hutton, 2003; Mommas,

2004; Gibson and Kong, 2005; Pratt, 2009; O'Connor and Gu, 2010). Since the 1980s, cultural policies have focused on the development of cultural mega-projects or flagship projects (Evans, 2005; Evans and Shaw, 2004; Mommaas, 2004); this necessitates to integrate urban industrial development, economic and tourism policy purposes and builds on other sectoral complementarity and cooperation to support policy implementation (Moss, 2002; Montgomery, 2003, 2004; Mommas, 2004; Bassett, et. al., 2005; Hesmondhalgh and Pratt, 2005; Kong, 2007; Pratt, 2009; Evans, 2009).

Furthermore, Gibson and Kong (2005, p.547) have highlighted the importance and role of the planning sector, 'urban economies have become increasingly dependent on the production and consumption of culture, so much so that cultural planning and urban planning are closely braided, indeed inseparable'. Planning (urban planning) can encompass social, cultural and economic political objectives (Moss, 2002; Shaw, 2005; Evens, 2009 ;Ponzini and Rossi, 2010) and as such has been considered as a principal complementarity approach to promote cultural policy (Gibson and Kong, 2006; O'Connor and Gu, 2010). Additionally, it should also be stated that linking with economic sectors has been regarded as indispensable for cultural policy, especially when the policy objectives aimed to increase job opportunities, investments and industrial development (Moss, 2002; Montgomery, 2003, 2004; Mommaas, 2004; Donegan and Lowe, 2008; Gibson et al, 2009; Pratt, 2009). Sectors such as economics (employment), industrial development, tourism, land development, business and media, as well as transport and finance are critical components in ensuring cultural development (Evans, 2009; Miles, 2007; Yeoh, 2006). These are the primary aspects of complementarity in cultural policy. These complementarities have also meant that cultural departments are seen as equally important as economic, industrial and planning departments in cultural policy. This relates to the argument that there is too much economic interest placed on current cultural policy,

making the sectoral cooperation issue critically important (Hutton, 2003; Montgomery, 2003, 2004; Herrero, 2006; Kong, 2007, 2008; Pratt, 2009).

Moreover, sectoral complementarities in developing and implementing cultural policy are also necessary between regional and local levels of government (Markusen and Gadwa, 2010; Storm, 2010). In this respect, intergovernmental communication and negotiation between different sectors at different geographical levels has become a critical element that needs to be focused upon (Brown, 2000; Shaw, 2005; O'Connor and Gu, 2010).

2.7 Conclusion

In this chapter, the terminological shift from cultural to creative industries has been explained as the result of the advent of new products and methods of production, resulting in changes in the creative value chain as well as in the actors involved in CCIs development.

Firstly, reflecting these changes, this thesis adopts the following definition of CCIs, i.e. industries that are characterised by 'the productions that contain text, symbolism and signs within a cultural context and as the output of intellectual property that directly provides the products or services to the consumer by a creative approach' (Hesmondhalgh, 2002[4]; Hartley, 2005[5]; DCMS, 2001). In terms of CCI's operational definition, our discussion has highlighted the need to consider three types of activities:

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[4] 'those institutions (mainly profit-making companies, but also state organisations and non-profit organisations) which are most directly involved in the production of social meaning (p.11)

[5] "the best to restrict the terms 'creative industries 'to an industry where brain work is preponderant and where the outcome is intellectual property" (Hartley, 2005, p.119)

firstly, activities based on **general cultural content** (mass cultural production): Television, Radio, Film, Newspaper, Magazine and Publication, Music (recorded), Broadcasting and Publishing, Video, Advertising, Performing arts; secondly, activities based on **creativity content (related to ICTs) :** Design, Software, Designer Fashion, Computer and Video Games, and Toys; and thirdly, activities based on **cultural infrastructure** such as Museum, Arts Gallery and Exhibitions (commercial museum activities and arts exhibitions) and Architecture.

Secondly, it has been demonstrated that changes in the creative value chain generated by Internet and other modes of telecommunication, have emphasised the role of the consumer in the circulation of CCIs products. As such, this research adopts Hartley's (2004, p.131) definition of the creative value chain: 'At one end of the process of shifting goods are origination and the producer; in the middle is found the commodity and its distribution; at the other end is the consumer or end user'. In addition, both the horizontal and vertical dimensions of the creative value chain will be considered in this thesis.

Thirdly, cooperation and collaboration between local communities and actors from the private and public sectors have been argued as crucial for CCIs' development within vertical and horizontal networks (Flew, 2010). As such, different actors and activities tend to aggregate in a location, or a place, with easy access to consumers and other CCIs actors.

Finally, the chapter discusses the evolution of cultural policy in relation to its transformation from culture policy. Both cultural/planning and economic rationales serve as basis for cultural policies today. In addition, the need for combining production and consumption perspectives when designing cultural policy as well as fostering sectoral complementarities have been discussed as important requirements to achieve a sustainable policy development (see Moss, 2002; Montgomery, 2003,

2004; Mommas, 2004; Pratt, 2009). In line with this, many cultural policies have used a cluster approach to support CCIs development, as this provides a space for different policy practices. These organic or policy induced geographical creative and cultural agglomerations have been at the origin of the debate on creative clusters and their contribution to CCIs development more widely. This will be discussed in detail in the next chapter

Chapter 3 The Cultural and Creative Industries Clusters

3.1. Introduction

There is a wide range of literature looking at CCIs clusters from cultural policy studies (Kong, 2007; Pratt, 2009a), urban and regional studies (Markusen and Gadwa, 2010; Hesmondhalgh and Pratt, 2005; Mommaas, 2004; Moss, 2002) and economic geography (Drake, 2003; Gibson, 2003; Gibson and Kong, 2005). Some of this literature extends the application of CCIs clusters beyond its traditional business and industrial focus to incorporate political, cultural and social aspects.

At end of the 1990s, the term CCIs clusters emerged due to structural economic changes from manufacturing to services industries (Kong, 2005; Hutton, 2003). As such, cities had to reconstruct their urban spaces. Cultural activities, infrastructures (museum, gallery etc.) and events (festivals) became core foci of economic and urban policies (Landry, 2000; Flew, 2009). In the 2000's, the idea of CCIs clusters started to be linked to policies aiming to promote the 'creative city' (Landry, 2000), attract the 'creative class' (Florida, 2002) and, by doing so (re)brand the city while collecting economic benefits (Sassen, 1991; Zukin, 1995; Landry, 2000; Scott, 1997, 1998, 2000, 2004; Florida, 2002).

The increasing use of the term illustrates the high interest of policy-makers within cultural policies; the latest have evolved from a pure focus on cultural purpose toward broader urban and economic ambitions. In line with this, it has been argued that the city dimension highly affects the development of CCIs and CCIs clusters; this is particularly the case for Los Angles (Hollywood), New York and London (Sassen, 1991; Scott, 2004, 2006). These

cities are attracting cultural and creative activities with easy access to markets and consumers (Zukin, 1995; Scott, 1997, 1998, 2000; Florida, 2002; Hutton, 2003). The development of CCIs clusters is thus believed to foster cities' competitiveness as well as reboot their urban development.

The application of traditional cluster theory to CCIs clusters is however problematic for a set of reasons (Pratt, 2004, 2008; Garnham, 2005). Firstly, adopting the traditional business or industrial cluster approach to support CCIs clusters can engender costs, network and creativity (or innovation) issues (Stern and Seifert, 2010) and may be only partially effective (Mommaas, 2004; Moss, 2002). Secondly, CCIs clusters are classified according to the types of industries (e.g. music or film industries district) or according to their spatial forms (quarter, district and cluster), functional attributes and/or governance arrangements (Pratt, 2004; Mommaas, 2004; Moss, 2002; Brown, 2000) but few studies encompass all these elements. As such insight is missing in terms of the correlation between the types of CCIs promoted in the cluster and the overall cluster development. Thirdly, in some cases, the cluster approach envisaged to support the CCIs is based on the traditional cluster theory especially focussing on its economic contribution (Porter, 1998), leaving aside some other key elements in the development of CCIs. As a result, some concerns regarding CCIs clusters policies' sustainability particularly in terms of governance have emerged in the literature (Moss, 2002; Pratt, 2009a; O'Connor and Gu, 2010). Finally, the influence of external conditions such as local social, economic and cultural contexts affecting CCIs clusters development needs to be taken into account (Pratt, 2009a). Thus, research examining CCIs clusters' governance and exploring their interaction within different urban local contexts is still needed (Moss, 2002; Mommaas, 2004; O'Connor & Gu, 2010; Pratt, 2009a).

In order to review the literature on CCIs clusters, this chapter firstly examines the various definitions of CCIs clusters. Then it looks at existing CCIs clusters typologies and assesses their contribution. The third section focuses on current CCIs clusters policy experiences reflecting on their rationales, objectives and limitations. The fourth section decrypts current CCIs polices' governance approach and questions how it affects CCIs clusters development.

3.2. The definitions of CCIs clusters

The current definitions of CCIs clusters are generally based on the notion of traditional business and industrial cluster. For Porter (1998, p.197) such clusters are 'geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (e.g. universities, standards agencies, trade associations) in a particular field that competes but also cooperates'.

However, applying Porter's concept to CCIs clusters is not completely appropriate (Vorley, 2008; Pratt, 2004; Martin and Sunley, 2003). Pratt (2004, p.4) argues:

> 'This is the argument that creative clusters, or cultural quarters as they are better known – are not simply, or primarily, focused on economic activities. As such they should be evaluated and planned for using other criteria'.

In general, three spatial models of CCIs clusters are adopted in academic research and policies depending on the extent of the geographical concentrations of CCIs considered: the quarter, the district or the cluster (Keane, 2009; Evans and Shaw, 2004; Hutton, 2003). However, these tend to be used interchangeably in the literature. In addition to this geographical scale, the definition of cultural cluster is based on the types of cultural and arts functions and activities which populate these clusters. The latter seem to have generated slightly different understandings and a distinction can thus been made between

cultural clusters and creative clusters.

3.2.1. Cultural quarter/cluster

Cultural clusters refer to a place where cultural activities are happening or where specific cultural content and contexts are located and developed. For Mommaas (2004, p.507) such clusters can be the site of CCIs production to consumption, as it is where a

> '…mixture of cultural functions and activities, from production to presentation and consumption, and from theatre and the visual arts to pop music and the new media, are grouped together in a great variety of spatial forms'

From a cultural context and social aspects point of view, Stern and Seifert (2010, p.262) define cultural clusters as:

> 'Urban communities are commonly home to concentrations of cultural resources - nonprofit arts organizations, commercial cultural firms, resident artists, and cultural participants - a phenomenon that we call cultural clusters'.

This definition stresses the fact that cultural clusters are developed from local communities. The functional effect of local communities to CCIs clusters is also addressed by Evans' (2009, p.39): 'cultural quarters typically located in historic or designated heritage districts, and the newly identified creative (industry) hubs, present quite different responses to the opportunity of clustering'.

To wrap up, in these definitions, the very localised spatial concentration is considered as a critical characteristic for defining cultural cluster as well as the local contexts, cultural/heritage activities and the original milieu fostered by a place.

3.2.2. Creative clusters

Creative clusters, according to the UNESCO's (2006, p.1) definition, aim at 'pooling together resources into networks and partnerships to cross-stimulate activities, boost

creativity and realise economies of scale'. Most definitions (Hartley, 2004; Pratt, 2008; Stern and Seifert, 2010) draw upon the concept of and understanding from Porter's cluster theory. However several authors have argued that Porter's definition is unclear and its economic purpose is not completely suited for CCIs (Vorley, 2008; Pratt, 2004; Martin and Sunley, 2003). In addition, the idea of business cluster does not mesh completely with the creative industries especially from a policy point of view (Flew, 2010). Influenced by Porter's (1998) argument on the economic benefits of clusters in terms of productivity gain, innovation opportunities and new business formation, policymakers have embraced the idea of cluster's contribution to urban competiveness (Flew, 2010). However, Porter's approach still relies on existing cultural, economic and social contexts but in an indirect way. The latter are particularly important in the development of the CCIs, especially in terms of consumption, as discussed in chapter 2. However, current definitions of creative clusters tend to focus solely on an economic rationale inspired by Porter's approach rather than pay attention to the wider characteristic of CCIs.

3.2.3. Cultural and creative industries clusters

The term 'cultural and creative industry cluster' has been widely used in the literature (Mommaas, 2009; Kong, 2009; Flew, 2010). Kong (2009) defines the term by focusing on its cultural content as places where creativity and activities are generated. 'Cultural and creative industry cluster' definitions emphasise the localised CCIs complex vertical and horizontal integration (Flew, 2010). This vertical and horizontal integration is not only focused on CCI's product and consumer, but also links to local communities within their social and cultural contexts. Evans' (2009, p.34) therefore considers that local cultural contexts, local communities and economic effects are important in the definition of CCIs clusters.

'… in the economic sense can be seen as examples of mutual cooperation through informal and formal economies of scale, spreading risk in R&D and information sharing via socio-economic networks; but also as reactive anti-establishment action (avant garde, artists' squats); and as a defensive necessity, resisting control from licensing authorities, global firms, guilds and dominant cultures – artistic and political'.

This definition of 'cultural and creative cluster' is the most exhaustive: it includes not only the economic function of the cluster but also takes into account both cultural and creative industries and the importance of the local context.

To summarize the section discussion, the main key words used to define cultural and (or) creative cluster are geographical proximity, cultural and local contexts, creativity (innovation), spatial and economic effects. Building on the various elements highlighted by these three definitions, in this research, CCIs clusters are defined as **'a place where cultural, art and creative activities are engaged with commerce, market and/or production, and generate an effect upon both spatial reconstruction and economic development.'**

Finally, the development of CCIs clusters and its policies' implementation are affected by local context and policies (Evans, 2009; Montgomery, 2003, 2004; Moss, 2002). These various elements affect CCIs' typologies, actors and governance arrangement, actors and policy implementation, which is going to be further discussed (Mommaas, 2004; Santagata, 2002; Markusen, 1996).

3.2.4. Typologies of Cultural and Creative industries clusters

Due to the difficulty in defining CCIs clusters, some authors have elaborated various typologies 'distinguishing their organisational structure and effects' (Evans, 2009, p.40). These typologies can be divided into four main groups: economic, geographic, function and governance aspects (see Table 3.1). There is no particular consensus on one

particular typology in current academic research so this section will discuss three typologies which offer interesting and differentiated insights (Santagata, 2002; Evans, 2009; Legner and Ponzini.,2009).

Table 3.1 The classification of Cultural and Creative Clusters' typologies					
Types of classification	Dimension	Models	Santagata(2002, p.20)	Evans (2009, p.40)	Legner and Ponzini (2009, p20)
Geographic	Regional Local Neighbourhood	District, Quarter, Cluster	○ Cluster concepts – district	○ Cluster concepts – district	◎ District, Quarter, cluster (dimension/scale)
Economic	Industries	Film Music Fashion Design New media	◎ Industrial cultural district(Design-based goods, audio-visuals, movie pictures, apparel and fashion)	◎ Mono-Cultural Industry Production /Plural-Cultural Industry Production	○ The type of industries' production (i.e. Media, high and popular culture products and services)
Function	Consumption Production	Metropolitan, Production and consumption Museum	◎ Institutional cultural district Museum cultural district Metropolitan cultural district	◎ Cultural production-consumption/ Metropolitan cultural district	
Governance	Top-down Bottom-up	Urban policies Policy induced	○ Policy Institutions		○ Policy implementation (i.e. spontaneous and policy induced)
◎ The typologies / ○ Using the typologies conceptually					

Sources : Santagata (2002, p.20); Evans (2009, p.40); Legner and Ponzini(2009, p20)

As stressed in Table 3.1 the first type of classification (**geographic**) refers to geographic and spatial rationales, for example, geographical proximity in relation to consumption/market or production chain (Montgomery, 2003, 2004). This dimension has been displayed by the three spatial (scale) models discussed above: the district, the quarter and the cluster. Legner and Ponzini (2009, p.20) argue that the 'cluster, quarter and district' can be used for identifying CCIs' cluster through a geographical classification. In their analysis, the cluster emerges spontaneous within a place, whereas the district and the quarter grow are often induced by policies after emerged spontaneously (Legner and Ponzini, 2009). They differ by their dimension and scale. The district evolves from a sub-region to a neighbourhood scale; the quarter is more likely developed at the neighbourhood level whereas the cluster can be of different scale (Moss, 202; Montgomery, 2003, 2004; Pratt, 2009a; Evans, 2009). In line with this, the spatial dimension also refers to the different scales of CCIs development, as well as policy implementation. However, there is not yet enough detailed discussion about the spatial dimensions and its correlation to policies (Legner and Ponzini, 2009).

The **second economic classification** anchors the CCIs clusters within policies purpose (Martin and Sunley, 2003; Pratt, 2004, 2008; Vorley, 2008) according to the type of CCIs promoted such as film, music, fashion and design etc. There are several reasons for using economics to identify CCIs typologies. First, 'clusters' provide low costs (rent, transportation fee), specialised land uses, and networks (Garnham, 2005; Evans, 2009). Second, clusters refer to the potential of a place of concentrating various activities and attracting investment, market and consumption (Evans, 2009; Newman and Smith, 2000). Santagata (2002) and Evans' (2009) typologies of CCIs clusters are based on the economic classification of CCIs. On the one hand, Santagata (2002, p.20) distinguishes CCIs clusters by using economic- institutional characteristics; he divides CCIs clusters

into 'Industrial cultural districts' to describe the different industries present in the cluster, such as design-based goods, audio-visuals, motion pictures, apparel and fashion. On the other hand, Evans (2009, p.40) considers the scope of production and/or consumption, and therefore makes a difference between '**mono-cultural industry productions** (vertical dis/integration, e.g. TV/film & music post-production and studios, new media, textiles, ceramics), and **plural-cultural industry production** (horizontal integration, e.g. managed workspaces, visual arts, architecture and design, multimedia, crafts/designer-making, performing arts, arts/re- source centres)'. Santagata (2002) stresses that CCIs and their clusters are very dependent on local culture and historical contexts. However, not all CCIs are strongly connected with (or related to) the historical contexts of a place and culture, such as the software and game industries (Hartley, 2008; Hesmondhalgh, 2002). In this regard, Evans' (2009, p.40) typology provides a clearer classification which is not only taking into account the new creative and technological industries, but is also considering the CCIs' value chain which crosses vertical and the horizontal industrial networks.

The **third functional classification** focuses on CCIs clusters' contribution to local, economic and urban development, particularly tourism, substantial leisure and entertainment industries and urban regeneration (Pratt, 2002; Evans, 2003; Drake, 2003; McCann, 2004). The various activities, such as bars, restaurants, museums, theatres, cinemas, usually provide direct job opportunities, investment, infrastructure construction, as well as contribute to a city reputation and image (Brown, 2000; Moss, 2002; Mommaas, 2004; Kong, 2007; Pratt, 2009a& b). These types of CCIs clusters are usually generated by cultural events, festivals and place-based activities (see Santagata, 2002 and Evans, 2009, in Table 3.1). Such clusters represent a place's speciality. Santagata (2002, p.20) uses the terms Institutional cultural district (place-based

production (wine and food) and events (shows and festivals)) and Museum cultural district to describe these place-based and economic functional clusters. However, the effect of production and consumption are not emphasised and explained clearly by Santagata. As such, Evans' (2009) classification better stresses the importance of cultural production/consumption economic dynamic and highlights the institutional conditions underpinning this dynamic rather than only focusing on the institutional conditions.

Both functional typologies highlight the fact that CCIs clusters are strongly connected to the local context (Evans and Shaw, 2004). In this regard, the use of the term Metropolitan cultural cluster (Santagate, 2002; Scott, 2004; Evans, 2009) stresses that CCIs clusters usually develop in metropolitan areas or major cities (Gibson et al., 2009; Richards and Wilson, 2004; Hutton, 2003) due to these cities' social, cultural and economic conditions which are able to support CCIs' market and consumption (Evans, 2009; Flew, 2009; Montgomery, 2003, 3004; Cunningham, 2003; Banks, 2000).

The **fourth and last classification focuses on the cluster governance approaches** i.e. either top-down (policy-made) or bottom-up (organic initiatives) (Pratt, 2009a; Legner and Ponzini, 2009). Top-down clusters refers to CCIs clusters dominated by a set of public policies, such as mega cultural projects investments (Grodach, 2009). Bottom-up clusters relate to CCIs clusters happening spontaneously fostered by local communities or within a neighbourhood (Legner and Ponzini, 2009). Recently, urban, economic and/or cultural policies have started to use bottom-up clusters to underpin the development of top-down clusters (O'Connor and Gu, 2010; Kong, et.al.,2006; Evans and Shaw, 2004; Shorthose, 2004), such as the Northern Quarter in Manchester (O'Connor and Gu, 2010) or the Lace Market in Nottingham (Shorthose, 2004).

In this typology, policies intervention or the extent of policy involvement is recognised as

a critical issue (Moss, 2002; Montgomery, 2003, 2004; Mommaas, 2004; Pratt, 2009a). On the one hand, bottom-up clusters are challenging for policy particularly with regard to the search for a good balance between bottom-up (organic initiatives) and top-down (policy-made) initiatives (O'Connor and Gu, 2010; Pratt, 2009a; Moss, 2002; Brown, 2000). On the other hand, policies cannot guaranty the success of top-down clusters and their sustainable development (Montgomery, 2004). Westbury (2008, p.2) explains that 'there is no easy way to buy or build a cluster. Culture has properties that defy planning. The more you grab at it, freeze it and attempt to set it in its place, the weaker it becomes'. Hence, there is still a need to understand how the policies formulation process associates (and takes into account) the characteristics of CCIs (Caves, 2000; Mommaas, 2004; Evans, 2009).

To summarise, the different typologies of CCIs clusters mainly focuses on the reasons or purposes of the clusters. In this thesis, Evans's (2009) typology is adopted as well as the spatial models developed by Legner and Ponzini (2009) which differentiates between district, quarter and cluster (2009, p20). Moving forward, while many cities do include CCIs clusters into their policies, Butt (2008, p.33) notes that 'manufacturing a successful creative sector from scratch is an almost impossible process – creativity is not generated, it emerges'. Hence, the next section explores CCIs clusters' policies and discusses their contents.

3.3. The Cultural and Creative Industries Clusters Policies

Many policies and cases studies on CCIs clusters have noted that CCIs clusters are used to achieve specific policy objectives, but that their contribution to CCIs' development is not guaranteed. CCIs clusters policy fits in well with the growing planning and economic transformations (and issues) of post-industrial cities (Mommaas, 2004;

Hesmondhalgh and Pratt, 2005; Jayne, 2005). This is because CCIs clusters policy integrates different sectorial policies, such as planning and economic sectors and their objectives (O'Connor, 2007). In the economic rationale, CCIs clusters policy is focused on an industrial network, a business model, and public-private partnerships (Lazzeretti et al., 2008). Alternatively, the planning rationale directly relates to CCIs clusters' development through urban regeneration policy, city branding and marketing or within an entrepreneurial approach (Cinti, 2008; Mommaas, 2004; Evans, 2003; Macleod, 2002). This section reviews these two rationales and their application, objectives, effects and limitations.

3.3.1. CCIs clusters policies and economic rationales

3.3.1.1 The economic purpose of CCIs clusters policies

The promotion of CCIs clusters in policy from an economic perspective relates to four main purposes (Kong, 2000; Yim, 2002; Mooney, 2004; Jayne, 2005; Towse, 2005; Flew and Cunningham, 2010; O'Connor and Gu, 2010).

First, CCIs clusters policies provide the CCIs located in the cluster an opportunity to obtain **business support, training and networking** (Bassett, et al, 2002; Pratt, 2004; Mommaas, 2004; Cinti, 2008; Gwee, 2009). Bassett (2002, p. 173) explains that networking resides between informal and formal networks: 'Untraded interdependencies cover various aspects of informal networking which underlie relationships of trust and reciprocity and tacit codes of conduct between firms'. Those networks support information sharing and exchanges of ideas, potentially resulting in more creativity and innovative strategies between industries and sectors (Mundy, 2000; Moss, 2002; Montgomery, 2003; Throsby, 2003; Jayne, 2005; Cinti, 2008). Local participants and communities' network are thus core elements of the evaluation of CCIs clusters policies

development (Evans, 2005; Pratt, 2009a).

Secondly CCIs clusters policies have a **management purpose**; the cluster creates an entry to access a spatial and industrial specialisation venue (Vorley, 2008). It has its own flexibility to adjust to different firms, and entrepreneurs, to develop and stimulate a consumer market (Flew, 2010; Evans, 2009; Gwee, 2009; Scott, 2006). Influenced by the business cluster approach focusing on cost saving, production chain etc., cluster management allows flexibility between sectors, networking and various activities in a clear geographical proximity (Moss, 2002; Mommaas, 2004; Hesmondhalgh and Pratt, 2005; Kong, 2007; Flew, 2010).

Thirdly, CCIs clusters policy gathers different actors including firms, individual actors, cross-sectional actors within different forms of **partnerships** (Bassett et al, 2002): public partnerships (local, local-national, sectorial), private partnerships (individual workers, firms, entrepreneurs and Non-profit organisation) and cross-sectional partnerships (Bassett, et al., 2002). These partnerships provide different ideas for future direction and scope of projects (Mundy, 2002). However, they can also cause some difficulties and tensions between public-private sectors and private sectors actors (Moss, 2002; Kong, 2007).

Finally the economic purpose of CCIs clusters policies refers to **consumption and market**; it sits within the position that arts and cultural programmes attract tourism and investment (Moss, 2002; Montgomery, 2003, 2004; Mommaas, 2004). As noted by Mommaas (2004), CCIs clusters policies are often combined with a great variety of leisure and entertainment elements, such as bars, restaurants and cultural retail spaces.

3.3.1.2 The policy rationales

The development of CCIs is strongly connected with local consumption and production

activities (Pratt, 2004) as well as the living standards, the indigenous conditions of a city and other relevant policies (Keane, 2009; Kong, 2007). CCIs clusters policies are struggling to find the right balance amongst the variety of public and private stakeholders involved and are not able to cope with rapidly changing local contexts. Understanding or evaluating such policies to ensure the sustainable development of such clusters has been a core object of research (Pratt, 2009a; Shorthose, 2004; Moss, 2002).

CCIs clusters policies are underpinned by different rationales (Zheng, 2011;O'Connor and Gu, 2010; Kong, 2005, 2007;Shorthose, 2004; Montgomery, 2003, 2004) anchored within various social, cultural and economic contexts (Pratt, 2009a; Kong, 2007; Garnham, 2005; Mommaas, 2004; Moss, 2002) and intertwined with each other. Evans (2009b, p.39; 2004, p.80) argues that there are three main rationales: economic, social and cultural (see Table 3.2). In his table, he also makes a distinction between the cultural quarter (focusing on artistic and cultural events as well as on historic assets) and the creative industries cluster (focused on high-technological production and economic profits).

Table 3.2 Rationales for Cultural and Creative Industry Quarters.		
Rationales	Cultural Quarter	Creative Industries Quarter
Economic	Local economic development	City-region economic development
	Visitor economy	Knowledge economy
	Branding (Evans 2003, 2006b)	Creative tourism (Richards and Wilson 2007)
	Zoning	Production chain
	Culture and regeneration	Innovation spillover
Social	Identity	Mixed-use and –tenure (Evans and Foord, 2009)
	Mono-Use	Diversity (Evans and Foord, 2006)
	Ethnic quarter	Urban design quality

Cultural	Historic preservation	Creativity
	Conservation, crafts (skills)	Design and architecture
	Festivals Cultural City	Showcasing / trade fairs (Evans 2007)
		Creative City
Source : Evans (2009b, p.39; 2004, p.80)		

The economic rationale refers to the local or city-region's economic status and economic conditions, which include local production and value chains, and the effect of CCIs clusters polices on urban regeneration, tourism and investments (and city branding). Place and context are central. However, the place's economic conditions are hard to identify, due to unpredictable customers' preferences (Caves, 2000) and the extent to which the latter want to pay for a product (Pratt, 2009b; Keane, 2009; Hesmondhalgh, 2006; Garnham, 2005; Hutton, 2003) as well as very distinct local cultural and historical contexts and markets. Policies thus usually target benefits investment, construction and tourist benefits as well as human capital attraction (Florida, 2002).

The social rationale refers to the correlation between the policies and local social networks, grouping the CCIs networks inside and outside the clusters (Ponzini and Rossi, 2010). It relates to the indigenous local identity, the diversity of culture and social activities and institutional controls such as land-use and zoning (Evans, 2009b). The extent of local communities integration within CCIs clusters is also a critical issue both in policies implementation and CCIs' development (Landry. 2000 and Florida, 2002; Markusen and Schrock, 2006; Evans, 2009b). In line with this, the social rationale is related to the cultural rationale.

The cultural rationale relates to the endogenous cultural activities and historical contexts of a place (including the heritage, festival, the traditional skills and creativity) underpinning CCIs development and encouraging CCIs' clustering. It is anchored within

local communities and institutions as well as consumption, real estate development and local trade dynamics (Hutton, 2008; Evans, 2009b; Stern and Seifert, 2010). However, using such cultural rationale has been considered as a speculative approach, not paying attention to the cultivation of software infrastructure i.e. cultural workers (Flew, 2010). Current policies thus focuses more on the construction of the hard infrastructure (cultural facilities) accompanied with fund and subsides for the cultural workforce (Moss, 2002; Garnham, 2005).

To summarise, these rationales are the basis and result of CCIs clusters, and are correlated to cultural, social and economic contexts. The overlap between these rationales in different sectors has however caused concerns (Flew, 2010; Montgomery, 2003, 2004; Evans, 2003). As such, Pratt (2004, p.4) argues that 'the current favourite policy idea and governance tool is the notion of the creative cluster'. In this regard, section 3.3 explores the CCIs policies' challenges and governance issues. Prior to this, the planning rationales of CCIs clusters policy need to be discussed.

3.3.2.   The planning purpose of CCIs clusters policies

CCIs clusters policy has been developed for economic or urban development purposes (Mommaas, 2002; Montgomery, 2003,) and is usually related to **urban regeneration** (Mommaas, 2004; Montgomery, 2003, 2004; Scott, 2006; Miles and Paddison, 2005; Pratt, 2009). As such it aims at renewing a degraded area by marketing its cultural (local) auniqueness and labelling within a city branding strategy (Evans, 2009a; Cinti, 2008; Mommaas, 2004).

The urban planning and regeneration purpose of CCIs clusters policy thus ambitions to develop a city (place, area) by using cultural facilities and infrastructure in order to foster rebranding and attract tourists and investments (see Mommaas, 2004 and Montgomery,

2003, 3004) as well as enhance the city's uniqueness and its quality of life (McCann, 2004; Evans, 2005; Ponzini and Rossi, 2010). For Miles and Paddison (2005, p.833), ' the idea that culture can be employed as a driver for urban economic growth has become part of the new orthodoxy by which cities seek to enhance their competitive position.' Within these objectives CCIs clusters policies mainly focus on the three spatial models (quarter, district and cluster) discussed in section 2 (Cinti, 2008; Legner and Ponzini, 2009).

The planning purpose also contributes to **locality effects** through the cultural elements, capitals and assets shaping cities' image in a global competitive environment (Flew, 2009; Scott, 2006; Pratt, 2004, 2008). At a local level, it also focuses on the role and contribution of local communities and the role of CCIs in enhancing local identity through fostering social cohesion. Such community-based approaches within CCIs clusters policy are key to understand local economic, social and economic contexts (Mommaas, 2004; Scott, 2006; Pratt, 2009a).

Furthermore, according to the economic benefits of CCIs clusters for city and regional development (Cinti, 2008) such policy sits within **entrepreneurial approaches**. Such approach as noted by Harvey (1989) refers to post-modern capitalism and to the shift of policy initiatives from managerialism to entrepreneurialism (Harvey, 1989; Jessop and Sum, 2000; Evans, 2009). Entrepreneurialism, drawing on Schumpeter's' concepts of the entrepreneurship (Jessop and Sum, 2000, p.2290), involves:

> (1) 'The introduction of new types of urban place or space for producing, servicing, working, consuming, living, etc.

> (2) New methods of space or place production to create location-specific advantages for producing goods/services or other urban activities.

> (3) Opening new markets - whether by place marketing specific cities in new areas and/or modifying the spatial division of consumption through enhancing the quality of life for residents, commuters or visitors.

(4) Finding new sources of supply to enhance competitive advantages.

(5) Refiguring or redefining the urban hierarchy and/or altering the place of a given city within it. '

Entrepreneurial approach can be applied to cultural and CCIs clusters policies (Moss, 2002; Drake, 2003; Mommaas, 2004) as a way to enhance urban competitiveness as well as innovation and creativity (Raffo et al., 2000; Jessop and Sum, 2000; Macleod, 2002; Gwee, 2009; Zheng, 2011). Cultural capital, cultural facilities, local cultural content, historical heritage are included within CCIs clusters as commodity fetishism for marketing a 'city' (Kong, 2000; Raffo, et al, 2000; Drake, 2003; Mommaas, 2004; Montgomery, 2003, 2004; Zheng, 2011). Such policy, under entrepreneurialism, is focused on a strong business interest-agenda, prioritising place-marketing rather than CCIs development (Drake, 2003, McCann, 2004; Pratt, 2009a). Overall it is

> '…centred on the dynamic combination of non-material (cultural atmosphere, sense of vibrancy and enthusiasm, creativity) and material factors (regenerated physical environment, monuments, cultural artefacts)...with the goal of creating a more vibrant cultural atmosphere, sensitive to the needs of decentralised business interests, coalitions and networks (Ponzini and Rossi, 2010, p.1040) '.

The contribution of entrepreneurial CCIs policy is nevertheless crucial (Raffo et al., 2000). First, it links different CCIs sectors and encourages networking and agglomeration between or outside CCIs clusters, in which actors (or sectors) are able to learn and share experiences. Second, it gathers consumers and develops the cultural market (ibid), which is mostly related to a place's local historical significance. In other words, the entrepreneurial approach tends to deal with and integrate the local, social, cultural and economic contexts (Feldman, 2005; Gwee, 2009). Third, it effectively promotes and markets a city (or place) in which the cluster promotes a clear image to attract business investment projects.

3.3.3. Limitations and challenges

CCIs clusters policies have been applied in many cities and several limitations and challenges have been identified (Moss, 2002; Mommaas, 2004; Evans, 2009b; Pratt, 2009a).

3.3.3.1 Policy limitations

The limitations of the CCIs clusters policies are related to the characteristics of CCIs particularly their dependency to an unknown and unpredicted market as well as consumption and networking dynamics (see chapter 2). Three limitations are induced from CCIs clusters policies.

First, the importance of the consumer in the CCIs' value chain has been highlighted (see chapter two). However, CCIs consumption, market mechanisms and characteristics are poorly taken into account when policymakers are evaluating or making CCIs clusters policies (Moss, 2002; Cunningham, 2003; Pratt, 2004; Mommaas, 2004).

Second, the lack of consideration given to consumers in policies can be explained by the difficulty in grasping a place's local cultural, social and local content (Mommaas, 2004; Keane, 2009; Pratt, 2004). There is thus a gap between CCIs clusters policy implementation and the development of CCIs in the sense that the production of CCIs is not able to address consumers' needs and CCIs policy is not able to cope with changes in socioeconomic characteristics (Evans, 2001; Mommaas, 2004 ; Pratt, 2009a). Jayne (2005, p.541) as such states that,' … the conception of creative-industries development to date focuses only on beginning, production, and circulation; with delivering and audience being pretty much ignored altogether'.

Third, most CCIs clusters policies tend to use the cluster approach to create a new urban image in a very short period of time (Cinti, 2008). As such, they use different

entertainment, leisure and arts and cultural activities to attract economic activities and consumption. Such strategies induce cooperation between different public policies and also different sectors which causes contradiction between the local and national levels (Moss, 2002; Bassett et al, 2005; Pratt, 2009a). CCIs clusters policies tend to be applied at a national level, but limitations and challenges come from their inadequate consideration of local aspects. Therefore, ensuring the sustainable development of CCIs clusters policies are still an issue, as well as the extent to which CCIs clusters policies contribute to CCIs development.

3.3.3.2 Challenges

CCIs clusters policies and their rationales are used in a sectoral way instead of bringing different policies together (Moss, 2002; Gibson and Kong, 2005; O'Connor and Gu, 2010). Under this problematic issue, the need to understanding issues in policy implementation is crucial (Pratt, 2009a, 2004; Yue, 2006; Mommaas, 2004).

Many challenges have emerged from existing experiences of CCI cluster policies especially with regard to the extent of policy intervention (see also 3.2). Current policies have difficulties in coping with a rapid change in social-cultural activities (Pratt, 2004, p.1053); in addition there are some issues with regard to the length of time necessary to process those policies (see Brown, 2000; Moss, 2002; Montgomery, 2003, 2004; Shorthose, 2004; Pratt, 2009a; O'Connor and Gu, 2010). In this regard, Evans (2009, p.49) discusses the different evolution stages of CCIs clusters (see Table 3.3). The first stage of CCIs clusters' development is '**dependent**'. In this stage, the public sector plays as an important role in supporting their development. The second stage, '**aspirational**', refers to the stage when CCIs clusters produce an urban image and use direct support from higher level public sectors (i.e. national level). Some spontaneous CCIs clusters growth and activities can also develop at this stage without policy if supported by their

market and local contexts. During the aspirational stage, well-developed CCIs clusters are able to grow thanks to the inputs created by the clusters themselves even though this capacity can be more easily reached if supported by national or regional policies (Montgomery, 2004; Kong, 2005; Evans, 2009b). The third stage is '**emergent**'. At this stage CCIs clusters should be able to generate a certain amount of agglomeration effect. At this stage, most activities cluster based on an economic purpose and are more likely to cluster following the traditional industrial cluster model (see Stern and Seifert, 2010). Consumption at this stage tend to have reached local, regional, national and international markets even though international CCIs clusters are usually found in large metropolitan areas such as Los Angeles. As such, several issues can be raised. Most policies at national and regional levels are not aiming for the '**emergent**' stage but only for the '**aspirational**' one. Therefore, one question arising is how do policymakers aim their policies for particular stages? And if the '**aspirational**' stage has been reached notably though organic CCIs clusters, what can policies do to associate both organic and policy-made cluster development? In the last stage, '**mature**', xCCIs clusters have merged with the market and networks, either inside or outside the cluster. The policy is no longer a major force, and the relevant industries and consumers gather automatically (Scott, 2000). However, It is important to note, when looking at the examples of clusters mentioned in Table 3.3 below that policy initiative such as West Kowloon Cultural Centre Development – Hong Kong Creative Gateway are not yet implemented (and are still embryonic), which means that they are allocated according to their policies aims rather than practical results.

Table 3.3 Stage of Creative Clusters Development.	
Stage of Evolution	Definitions
1. Dependent	Creative enterprises developed as a direct result of public sector intervention through business support, infrastructure development

	for cultural consumption and finance to SME and micro creative enter- prises. Public subsidy required to sustain the cluster. Limited and under- developed local markets
Examples	UK creative industry quarters, e.g. Sheffield CIQ, arts venues St Petersburg Creative Industries Development Centre; regional film centres (FiW, Filmpool Nord, Film I Skane) – Sweden Digital Media City, Seoul; Tokyo's multimedia, video games and IT sectors; **Taipei creative industries development Developing country regions** – Pacific Asia, S.America; European (ERDF/ ESF) programmes
2. Aspirational	Some independent creative enterprises and/or privatised former public sector cultural enterprises in place but limited in scale and scope. Underdeveloped local markets and limited consumption infrastructure. High levels of public and institutional boosterist promotional activity.
Examples	Creative Precinct, Brisbane; The Digital Hub, MediaLab – Dublin Mixed cultural industries – Westergasfabriek, Amsterdam; popular music – The Veemarktkwartier, Tilburg; Media cluster – Leipzig Digital media – Singapore West Kowloon Cultural Centre Development – **Hong Kong Creative Gateway**, King's Cross; and City Fringe – London
3. Emergent	Initiated by growing number and scale of creative enterprises with infrastructural investment from the public sector. Developing local and regional markets. Visible cultural consumption, internationalisation of market reach
Examples	Product design, architecture, digital media – Barcelona Film/TV – Glasgow
4. Mature	Led by established large scale creative enterprises in specific industries with established subcontracting linkages and highly developed national and international markets. Business to business consumption. Arm's length public intervention.
Examples	Film/TV – Los Angeles Fashion and furniture design/production – Milan; fashion – New York

Sources from Evans (2009b, p.49)

In summary, policies involvement becomes a common process during CCIs clusters'

development. However, current policies are more likely to be characterised by political aspirations rather than seriously taking into account the content of CCIs clusters and their correlation to the local context (as well as the trajectories of places where CCIs clusters are located). Therefore, it is important to understand how private actors (Saris et al., 2002), public actors (Gibson and Kong, 2005) and consumers (Hartley, 2008; Pratt, 2009b) interact in CCIs clusters. Hence, the CCIs clusters' governance is explored in the next section.

3.4. The cluster governance in the urban context

Cluster governance is defined as 'being about the intended, collective actions of cluster actors to upgrade a cluster in order to build and maintain a sustainable competitive advantage as a cluster' (Gilsing, 2000:7[1]). In the current discussion, it relates to the issue of public-private sectors' relationships, the role of administrative agents, and their cross-sectional and intersectional cooperation and co-ordination (Mommaas, 2004; Pratt, 2004; Cinti, 2008; Markusen and Gadwa, 2010). The two recognised governance approaches associated with CCIs clusters in the literature are the bottom-up and the top-down approaches (Moss, 2002; Montgomery, 2003, 2004; Mommaas, 2004;; Vickery, 2007; Porter and Barber, 2007; Pratt, 2009a; Flew, 2010; O'Connor and Gu, 2010).This section looks at these two approaches and stresses their differences and respective influence in the development of CCIs clusters.

3.4.1. CCIs clusters governance approaches

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[1] http://www.druid.dk/conferences/winter2000/gilsing

Pratt (2004, p.23) describes CCIs clusters governance as ' …a form of governance would have a revised 'constituency': one that is open to internal organisational dynamics, production processes, regulatory forms, and economic development agendas.' The governance approach of CCIs clusters overall can be classified in 2 categories: bottom-up and top-down.

3.4.1.1. Bottom-up (organic) clusters

Bottom-up (organic) clusters do not develop within a planned policy framework but thanks to sectoral, market and industrial network dynamics. There are common characteristics which can be found amongst bottom-up (organic) clusters including a consumer-driven, consumption-oriented (Deuze, 2007; Mommaas, 2004) and experimental facilitation and innovation aggregation dynamics (Potts et al., 2008). Conditions fostering the development of bottom-up clusters are a place's local conditions such as industrial activities and networks, historical and cultural background, and existing socioeconomic activities (Drake, 2005; Montgomery, 2003, 2004; Kong, 2005). In addition the representation of such place is important.

> 'It is also clear that most people acquire knowledge of a place by a piecemeal 'bottom-up' process which is itself dependent on direct experience. Bits and pieces of knowledge are absorbed and then integrated through the individual's perceptual filters. This results in both an understanding of the city (its form and legibility) and an image of the city (Montgomery, 2003, p.301)'.

Bottom-up cluster can be divided into 2 categories: an industrial basis and a spatial (locational) basis. In the industrial basis, CCIs (re)locate for cost issues or in order to benefit from the markets, networks or material (capital) resources of a place, such as the film industry in Hollywood (Scott,1997, 2005), the TV industry in Bristol (Bassett et al., 2002) or the software industry in Seoul (Cho, 2007). Place thus still matters as it supports the industrial rational. In the spatial (locational) basis, place is used for CCIs

clusters which take benefit of cultural facilities or unused manufacturing factory (Moss, 2002; Montgomery, 2003; Mommaas, 2004; McCarthy, 2005; O'Connor and Gu, 2010). McCarthy (2005, p.6) suggests that within 'a 'bottom-up' approach […] the character of the area was seen as deriving from the mix of uses, and a key advantage was seen as being the cheapness of the property compared with the nearby city centre (p.6).' The local and cultural contexts of such areas are important as well as existing industrial networks (Florida, 2004; Lehtovuori and Havik, 2009; Landry, 2000).

Organic clusters raise a set of issues particularly towards the coordination between public and private sectors (Cooke and Lazzeretti, 2008). In addition, a set of factors connected to CCIs development, particularly the consumer demand and the market dimension are not well taken into account in current studies.

3.4.1.2. Top-down (planned) clusters

Top-down clusters are characterised by their policy driven development which is a planned process. Such clusters usually sit within a multi-purposes policy project, for example it aims to use CCIs to promote the property and real estate development within urban regeneration policy (Flew, 2010; Porter and Barber, 2007, p.1343; Yue, 2006; Pratt, 2004; Mommaas, 2004). Such economic and political foci have counter impacts: they can break the original clusters and more attention is needed to know how a top-down cluster could be associated with a bottom-up (original) cluster. This is especially important as it can be difficult to develop CCIs clusters only through public policies (Moss, 2002; Mommaas, 2004; Montgomery, 2003; Pratt, 2009a) and a better cooperation between various public actors and between public and private actors is encouraged to allow CCIs clusters to sustainably develop (O'Connor and Gu, 2010; Ponzini, and Rossi, 2010). As noted by Flew (2010, p.90), 'this is overlaid with the related tensions as to

whether the primary focus of policy is on the cultural development of a city or its economic development'.

The coordination of bottom up and top down clusters is a crucial issue. As pointed out by Terkenli (2005, p.165), 'bottom-up attempts of resistance, initiative and inertia seem to be overpowered by such top-down forces'. Buttimer (1998, p.3) adds that 'for sustainable landscapes and livelihoods it is important that an appropriate scale for action and interaction be identified: a scale at which 'bottom-up' and 'top-down' interests could be negotiated'. Therefore, looking at effective governance approaches is crucial (O'Connor and Gu, 2010; Hesmondhalgh and Pratt, 2005; Mommaas, 2004).

3.4.2. Actors

CCIs clusters depend on governance regimes including planners (both from the public and private sector), intermediaries (agency), state actors and other elites (Amin and Thrift 2007). However, with the development of Internet, actors such as general consumers (also tourists) and citizens have acquired an increasing role in CCIs clusters development (Bassett, 1993; Santagata, 2002; Evens, 2003; Markusen et al., 2008; Keane, 2009).

The role of three groups of actors is discussed in this section; public sector actors, private sector actors and consumers.

Public sector actors include representatives from planning, economic and cultural departments in both local and national governments. The tourism, media and education departments tend also to play a supporting role (Brown, 2000; Moss, 2002; Pratt, 2009a; Evans, 2009; O'Connor and Gu, 2010). The role of the public sector is to frame the overall governance framework, and to demonstrate the power of the public sector in the

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cluster. Public objectives tend to be to create job opportunities, promote industrial redevelopment as well as local and regional development (Kong et al., 2006; Scott, 2005). The public sector also cooperates with the private sector (Moss, 2002; O'Connor and Gu, 2010). Critics have been raised with regard to the fact that public actors do not pay enough attention to CCI workers and consumers (Brown, 2000; Moss, 2002; Gibson and Kong, 2005; O'Connor and Gu, 2010) by supporting individuals who have already succeeded in the market, rather than nascent creative workers. This of course challenges the sustainability of such policies (Cooke and Morgan, 1998).

In line with this, **private sector actors**, such as artists, economic agency representatives (real estate, infrastructure construction, and management agents as well as letting, marketing, and operating entertainment facilities representative and financial agents) and investors (CCI enterprises) obviously occupy an important role in CCIs clusters (Mommaas, 2004; Markusen and Schrock, 2006). Particularly they may understand consumers' preferences more easily (Moss, 2002; Kong, 2007; O'Connor and Gu, 2010). Relationships between public and private actors can be tense and raise issues with regard to the success of cluster policy.

Finally, **consumers**, as discussed in detail in Chapter 2, are important actors in terms of CCIs' development and clusters' emergence (Lovatt and O'Connor, 1995; Mommaas, 2004; Hartley, 2004; Flew and Cunningham, 2010). Consumers are defined as people who are doing activities within the CCIs clusters, such as buying, visiting, and participating. Consumers can be either visitors or artists. As discussed in chapter two, predicting consumers' behaviours is a critical challenge because their behaviours are affected by the rapid socioeconomic and cultural changes (Moss, 2002; Montgomery, 2003; Mommaas, 2004; Pratt, 2009a; Flew 2010). Consumers' preferences affect the governance of CCIs clusters (Deuze, 2007). In top-down CCIs clusters, consumers are a

crucial element in ensuring the sustainable development of policies (Moss, 2002; Montgomery, 2003, 2004; Mommaas, 2004; Flew, 2010). In the organic cluster, consumer decides which product can stay in the market (Montgomery, 2003, 2004). These issues of consumption ability, aesthetic tastes and the links between consumption and production depend on place-based conditions and are not considered in most policies (Keane, 2009).

3.5. Conclusion

In this chapter, the notion of CCIs clusters has been explored beyond the traditional industrial cluster theory to discuss how they are affected by cultural and social contexts locally. As such, in this research, CCIs clusters are defined as 'a place where cultural, art and creative activities are engaged with commerce, market and production, and generate an effect upon both spatial reconstruction and economic development.'

Recent CCIs clusters' typologies offered a useful analytical framework to explore the notion of CCIs clusters further. These typologies are divided in four different categories: geographic (proximity), economic, functional and governance dimensions. The geographic (proximity) dimension classifies CCIs clusters according to their spatial scales, such as quarter, district or cluster. The economic dimension distinguishes between the various CCIs activities populating the cluster. The functional dimension distinguishes between the production and consumption function that CCIs clusters can play in a city. These types of clusters usually involve both the public and private sectors and provide an image of a city by integrating local cultural infrastructure (facilities), creative production as well as market and cultural consumption events (or activities) (Stern and Seifert, 2010; Mommaas, 2004; Scott, 1997). Finally, the governance dimension shed light on the cooperation between actors within top-down and bottom-up

clusters.

CCIs clusters' governance appears as a complex process involving public sector and private sector actors and consumers. Even though these actors are cooperating with each other, conflicts may also exist between them. This deserves further research.

Finally, it has also been demonstrated that CCIs clusters policy are driven by social, economic and cultural rationales which critically affect CCIs' development and policy's achievements. However, there is still a need to demonstrate how those CCIs clusters' rationales cope with a place's local context. It appears that CCIs characteristics are not seriously considered in current policies which tend to adopt the traditional industries cluster approach; this raises issues in term of policy implementation. Influenced by traditional industrial cluster theory, policies tend to focus too much on the economic aspect of CCIs clustering leaving aside the wider contexts. This will be particularly important when reflecting on CCIs clusters policies in Eastern Asian cities as discussed in the next chapter.

Chapter 4   Policy transfer and CCIs clusters policies in Eastern-Asian cities

4.1. Introduction

At the beginning of the 1980s, CCIs clusters policies started to be adopted into economic and urban policies in East Asian cities. At the time, the concepts of CCIs cluster policy was adopted and transferred from Western cities to East Asian cities. Between the 1980s and 1990s, other CCIs policies began to be used as key policies in East Asian cities such as Singapore (Gwee, 2009), Hong Kong (Kong 2005; Kong et al., 2006), Taipei (Taiwan) (Hutton, 2003; Kong et al., 2006), Shanghai (Wu, 2004) and Beijing (China) (Keane, 2009).

In East Asian cities, policymakers believe that CCIs can help local economic development and also make cities more attractive as compared to other cities in the World (Kong, 2000, 2007, 2009; Jessop and Sum, 2000; Chang, 2000; Kong et. al., 2006; Yue, 2006). In particular, the CCIs clusters[1] are believed to be able to create such economic effects as the documented economic contribution of business clusters, whose understanding is drawn from Porter's theory (Chang, 2000; Kong et al. 2006) (see Chapter 3). Hence, CCIs cluster policy is more likely to be taken as an economic policy in East Asian cities, in addition, of being used for the re-development of urban derelict areas and spaces (Moss, 2002; Montgomery, 2003, 2004; Kong, 2007; Keane, 2009).

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[1]   Some policymakers would like to focus on knowledge economy, which ' is an expression coined to describe trends in advanced economies towards greater dependence on knowledge, information and high skill levels, and the increasing need for ready access to all of these by the business and public sectors (OECD, 2005, P.71)', access (http://stats.oecd.org/glossary/detail.asp?ID=6864)

Many Eastern Asian cities have been strongly influenced by Western countries' policy trends including in their definitions of the CCIs and the industrial classifications used to operationalise these (see section 2). For example, Singapore and Hong-Kong have mainly adopted the UK's CCIs' definition and classification as the basis for their policy document frameworks (Kong, et al, 2006; Kong, 2012; Foord, 2008). Nevertheless, over time, they have also adjusted these definitions slightly to cope with their local content and needs. China's understanding of the CCIs has been influenced by Hong Kong, CCIs' classification which also leans on the Australia and UK's ones (Cunningham and Hartley, 2001; Keane, 2009; Gwee, 2009).

However, these forms of conceptual transfers, a fast policy transfer (see Peek, 2002, 2011), have led to problems in the implementation process of CCIs clusters policies in the past decades. Firstly, Eastern Asian cities tend to use an entrepreneurial approach to develop CCIs (Kong, 2000, 2007, 2009; Kong et al. 2006; Keane, 2009; Zheng, 2011). As this approach is too much focused on economic prosperity, it restrains CCIs' development and their clusters (Chou, 2012; Zheng, 2011; Keane, 2009). Secondly, results of CCIs and clusters policies transferred from the Western cities to Eastern Asian cities are problematic as these policies do not take into account differences between Eastern and Western cities, in terms of local social, cultural and economic contexts (Kong, 2000, 2007, 2009; Wu, 2004;Yeoh, 2005;Kong,et al, 2006; Keane, 2009; Zheng, 2011; Chou, 2012).

Hence, this chapter focuses on exploring CCIs cluster policy experiences in Eastern Asian cities to understand what the current issues and challenges of these policies are. First, the process of policy transfer from Western to Eastern Asian cities is discussed, showing how Western policy concepts are adopted in Eastern Asian cities. Section two then examines current CCIs clusters policies in selected Eastern Asian cities such as Singapore, Hong Kong and Shanghai and Beijing (in China). Thirdly, the chapter

explores the current challenges on CCIs' development and their cluster policies in Eastern Asian cities. Overall, the purpose of this chapter is to provide an understanding of the contexts, backgrounds and challenges of implementing CCIs clusters policy, when transferred from Western to Eastern Asian cities.

4.2. Policy transfer - the concepts of CCIs clusters policies

Current research shows that policy transfers tend to happen during the policy design making process. In the coming sections, we discuss what policy transfer is and the theoretical discourses behind this idea in terms of policy learning and lesson-drawing (Rose, 1993, 2005). Based on this, we will examine the different degrees of policy transfer which have taken place in Eastern Asian cities (Stone, 2000; Dolowitz and Marsh, 1996).

4.2.1   Policy transfer: definition and concept

There is an increasing amount of research on CCIs clusters policies in Eastern Asian cities. This literature highlights a manifest policy transfer in terms of policy frameworks, concepts and contents of both CCIs and cluster policies, from Western to Eastern Asian cities (see Kong, 2000, 2007; Wu, 2004; Keane, 2009). However, this policy transfer is not without critics as it has raised issues and challenges in terms of implementation.

Policy transfer is defined as '[a] process in which knowledge about policies, administrative arrangements, institutions and ideas in one political setting (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political setting (Dolowitz and Marsh, 1996, p.344).' This definition emphasises that a policy transfer is based on a process of policy learning in order to increase policy success and avoiding failure (Dolowitz and Marsh, 2000).

4.2.2 Policy transfer: process

The idea of lesson drawing (Rose, 1993, p.2000) concerns 'the conditions under which policies or practices operate in exporter jurisdictions and whether and how the conditions which might make them work in a similar way can be created in importer jurisdictions.' This has been seen as the procedure of policy transfer (James and Lodge, 2003). Specifically, lesson drawing includes 'learning', 'scanning alternatives' and 'building models' (Rose, 2005, p.8). These three parts have been decomposed in ten steps by Rose (2005, p.8) - see Table 4.1.

Table 4.1 shows the ten step process of policy transfer in practice. Steps 1 to 4 consist in the 'learning' process. Policymakers learn from different policy experiences related to their interests including their policy frameworks and concepts, as well as the contexts and backgrounds of these policies' implementation processes. A variety of information is used to evaluate and select what policy is going to be transferred (Benson, 2009). Steps 5 to 8 are more concerned with the review process, which is to evaluate and decide on an appropriate policy to implement based on those for which information has been collected. Steps 9 to 10 aim to integrate or to select an appropriate policy approach for each local context, which requires a detailed and complete consideration as to the background, political system and institutions where the policy is going to be implemented. Moreover, these steps address what issues are going to be solved and what is the objective of the policy transfer (Rose, 2005; Dolowitz, 2006, Benson, 2009).

Table 4.1: The process of lesson drawing	
Ten steps	Three forms
1 Learn the key concepts: what a programme is, and what a lesson is and is not. 2 Catch the attention of policymakers. 3 Scan alternatives and decide where to look for lessons. 4 Learn by going abroad.	learning
5 Abstract from what you observe, a generalized model of how a foreign programme works. 6 Turn the model into a lesson fitting with your own national context. 7 Decide whether the lesson should be adopted. 8 Decide whether the lesson can be applied.	scanning alternatives
9 Simplify the means and ends of a lesson to increase its chances of success. 10 Evaluate a lesson's outcome prospectively and, if it is adopted, as it evolve over time.'	building models

Sources: Rose (2005, p.8), Table 1. The 'ten steps' of lesson drawing

However, not all these steps are followed or considered during the policy transfer process and, it is suggested that there are various 'degree[s] of policy transfer' (Dolowitz and Marsh, 1996; James and Lodge, 2003; Lenz, 2006). Dolowitz and Marsh (1996, p.351) classify four degrees of policy transfer: the emulation, synthesis, hybridisation and inspiration. Lenz (2006, p.6) further explains the content of these four degrees:

> 'The copy (transfer of the object without changes), emulation (adaptation of the object to the new context), hybrid/synthesis (combination of (elements of) transfer objects from different jurisdictions) and inspiration (transfer of the underlying idea of a transfer object).'

As such, many researchers argue that these different aspects of policy transfer may correlate to the success of policy transfer or its failure (Fawcett and Marsh, 2012).

Fawcett and Marsh (2012, p.166) say 'The policy transfer might be a success, at least in process and political terms, but the policy itself might be a failure, in the originating jurisdiction, in the transferring jurisdiction or, of course, in both.' It means that a success in the process of policy transfer may not ensure that the policy will achieve its objectives successfully. Two key factors of policy transfer need to be considered, firstly, the constraints of the policy transfer; and, secondly, potential issues or failure in the implementation of the transferred policy (the situation that Fawcett and Marsh mentioned).

4.2.3   Constraints and issues of policy transfers

Much evidence has shown that a successful policy transfer is limited by different constraints. Benson (2009) points out four main constraints: the Demand side constraints, the Programmatic constraints, the Contextual constraints and the Application constraints (Benson, 2009). The **Demand side constraint** involves two main factors, the need for change and its involuntarily character. This means the policy transfer and its contribution is greatly dependent upon borrowing and implementing a policy from others at an approximate timing. In other words, the policy transfer may not happen spontaneously, but only happen when policymakers seek existing experiences to solve certain issues. In addition, it is stated that the demand is not usually sustained and cannot be created. Therefore, it is highlighted that timing is a crucial element in terms of demand constraints (Benson, 2009, p.7). **Programmatic constraints** emphasise the importance of the ordinary environment that drives the policy being developed in terms of policy context, social-political setting and degree of uniqueness (Benson, 2009, p.8-9). Places' social, political, economic, and cultural contexts are non-homogenous (Dolowitz and Marsh, 2000; James and Lodge, 2003; Fawcett and Marsh, 2012). Furthermore, the **Contextual constraints** point out two key limits, the

path dependency element of policy setting (arising from past decisions) (Dolowitz and Marsh, 1996) and its political context (law, agency, actors and public administrator) (Benson, 2009). Contextual constraints are related very much to political contexts (Dolowitz and Marsh, 1996; Rose, 1993). Indeed, contextual constraints highlight that the social, cultural and economic contexts (for example, local authorities' autonomy versus centralised control) have a significant effect on the policy transfer's success or not. **Application constraints** are related to the modification of applying policies in places with different institutional systems, scales and policy objectives. Local authorities' capacity and their social, economic and cultural contents impact the scale of the policy to be applied. Moreover, institutional adjustments in policy implementation have critically important during policy transfer processes (Benson, 2009). Therefore, the flexibility to change or alter the policy to cope with each individual local context is recognised as a decisive influence in the success of policy transfer (ibid, 2009). As such, Benson (2009, p.10) highlights: 'programmes themselves could need modifying and adapting for contextual constraints, which may significantly alter their original objectives and the scope for producing successful outcomes.'

In general, policymakers consider the 'policy transfer' as a kind of political strategy, in which they try to reduce the possibility of policy failure (Dolowitz and Marsh, 2000). However, policy transfer is not always a success and a successful policy transfer still cannot avoid policy failure (Dolowitz, 2006; Benson, 2009). **Issues of failure in implementing a transferred policy** can be evaluated using three questions (Dolowitz and Marsh, 2000; Fawcett and Marsh, 2012): '1. Was the transfer informed? 2. Was the transfer complete? 3. Was the transfer appropriate? (Dolowitz and Marsh, 2000, p.5-23). Some research has tried to use these questions to examine policy transfer failures (James and lodge, 2006; Fawcett and Marsh, 2012). In line with these research, most based on Dolowitz and Marsh's (2000, p.17), the dimensions covered by these

questions are presented in Table 4.2.

Table 4.2 Key questions to evaluate policy transfer failures	
Key questions	Dimensions
Was the transfer informed? – uninformed transfer	The borrowing country may have insufficient information about the policy/institution and how it operates in the country from which it is transferred.
Was the transfer complete? Incomplete transfer	Although transfer has occurred, crucial elements of what made the policy or institutional structure a success in the originating country may not be transferred, leading to failure
Was the transfer appropriate? Inappropriate transfer	Insufficient attention may be paid to the differences between the economic, social, political and ideological contexts in the transferring and the borrowing country

Sources : Dolowitz and Marsh (2000, P.17); James and lodge (2006, P.189); Fawcett and Marsh (2011, P.176)

From this discussion on policy transfer constraints and evaluation factors, we can draw that local indigenous contexts, such as, social institutions, political contexts (law, political parties, political systems and administration) and cultural specificities (non-homogeneous local contexts) do not only affect the policy transfer process but also the success or not of the transferred policy's implementation (Benson, 2009).

Two forms of policy transfers have been identified: the 'soft' and the 'hard' forms (Benson and Jordan, 2011). The soft form of transfer incorporates 'ideas, ideologies and concepts; elements of 'policy', and the 'hard' form of transfer includes 'policy instruments, institutions and programmes' (Benson and Jordan, 2011, p.370). These two forms of policy transfer tend to accompany each other. Due to globalisation, many different organisations and actors [2] operating at different geographical levels

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[2] Dolowitz and Marsh (2000, p.10) highlight the nine important groups which are involved in the policy transfer : "elected officials, political parties, bureaucrats/civil servants, pressure groups, policy entrepreneurs and experts, transnational corporations, think tanks, supra-national governmental and nongovernmental institutions and consultants".

(transnational, cross-nations and global organizations[3]) play a critical role and some agency in the policy transfer process (Dolowitz and Marsh, 2000) in increasing the opportunity for policy ideas, approach and frameworks to be exchanged cross-nationally, thereby, encouraging a soft form of policy transfer. However, the softer form of policy transfer often meets difficulties in being emulated under the diversity of indigenous contexts (Benson and Jordan, 2011).

As suggested and discussed in the content, process and constraints of policy transfer, the degree of homogeneity in policy contexts is a critical issue impacting the success of failure of his transfer (Benson and Jordan, 2011). However, many current policy transfers are often occurring between very different social, political, economic and cultural contexts leading to an increasing need for more research. Benson and Jordan (2011, p.373) claim: 'as policy transfer has increasingly been employed in and across different types of governance analysis, more and more research questions and puzzles have emerged, not all of which can be explained solely in transfer terms'.

Thus, the following section discusses in detail the contexts and development of CCIs clusters policies in Eastern Asian cities to understand how these policies are being applied. Furthermore, the constraints around CCIs cluster policy transfer will be examined and explored.   Section three will then explore the challenges of CCI cluster policy's implementation taking into account these constraints.

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[3] Such as OECD, G-7, IMF and the UN, (see Dolowitz and Marsh, 2000, p.11)

4.3. CCIs clusters policies development in Eastern Asian cities

Various policy researches on CCIs cluster in Eastern Asian cities have been published in recent years (Kong, 2000, 2005; Hutton, 2003; Wu, 2004; Keane, 2009). These researches have presented a general understanding of each country's local culture context and policy content. Moreover, they have addressed some of the apparent challenges and difficulties of policy implementation (Kong, 2000, 2005, 2007, 2009; Chang, 2000; Wu, 2004; Keane, 2009; Zheng, 2011; Chou, 2012). This section will summarise these researches, particularly in Singapore, Hong Kong, Shanghai and Beijing, taking into account the chronology of CCIs development in the region and the policy socio-economic contexts which have impacted on their development process.

4.3.1 Singapore

Singapore is a city-state. Since the early 1990s; it has started to pay attention firstly to the creative economy and then to the CCIs which have been included in national development strategies (Kong, 2000). Singapore was the first country in Eastern Asia to include CCIs and creative clusters into its policy with the objective to be the 'global city of the arts' (Kong, 2000; Chang, 2000). They imported these concepts from countries, such as the UK (DCMS, 2001), Australia, New Zealand and Hong Kong (see Kong et al, 2006).

As such, the report on the 'Economic Contributions of Singapore's Creative Industries' (MICA, 2003)[4] uses the UK definition and defined the creative industries as 'those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of

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[4] It was the former Ministry of Information and the Arts (MITA).

intellectual property (DCMS, 1998) [5](see also Ooi, 2011). Parallel to this, Singapore CCIs clusters policies (Yue, 2006; Kong et al, 2006) are based on Porter's (1998, p.199) definition of cluster i.e. 'a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities'.

The Economic Development Board (EDB) started considering CCIs cluster policy in its policies at the beginning of 1990s. At this stage, these policies focused on the creative economy and followed the idea of Porter's business cluster (Kong, 2000; Chang, 2000; Yue, 2006). In the late 1990s/ early 2000s, the arts and cultural sectors were involved in national policy making process for the first time with the involvement of the Ministry of Information, Communication and the Arts (MICA) (formerly the Ministry of Information and the Arts (MITA)) into policy making process (Kong, 2005, 2000). The report 'Creative Industries Development Strategy (ERC, 2002)' formally listed the art and cultural, design and media sectors as part of the economic strategy, and the term cultural and creative industries was replaced by the term creative industries (Table 4.1).

The cluster approach was adopted as the main approach to support both cultural assets and economic development through three policies: 'Renaissance city 2.0', 'Media 21' and 'Design Singapore' (ERC, 2002, p,8). 'Renaissance city 2.0 '(MITA, 2002) focused on encouraging cooperation and collaboration between the arts and the commercial sectors as well as non-profit organisations, cultural workers and the public sector. The project of 'creative town[6]' formalised in the Renaissance city 2.0 document was seen as

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[5]

http://www.mti.gov.sg/ResearchRoom/Documents/app.mti.gov.sg/data/pages/507/doc/ERC_SVS_CRE_Chapter1.pdf

[6] A 'Creative Town' initiative can be piloted to integrate arts, business and technology into community planning and revitalization efforts.   This prototype can be fine-tuned and eventually adopted by townships islandwide to evolve a Creative and Connected Singapore. Features of a Creative Town could include the "Percent-for-the-Arts" Scheme, fusion spaces, creative thinking and entrepreneurship training courses, cultural events and festivals, etc. (seehttp://app.mica.gov.sg/Portals/0/UNPAN011548.pdf)

the main policy framework and aimed 'to establish Singapore as a global arts city' and 'to provide cultural ballast in our nation-building efforts' (Kong, 2009). The 'Design Singapore' and 'Media 21' policies (Kong, 2006, 2007, 2009) focused on the design and media industries, targeted by the national government. These three projects were still more likely to brand the city, to attract capital and talents, and to develop CCIs through an economic prospective.

In addition, Kong et al (2006, p.179) highlight 'the notion of a 'creative cluster' in the context of Singapore is non-spatial, or at best, aspatial.' The limited territory of Singapore has limited the geographical dimension of CCIs clusters. The CCIs clusters occurred at very local neighbourhood level, such as the 'creative town[7] initiative (Kong, et al, 2006, p.178)'. These scattered CCIs clusters were more in line with the theory of Florida on the creative class (2002) and with Landry's idea of creative city (2000) where the city policy focuses on attracting various CCI activities and talents in specific areas of the city.

In the mid 2000s, the Singapore approach changed with CCIs clusters policy shifting from an overall economic perspective to supporting more focused spatial initiatives. Various mega-projects aiming at developing CCIs facilities (including mixed land-use, cultural facilities -exhibition centres and the incubation spaces for artists or creative workers) for urban regeneration and economic purpose were initiated (Kong, 2007, 2009; Yue, 2006; Chang, 2000). The projects embraced three important values of the cluster approach: building a reputation (cultural capital – to brand the city) (Scott, 2004; Kong, 2009), a milieu (environment effects – to create a milieu/ atmosphere for industry development) (Kong, 2005, 2009; Chang, 2000) and providing rental spaces for businesses (economic realities) (Kong, 2009, p.69). Fostering a milieu has been

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[7] The 'creative town[7]' concept formalized in the Renaissance City document is used "to establish Singapore as a global arts city" and "to provide cultural ballast in our nation-building efforts" (Kong, 2009)

recognised as an attractive factor for creative workers, talents and investments (Kong et al, 2006). However, an improved milieu is usually accompanied by increases in rents and taxes, which may push away organic CCIs activities and cluster development (Yeoh, 2005; Kong et al, 2006; Kong, 2005, 2007).

4.3.2   Hong Kong

In 1998, the Chief Executive Tung Chee Hwa announced 'the importance of the arts to Hong Kong's future' and 'Creative industries are to facilitate the building of Asia's world city, just as they are to serve as a trigger for economic development, and enhance the city as a place for quality living, thus promoting tourism and attracting investment (HKDOT, 2002; HKDSCI, 2002; HKGCC, 2003; HKTDC, 2002)' Then in a policy address documents published in 2005, the Chief Executive announced that 'the term 'cultural and creative industries' should replace 'creative industries' as it was felt that this new term would provide a clearer sense of direction for Hong Kong policy (HK, 2005, p.33)'[8].

Hong Kong's target with regards to its CCIs policy is to become a 'world city' (Wu, 2000; Kong, 2005). Yeoh (2005, p.945) mentions '[CCIs] draws on 'local' identity to gain a competitive edge in the global market place'. Hong Kong's CCIs clusters were inspired from Singapore and other cities in the West and Eastern Asia (UK, Australia, US and Singapore, Taiwan and Korea) as well as from discourse such as the creative city (Landry, 2000) and the creative class (Florida, 2002). However, the concept of CCIs clusters used in this policy follows Porter's (1998) definition of cluster[9.] As such, the link between CCIs clusters Hong Kong objective of becoming a world city is explained by

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[8] http://www.policyaddress.gov.hk/2005/eng/notices.htm
[9]"Clusters are geographic concentrations of interconnected companies,specialized suppliers and service providers, firms in related industries, and ... particular fields that compete but also co-operate" (Porter, 1998, p. 199)

Kong (2005, p.63) as 'these traded interdependencies cause groupings of employment and concentrations of particular activities/cultural industries to occur in major cities.'

However, the current policy has been criticised on the basis that it is too much oriented towards real estate development projects, lacking connection with the existing CCIs activities, local communities and social networks (Kong, 2005, 2007). Moreover, Hong Kong's limited territory (surface area: 1103 km^2) has constricted the spatial dimension of industrial clusters to specific streets and blocks (Yeoh, 2005; Kong, 2005). Kong (2005, p.68) concludes 'the critical importance of social networks and capital derived from interpersonal relationships at multiple scales: inter- national, local and micro-local'[10].

West Kowloon Cultural District [11](Pic 4.1) is an example that demonstrates the difficulty of CCIs clusters policy in Hong Kong. This policy project was launched through policy initiative in 1998 (Kong, 2005, 2007) with the goals, as laid out by WKCD[12], to 'enrich our cultural life by attracting internationally acclaimed performances and exhibitions; nurture local arts talent and create more opportunities for arts groups; enhance international cultural exchange; put Hong Kong on the world arts and culture map; provide state-of-the-art performance venues and museums; offer more choices to arts patrons; encourage creativity; enhance the harbour front; attract overseas visitors; and create jobs". However, the project has been seen as an 'expedient' way for policy makers to benefit from 'real estate speculation', and not to really develop CCIs (Kong, 2005, 2009).

This example shows that the objective of CCIs cluster policy is usually to create a milieu and an atmosphere for attracting investment and capital. However, this objective may

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[10] This explains that the usage of terms such as park, district and quarter to designate CCIs cluster means that it is basically understood spatially in Eastern Asian cities.
[11] http://www.wkcda.hk/filemanager/en/share/doc/info/PA%20Governance%20Final%20Report.pdf
[12] West Kowloon Cultural District invitation for proposals
http://www.hplb.gov.hk/wkcd/eng/public_consultation/intro.htm

not take into consideration local indigenous characteristics and existing CCIs activities (such as the film industry) and may not encompass the local context (Kong, 2005, 2007). Similarly to Singapore, the Hong Kong government focused on the economic contribution of CCIs cluster and expected to create an urban image (branding), support tourism, hard infrastructure and commercial development, and stimulate real estate development (Hutton, 2003; Kong, 2005, 2007; 2009).

Pic. 4.1 West Kowloon Cultural District (WKCD), HongKong

Source : http://www.inmediahk.net/taxonomy/term/507551

The policy progress of the WKCD's initiative was delayed by constraints coming from local communities and the existing CCIs organization (notably the film sector) (Kong, 2005). The constraints result from a mismatch of expectations between the public sector (aiming for urban development and commercial profits) and the private sector (hoping from some support to meet local communities and CCIs workers' needs). So, there is still an issue with regards to the development of CCIs clusters policy in Hong Kong.

4.3.3 Shanghai and Beijing

CCIs clusters policies in cities such as Shanghai and Beijing in China have also been influenced by policies in other East Asian cities, such as Singapore and Hong Kong (Wu, 2004; Cheng, 2011; Chou, 2012), where CCIs clusters policies have been set as at the national level policy. In line with this, CCIs are considered as a term that could integrate various economic, social and cultural activities.

> 'under the conditions of globalization, to people's spiritual and cultural entertainment needs-based, high-tech means as support, network and other new means of communication for led to culture and the arts and the economy is fully integrated features for their own transnational cross-sectoral inter-departmental reorganization or create a new industry cluster. (Zeng and Chen, 2007, p.152)'

They list nine principal creative sectors[13]: culture and arts; press and publication; radio, television and film; software, networks and computer services; advertising exhibitions; art trade; design services; travel and entertainment; and other support services. Based on the political system in China, Shanghai and Beijing have more autonomy in designing their own approach to CCIs cluster development and implementing national policy purpose.

(1) **Beijing**

Before the 2000s, the idea of developing creative clusters was included in the city general industrial cluster policy based on Porter (1998) (Keane, 2009). One of the most well-known cases of that industrial cluster policy is the Zhongguangcun Hai Dian District, China's Silicon Valley (Keane, 2009). At the time, the government tended to develop science and technology as part of its national economic policy. Keane (2009, p.85) says

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13 Beijing statistical information net (2011) url:http://www.bjstats.gov.cn/ (reading date:07.09.2012)

that 'the value of clustering, from a manufacturing economy perspective, rests on a pre-existing tradition of collectivism'. In line with this, CCIs cluster development thus followed the framework of Porter's (1998) business cluster.

At the end of the 1990s, the CCIs activities started emerging in Beijing. One of the organic CCIs cluster which developed in Beijing, was a unused military factory named the 789 Art district (Keane, 2009) (see Pic 4.2), a well-known organic CCIs case in China. CCIs clusters policies only started to be implemented at the national policy level after 2000, following a traditional industrial cluster approach by focusing on spatial aggregation and cost saving (Keane, 2009).

Pic 4.2 789 Art district, Beijing

Resource   researcher

In 2004, CCIs policies were transferred from Hong Kong to Beijing. At the end of 2005, the Beijing government announced the 'Beijing cultural industry development plot (2004 -2008)', where the development of CCIs was developed using an urban planning approach (Keane, 2009; Kong et al. 2006). In 2006, the Beijing government published the national level policy report, the 'Eleventh Five-year Development Plan of 2006–10'. In this report, the CCIs replaced the term 'creative industry' and CCIs clusters were

adopted for CCIs' development to support national economic development [14] (Beijing Government, 2007). This again revealed the intention that policymakers had to use the CCIs for economic purposes in addition to urban spatial re-development. However, owing to a lack of experience with CCIs, policy makers' objective was to implement their CCIs clusters policy through organic CCIs clusters (Keane, 2009; Chou, 2012). Existing bottom-up CCIs clusters were scattered throughout old buildings, paved alleys, street blocks and neighbourhoods in Beijing at the time (Keane, 2009). As such, Keane (2009) highlighted the need for supporting these organic clusters through their local contexts and social development. However, the policy followed Porter's cluster approach looking at industries' management, networking, production chain and market and focusing on the construction of cultural infrastructure and on product commercialization (Keane, 2009; Stern and Seifert, 2009; Kong, 2009; Chou, 2012).

(2) Shanghai

Following the announcement of its CCIs policy in 2005, Shanghai established the 'Shanghai Creative Industries Centre and Shanghai Creative Industries Association' (City's propaganda Dep. and Economic Commission). Shanghai's policy adapted the concepts of 'Cultural Renaissance' from Singapore and aims to use CCIs to create a new image for Shanghai at a cultural level (in terms of world cities competition) and to attract the creative class and related investment (Wu, 2004; Kong, 2007; Flew, 2009).

Initially, Shanghai implemented its CCIs cluster policy through urban planning (Kong, 2007) by constructing new (cultural) infrastructure, such as the People's Square (Museum, Grant Theatre), and by reusing old spaces for a new urban identification (Wu,

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[14] See http://www.beijing.gov.cn/zfzx/ghxx/sywgh/t818582.htm [accessed 9th Sep. 2012]

2004; Kong, 2007; Zheng, 2011). Organic CCIs clusters started emerging in Shanghai in 2002 (Kong, 2007) in some old spaces, such as M50[15] (Hong and Tong, 2011) and Tianzifang (Yung et al, 2011) (see Pics 4.3 and 4.4). These were used as basis for policy-made clusters (Wu, 2000; Kong, 2005; Zheng, 2011) but these interventions challenges the existing organic dynamics which were dismissed by the policy interventions - a similar situation as in other Eastern Asian cities (Kong, 2007). The policy intervention was argued as being too focused on seeking economic profit, in order 'to form a global hierarchy by cultural infrastructure and iconic buildings, and a vibrant cultural life to be at global city level and competition advantage (Kong, 2007, p.394)'.
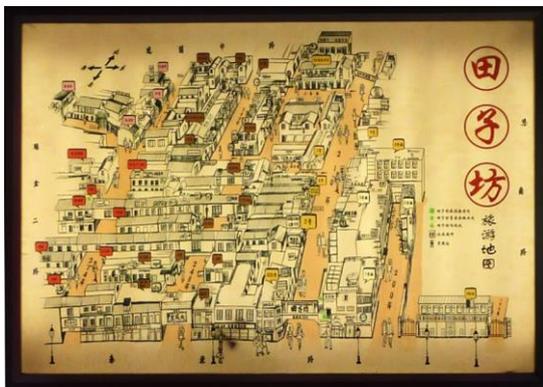
Pic 4.3 Tianzifang	Pic 4.4 M50

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[15] Before the policy intervention, the place was locating the artist and creative workers.

Source : researcher

Indeed, the public sectors dominated the development of these CCIs clusters, setting the approach for managing and developing cultural capital and assets in China (Kong, 2007). Zheng (2011) explained '[CCI policy] combines flagship leisure venues and upper- and middle-class urban lifestyles, with a flavour of urban cultural heritage and cultural tourism.'

Moreover, this approach anchors the CCIs clusters and the city into the purpose of promoting Shanghai into the global city hierarchy (Wu, 2004; Kong, 2007). Developing cultural infrastructure, landmarks and iconic buildings has been a popular approach for policymakers in Eastern Asian cities to try to generate growth using CCIs (Kong, 2007, p. 394). In line with this, the Shanghai government adopted an 'entrepreneurial' approach, mainly focusing on commercial, real estate and entertainment (leisure) activities to market the city in order to attract commerce and trade (Kong, 2009; Zheng, 2011). Such policy lacking consideration for existing CCIs and the influence of local contexts on their development has caused issues in terms of CCIs cluster development (Wu, 2004; Kong, 2005, 2007, 2009; Yeoh, 2005; Keane, 2009).

4.4. The challenges of CCIs clusters policies in Eastern Asian cities

As discussed, in Eastern Asian cities, CCIs clusters policy have been used for different purposes such as urban regeneration and economic strategy. Too much focus on these purposes regardless of existing local contexts[16] has caused some implementation issues which are discussed in more detail in this section in relation to the concept of policy transfer discussed previously.

4.4.1   The challenges of CCIs clusters policies implementation

One of the main issues related to CCIs cluster policy implementation in Eastern Asian cities has been the policy gap between the national and local levels. CCIs clusters are local-based initiatives, and, as discussed, the development of CCIs activities is highly dependent on creating an environment which suits their development and emergence (Pratt, 2009; Evans, 2009; Kong, 2007). However, national and often bureaucratic policy systems have had a critical role in CCIs clusters development in Eastern Asian cities (Wu, 2000; Kong, 2000; Gibson and Kong, 2005). Wu (2000, p.1367) stresses, 'The result of plan implementation depended on the bargaining practice inside the bureaucratic system'. Indeed, in most cases, CCIs clusters policies in the Eastern Asian cities have been driven at the national level creating some challenges in how to cooperate with local level policies (Kong, 2005; Gibson and Kong, 2006). In cases such as WKCD, Tianzifang cultural district and M50, national policies could provide a clear image and concept for the CCIs clusters policy to implement (Kong, 2007, 2009; Keane, 2009; Wang et al, 2009; Zheng, 2011), but had difficulty to include the local context and CCIs characteristics at such level (Kong, 2009; Keane, 2009). Regardless of local cultural and social contexts, this gap between the national and local levels has resulted in CCIs clusters policy taking the form of real-estate and commercial development projects, putting too much focus on economic profits and political purpose (Kong, 2000,

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[16] In China, major cities such as Beijing and Shanghai are municipality directly under the jurisdiction of the Central government

2005, 2007, 2009; Wu, 2004; Kong, et al, 2006; Yeoh 2006; Keane, 2009).

4.4.2 The governance approach

Many top-down policies have been based on the attempt to build on organic CCIs clusters (Kong, 2005, 2007; Zheng, 2011) by adopting an entrepreneurial approach supported by some form of public-private partnerships with the expectation of obtaining better economic profit and reducing the possibility of losing the existing CCI activities' vibrancy (Kong, 2007). In line with this, public-private partnerships provide a path to connect CCIs production to the market. However, as for the policy, these partnerships tended to focus too much on commercial profits and excluded the real needs of CCIs and local residents (Kong, 2005, 2007). For example, in the WKCD case, the public sectors tried to develop the CCIs cluster by attracting investment and promoting real estate developments. This caused a conflict between the public and the private (business, development agency, CCI workers and NGOs) sectors in deciding the development goal of the project. Thus, there is a clear pull-push between public and private sectors (local communities, industrial association, business sectors (investor and real estate development agent) as they are struggling to agree the direction of these projects (Kong, 2005, 2007).

4.4.3 The lack of consideration for some rationales

Many studies pointed out the influence of rapidly changing social, cultural and economic rationales supporting CCIs clusters development (Pratt, 2009; Keane, 2009; Kong, 2005, 2007; Mommaas, 2004). This section will discuss the implications of not recognising these rationales in CCIs clusters policies.

(1) The city's level of development

CCIs clusters policies in Eastern Asian cities tend to be multi-purpose policies such as the flagship and mega projects in order to support both urban development and economic prosperity. Discussion in chapter two highlighted that, in Western cities, thanks to conditions, such as social institution, life standards and lifestyles, economic development has reached a level whereby CCIs' development is achieved spontaneously (O'Connor, 2007).

However, this basic condition for the emergence of CCIs is different in Eastern Asian cities. **First,** Eastern Asian cities are mostly part of developing countries and they have not reached an appropriate level of industrial and economic development in terms of consumer markets and understanding of the value of the CCIs (Hutton, 2003; Keane, 2009). This explains why, in Eastern Asian cities, the development of CCIs is so politically driven and not yet generated automatically by economic forces (Keane, 2009). **Second**, as such, the public sector tends to put more effort into developing cultural infrastructure and facilities (Kong, 2000, 2005, 2007, 2009; Kong et al, 2006; Keane, 2009). This need for the construction of hard-form cultural infrastructure and facilities is one of the reasons why many Eastern Asian cities list cultural facilities and infrastructure as integral sectors of the CCIs (See Table 4.3).(Kong, 2000, 2005, 2007, 2009; Kong et al, 2006; Flew, 2010). As such, many studies insists on the need for more research to look into the impact of the social, cultural and economic contexts, locally, on CCIs development, and on the CCIs clusters policies and their implementation (Keane, 2009; Pratt, 2009; Kong, 2005, 2007; Mommaas, 2004; Moss, 2002).

(2) The social, cultural and economic rationales

In Western cities, CCIs are not only generated from emerging market demands but also from the prosperity of social and cultural activities (see DMCS, 2004). Keane (2009, p.94), in his discussion on the current level of CCIs development and the limit of CCIs

policies in China, points out that the key issue is 'time', 'time will tell if this latest stage of collective organization will move China forward or retard the regime's creative version'. This issue is also prevailing in other Eastern Asian cities like Hong Kong (Kong, 2005, 2007; Wu, 2004; Yeoh, 2006; Hsing and Lin, 2009).

In addition, existing organic CCIs clusters tend to be very local, such as alleys, street-blocks and neighbourhoods as in Hong Kong and Singapore (Kong, 2005, 2007, 2009; O'Connor and Gu, 2006; Zheng, 2011; Chou, 2012). This situation can be explained by two factors. **First,** the CCIs development in Eastern Asian cities is highly dependent on a bureaucratic system and, without this support, it is very difficult to sustain the CCIs. **Second**, consumers still need to be educated and enlighten with regards to CCIs products' value through education, the cultivation of aesthetics and humanities interests, and creativity and imagination (Kong, 2005, 2007; Yeoh, 2005; Keane, 2009). For example, CCIs activities such as arts, software and design are not seen as activities like finance, banks and statistics. Therefore, this limits the CCIs' development due to a lack of interest in CCIs production. The trajectory of the CCIs is thus strongly underpinned by the different local contexts and policy initiatives.

Table 4.3 Key sectors of the creative economy in selected Western and Eastern Asian cities				
UK	New Zealand	Singapore	China	HongKong
Arts and Antiques Market Music and Performing Arts Crafts Film and Video TV &Radio Publishing Advertising Design Designer Fashion Architecture Interactive Leisure Software / Software & Computer	Visual Arts Music and Performing Arts Crafts Film and Video Production TV &Radio Publishing Advertising Design Designer Fashion Architecture Software and Computer Services	Three key groups of creative industries identified in the 2002 Economic Review Committee's Creative Industries Development Strategy, viz: • Arts and culture (including performing arts, visual arts, literary arts, photography, crafts, libraries, museums, galleries, archives, antiques, trade and crafts, impresarios, heritage sites, performing arts sites, festivals and arts supporting enterprises) • Media (including broadcasting (radio, television and cable), film and video, publishing and printing, music recording, digital and IT-related content services) • Design (including architectural services, advertising services and visual design, interior design, fashion design, graphic design, product and industrial design and so on)	Includes film, television, audio visual products, publishing, performing arts, visual art, sport and education. Excludes architecture, advertising, design and heritage (Beijing) Arts and culture; news and publishing; broadcasting, television, and film; software, Internet, and computer services; advertising and exhibitions; art trading; design services; tourism, leisure, and entertainment; other auxiliary services.	Arts& Antiques Music and Performing TV Publishing Advertising Design Designer Fashion Architecture Game Software / Software and IT Services
Sources : Kong et al. (2006) p.180 Table 2. Key sectors of the creative economy in selected Asian countries; Chou (2012, p.200); DCMS(2005); New Zealand NZIER (2002)				

4.5. Policy transfer issues

Policy transfer is used around the world, it is a way to reduce the risk of policy failure and to achieve policy purposes more quickly (Cunningham, 2003; Gibson and Kong, 2005; Kong et al, 2006). This section discusses its application and challenges in Eastern Asian cities.

4.5.1   Policy adjustment and adaption

During the policy transfer process and lesson drawing process, the borrowed policy should be adjusted and modified in order to cope with local contexts and needs (see section 1). Policymakers in East Asian cities have tended to learn and imitate policy framework and concepts coming from Western cities, such as those in the UK, US and Australia.

Table 4.3 shows the sectors associated with CCIs in different countries. Commonly, as cultural and arts infrastructure and facilities construction tend to be included in East Asian cities' definitions but not in Western ones (Kong, 2005, 2007; Kong et al, 2006). As discussed, this comes from the need for these cities to provide sufficient cultural facilities or infrastructure to their citizen in order to raise the local level of CCIs market consumption. As such, this hard-form (infrastructure) approach is linked mainly to the potential economic contribution of CCIs to the local economy (Kong, 2000, 20005, 2007, 2009; Keane, 2009; Zheng, 2011). This is in opposition to Western cities' approach where cultural and art facilities are seen as taking part in citizens' daily life, where art and aesthetic appreciation are embedded in education, values and social life.

This difference in approach indicates that beyond the transfer of policy from the West to East Asia, other elements should be further considered during the policy formulation process, in addition to the adaptation of the definition of CCIs and the

content of their cluster policies to East Asian cities' local context.

4.5.2   Policy transfer process

Fundamentally, in Eastern Asian cities, CCIs clusters policies have been implemented as a 'solution' for issues such as financial crises, industrial transformation, the influence of globalisation and urban development (Dolowitz and Marsh, 2000; Hutton, 2003; Gibson and Kong, 2005). This multipurpose has resulted in four main challenges. **First**, the current CCIs clusters policies have followed previous policies aiming at developing ICTs or manufacturing as a kind of path dependency in policy transfer discourse (Chou, 2002; Wu, 2004; Kong, et al, 2006; Keane, 2009). This type of contextual constraints means that policymakers believed that CCIs could be developed using the same industrial cluster policy approach that they used to develop ITCs and the manufacturing industry. **Second**, Eastern Asian cities have tended to apply CCIs clusters policies in their cities using the overall policy framework used in Western Cities in terms of policy strategy formulation (i.e. flagship, mega project and urban regeneration), concepts and definitions and governance (public-private partnerships) and implementation approaches (Kong, 2000; Chang, 2000; Cunningham, 2003; Kong, et al. 2006; Flew and Cunningham, 2010).   However, owing to insufficient information and knowledge regarding CCIs and their cluster policy and fundamental differences in terms of local contexts between Eastern and Western cities, it has been difficult to copy and, therefore, completely implement these Western policies in East Asian cities (Chou, 2012; Keane, 2009; Kong, 2007, 2009).

Third, the programmatic aspect has also played an important role in the difficulty to transfer these policies as policies are designed with more public scrutiny in Western cities compared to Eastern cities due to completely different local systems, indigenous cultures, social-political settings and inherent uniqueness - details that are not considered in East Asian cities. This has caused policy difficulty in the development process of these policies (see Kong, 2005, 2007; Yeoh, 2005; Keane, 2009; Zheng,

2011; Chou, 2012). **Fourth**, another issue is that during the policy transfer, policymakers were only using CCIs clusters as an aim to achieve a more generic purpose such as developing the Creative Class (Florida, 2002), the Creative City (Landry, 2000) or supporting cultural-led urban regeneration (Moss, 2002; Bassett, et al., 2002; Shorthose, 2004; Bailey et al., 2004; Mommaas, 2004). In line with this, CCIs have been considered as a political instrument for applying such political discourses (Kong et al., 2006; Keane, 2009; Zheng, 2011) instead of being developed for their own sake.

4.6. Conclusion

This chapter has reviewed the theoretical discourse around the policy transfer including its definition, steps and approaches. Policy transfer is commonly seen in current policy-making process as reducing the possibility of policy failure. In line with this, it is understood that the 'hard' form of policy transfer is easier to achieve than its 'soft' form which is more difficult to copy.

This has implication when considering the transfer of CCIs clusters policies from Western cities to East Asian cities. Based on the discussion on CCIs clusters from chapter 3, the CCIs cluster policy transfer experiences in Eastern Asian cities show that the policy being implemented tend to copy, emulate Western policies and implement a kind of hybrid form. First, they copy the concepts and framework from Western cities. Second - emulation, they try to learn or to imitate the key concepts and framework useful for them. Third- hybrid/synthesis, they try to combine the different implementation approach to create the most suitable policy.

However, section 3 has shown that it is important to anchor local context within CCIs cluster in both Western and Eastern Asian cities (Mommaas, 2004; Kong, 2009; Keane, 2009; Pratt, 2009). Basically, research on Western cities has suggested a need to rethink CCIs clusters to cope with the rapid change in local context (Pratt,

2009; Mommaas, 2004). In contrast, Eastern Asian cities need to consider in their CCIs clusters policy the fact that their local contexts still cannot support CCIs development due to a lack of local market. Moreover, the too strong economic-purpose of these policies overlook the local characteristics of the CCIs during the policy making process. Thus, the CCIs clusters policy in Eastern Asian cities is usually based on hard-form cultural infrastructure which has been criticised in the literature (Kong, 2000, 2007, 2009; Keane, 2008; O'Connor and Gu, 2010; Cheng, 2011).

Consequently, there is a need to explore in more depth existing city case studies but also to undertake new cities studies to find out how the local context and the essential characteristics of CCIs could be better taken into consideration (Pratt, 2009; Flew and Cunningham, 2010). As discussed, this thesis aims to fill this gap by exploring the development of CCIs clusters policies in Taipei (Taiwan) which have been strongly influenced by policies implemented in Hong Kong and other Chinese cities and whose Film and Music industries play a critical role in Eastern Asia (Kong, 2007; Hsing and Lin, 2009). However, existing research on Taiwan (Taipei)'s policy experiences is scarce and not much detailed.

Chapter 5 Methodology

5.1. Introduction

As discussed in the introduction and the last three chapters of our literature review, there is a need to explore in more depth CCIs clusters development and policies in Eastern Asian cities. This is the main objective of this thesis which aims to answer the following central research question: 'To what extent can CCIs clusters policies support the development of the cultural and creative industries under the specific local context of Eastern Asian cities?' This chapter provides the details of the methodological approach adopted in this thesis to answer this question and the research methods that follow. The first section outlines the analytical framework, research objectives and research questions. The second section explains our choice of a case study as a research design and the methods adopted. It includes an introduction of the two specific clusters case studies studied in this thesis in Taipei, Taiwan. The third section details the data collection and analysis processes. The issues of reliability, validity and ethics are addressed in section 4. Finally, the last section introduces the analytical chapters.

5.2. Analytical framework and research objectives

5.2.1. Analytical framework

Travers (2001, p.9) argues that 'it is important to recognize that every researcher brings some set of epistemological assumptions into the research process (…), and that these inference is how you understand and interpret qualitative data.' The previous chapters have discussed and clarified the main concepts of our research framework. In

this research, three main concepts are the objects of our focus: CCIs, CCIs clusters (organic and policy-made) and CCIs clusters policies.

As shown in Figure 5.1 summarising the last three chapters, there is a causal relationship between local context and the emergence of CCIs. As discussed in chapter 2, the term CCIs means 'the productions that contain text, symbolism and signs within a cultural context 'and 'services to the consumer by a creative approach'. In addition, as discussed, three key elements affect the development of CCIs clusters: the users (consumers and markets), the actors (private and public sectors) and their governance. These elements are also influenced, to an extent, by the way the various characteristics of a place's local context impact CCIs development i.e. indigenously cultural and historical backgrounds, institutional customs, education, development conditions (living standard, economic development, market) and policy environment. One important factor is the way these characteristics combine to support, over time, a form of cultivation and ability to appreciate artistic and literary aesthetic expressed among CCIs among other things. This also relates to the process of CCIs clustering. This results in the capacity of each place to develop CCIs, in terms of value chain (production, consumption and market) and CCIs clusters development (Hartley, 2004, 2008).

As presented in chapter 3, plenty of research has discussed the definitions of CCIs clusters. These definitions can be summarised by the following statement 'an agglomeration of cultural activities, function, production (from presentation to consumption)' (Mommaas, 2004, p.507). Specific types of CCIs clusters have been identified according to their different purpose, function and industries (see discussion in section 3.2). In addition, there exist a strong interdependence between certain types of CCIs clusters and specific cultural, economic or social policy rationales (Evans, 2009). Governance approaches (inducing the forms of cooperation and collaboration between

actors) play a critical role in terms of policy implementation (Brown, 2000; Moss, 2002; Gibson and Kong, 2005; Markusen and Gadwa, 2010).This effect has been illustrated by the existing policy cases in Western cities and Eastern Asian cities discussed in chapters 3 and 4 (Markusen, 1996; Pratt, 2009; Markusen and Gadwa, 2010). Indeed, the governance approach became a critical strategy to influence CCIs clusters policy's development, which usually requires a tight cooperation between local and national governments and between the public and the private sector (Moss, 2002; Mommaas, 2004; Shorthose, 2004; Evans, 2009; Cheng, 2011). However, as highlighted, in order to further establish CCIs clusters policies, planners need to take more in consideration the influence of local context and how it influences CCIs, related actors and governance approaches.

With this in mind, our analytical framework, as summarised by Figure 5.1, takes into consideration how our three main concepts and their developments are affected by the local contexts including social, cultural and economic aspects. Indeed, the local context critically drives CCIs' development and triggers the emergence of organic CCIs clusters, for example, these local contexts affect the cultural consumption and market which relate to the development of CCIs clusters and cluster policies' implementation (see chapter 3 and 4). Moreover, the local context also underpins the capacity for policy-made CCIs clusters to remain in development, especially as policymakers frequently build their cluster policies on existing organic clusters. Finally, chapter 4 highlighted the need to rethink the current transfer of CCIs clusters policies between Western and the Eastern Asian cities to take better account of the Asian cities local contexts and recognise the differences with their Western counterparts (Keane, 2009; Kong, 2009).
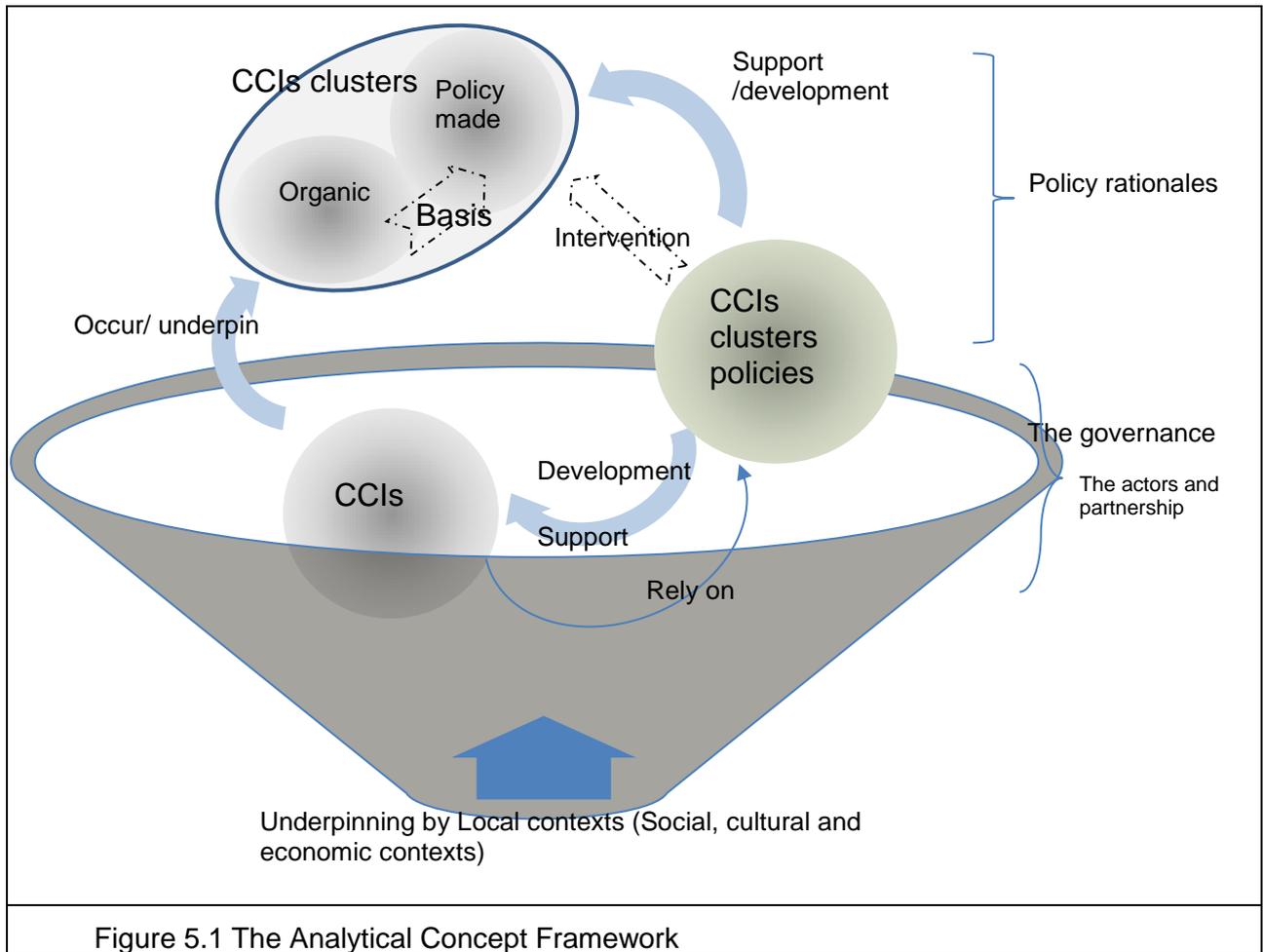
Figure 5.1 The Analytical Concept Framework

5.2.2. Research objectives

In addition to the lack of consideration given to the local context, the definition of the
CCIs was not well-understood while they were incorporated into policy in Eastern Asian
cities. Garnham (2005) argued that the term 'CCIs' has no clear understanding in
academic work or policies, but has been inserted into policies for economic purposes.
However, without a clear understanding of the CCIs and their clusters, policymakers in
Eastern Asian cities tended to use a 'hands-on' approach which caused policy failures.
Although these problematic issues have been raised, there has not yet been enough
detailed research to offer possible solutions (Kong, 2007; Wu, 2000) and this thesis
aims to address this gap.

As such, this research focuses on two main objectives. **Firstly,** it aims to add to the knowledge on CCIs clusters policies studies in the current literature. In particular, this research intends to fill in the gap on the question of transfer adequacy of CCIs policy from Western to Eastern cities by looking at a significant case study representative of Eastern Asian contexts. This case study offers particularly insight on the effects and results of an economic-oriented CCIs clusters policies. **Secondly,** it aims to add to the current empirical studies on CCIs clusters policies in Eastern Asian cities, which lack discussion on the contexts and concepts of their policies (Kong, 2007; Gibson and Kong, 2005).

5.2.3. Research Questions

As mentioned previously, the main question of this research is 'To what extent can CCIs clusters policies support the development of the cultural and creative industries under the specific local context of Eastern Asian cities?' To answer this main research question, this research adopts a case study approach and examines in detail two CCIs clusters initiatives implemented in Taipei, Taiwan by asking the following sub-questions.

Question 1: What types of CCIs clusters policies initiatives have been implemented in terms of their rationales and why?

Question 2: How have the CCIs clusters policies rationales implemented matched the dynamic and functioning of the CCIs?

Question 3: To what extent have the types of governance approaches associated with these CCIs clusters policies affected the development of these clusters? What have been the roles of the public and private sectors and how have they cooperated and collaborated with each other, under which forms and how has it impacted the development of each cluster and their CCIs?

Question 4: To what extent has the local context affected the development of the CCIs in each case and how has it correlated with the success of the CCIs clusters policies implementation? In what way, if it has not, could the local context be better taken into account within future CCIs clusters policies?

5.3. A case study and longitudinal approach

The CCIs clusters literature tends to use various methodological approaches, but there exist a number of case studies. This research is based on a case study within a longitudinal approach as shown in our research design framework in Figure 5.2. The case study approach we use is appropriate to be able to understand the influence of the local context (a city) on particular CCIs clusters policies (policy cases), influence which is particularly under-researched as demonstrated previously. Ragin (1987, p.49) suggested that the case study 'makes it possible to address causal complexes- to examine the conjunctures in time and space that produce the important social change and other phenomena that interest social scientist and their audiences.' Yin (2003, p.1) defined a case study as a research strategy which investigates an individual, or an organisation, a group of people or an event, by adopting multiple research methods" According to the definition provided by Yin (2003), a case study is suggested as an effective method to ask 'why' and 'how' and, in particular, to focus on the understanding of truth and the reason why it emerges (Yin, 2003, p.13). Yin (2003) also added that a case study approach is appropriate to explore policy effects and interaction. Finally, McQueen and Knussen (2002) also suggested that the case study could be used to find evidence of the research questions through their relationships and relevant interactions, like in this research. For all these reasons, a case study appears like a relevant and effective design to answer the research enquiry pursued in this thesis.

Figure 5.2 Research design framework
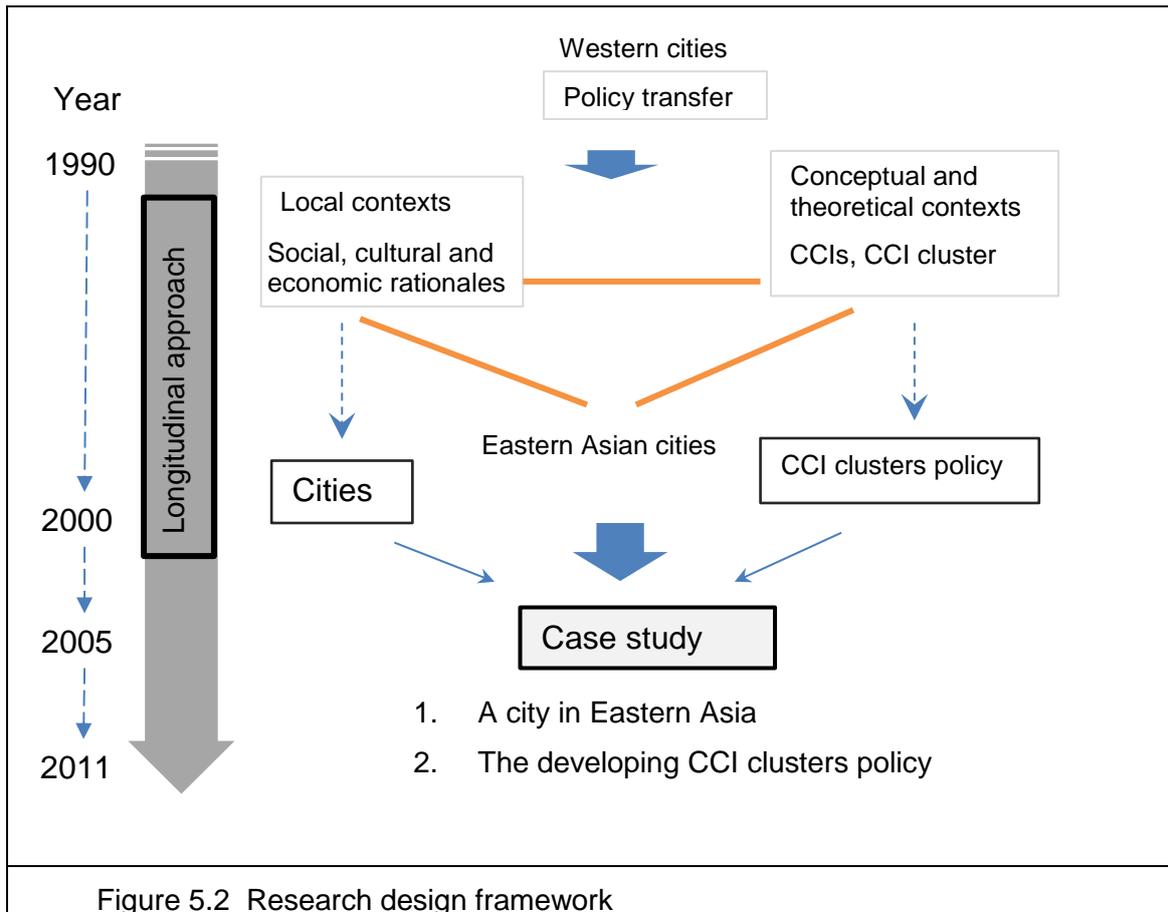
A longitudinal approach (from 1990 to 2011) also seems key to explore the changes in local contexts over time. Policy implementation and its effect can usually take more than a decade before they can be evaluated and their policy contribution can be examined (Moss, 2002). Therefore, within our case study design, adding a longitudinal approach to explore the impacts of CCIs policies over time was crucial and helped determine potential causational correlation between the different themes explored in this research. **First**, it was helpful to understand CCIs clusters policies' changes in terms of governance, actors, partnership effect and their function. **Second**, it supported the analysis of the influence and results caused by the development of the local context on the CCIs clusters policies. Menard (1991, p.4) highlighted a significant condition for conducting such longitudinal study: the need for two (or more) periods of observation

with comparable variables or items or sorts of data. In line with this, this longitudinal study is divided into three periods of analysis from 1990 to 2011.

In Taiwan, the period 1990-1999 can be characterised by a time of guidance in terms of CCIs policy development. This is the period when CCIs were initially mentioned within Taiwanese policies but with no clear law or formal documents directly applied to their development. In this period, CCIs were considered as another sector for economic industrial strategy, not taking into account their specific characteristics. From 2000s onwards, the CCIs started being developed using the policy experience of Western cities. Up to 2005, the local context gradually developed to be able to stimulate CCIs' development organically. After 2005, CCIs clusters policies started being implemented more formally building on the local context characteristics but also using Western experiences of CCIs clusters policies.

5.3.1. Study area –Taipei city, Taiwan

Hutton (2003) who explored the development of Eastern Asian cities under the global trend concluded that these cities are characterised by a significant degree of interaction in terms of their development – this is the case between Taipei, Hong Kong and Singapore, for example. In addition, Kong (2005, 2006, 2007) demonstrated how CCIs' concepts and policies imported from Western experiences were learned and implemented in Singapore, and then transferred to other Eastern Asian cities, such as Hong Kong, and in Taiwan and China (Kelley et al., 2006). However, Kong et al (2006) pointed out that current literature on Taiwan has not yet provided a detail understanding of the effects of the local context on existing CCIs policies and of the links between policy rhetoric and its practical implementation.

Taiwan is an island state located at the edge of East Asia (see Figure 5.3). Owing to its geographical location and cultural context, Taiwan has strong ties with other cities in East Asia in terms of public policy, economic activities and social-cultural interactions.

Taiwan has a population of 23 million people and its surface area is 36,188km^2 (government of Taiwan). At the turn of the 1990s, the national government began to incorporate CCIs into its policies, using the UK approach and taking into consideration lessons from similar initiatives in Singapore (Kong, 2000; Yeoh, 2005; Lin and Hsing, 2009). In the middle of the 1990s, however, some policy implementation issues started to emerge in relation to the local context.

Taylor emphasised (2000) that 'most of the great cities of history were centres of state power and the roster of world/global cities are dominated by capital cities' (p. 6). Taipei City offers a holistic reflection on the role that economic, politic, and social and cultural factors can play in CCIs policies due to its role as a capital city. Moreover, in terms of regional development, Taipei City has an inseparable interaction with other East Asian cities, such as those in Hong Kong, Singapore, Japan and China, which makes it an appropriate and representative case study to look at with regards to the development of CCIs clusters policies in that region (Beaverstock et al, 1999; Kong, 2000; Hutton, 2003; Kelley et al, 2006). As such, the representative policy experiment of CCIs clusters in Taipei shall provide a holistic overview on how these policies are affected by the local context. Since 1990s, various urban spatial and CCIs policies have been put in place to develop CCIs clusters, whose number has increased as a consequence. Most clusters were initiated by the national government and initially aimed at reusing derelict wine/tobacco factories urban spaces left from the industrial transformation process. These clusters (called parks in the Taiwanese context) are located in the south, eastern and central parts of Taiwan. Given Taipei's role as a capital city in supporting public administration services and the rest of the service sector, many of these national cluster initiatives have been located there. Moreover, many organic clusters exist in Taipei city and the local government has also implemented local cluster initiatives; these can take the form of particular streets or blocks around the city. These organic

and planned initiatives take advantage of the local geographic proximity in terms of both economies of scale and agglomeration which provide the various and mature conditions to develop CCIs and to support policy implementation. As such, the clusters in Taipei city are at a more advanced stage of development. In addition, they display the full range of rationales such as urban redevelopment, economic revitalisation, urban branding and marketing and entrepreneurial partnership mentioned in the literature as well as different governance approaches and we saw in chapter three that these are important elements to consider when looking at CCIs clusters initiatives. The next section discusses the choice of two CCIs clusters initiatives in Taipei upon which this these focuses.
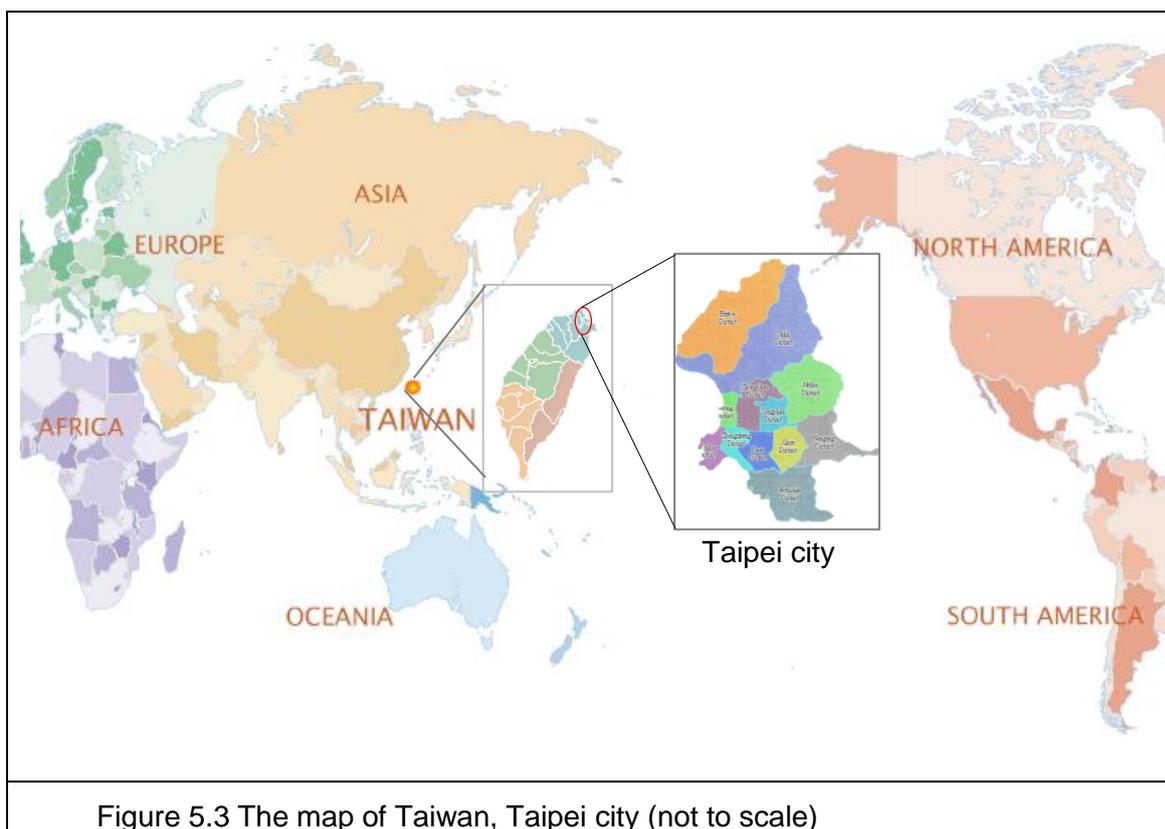
Taipei city

Figure 5.3 The map of Taiwan, Taipei city (not to scale)

Source: Taiwan National Government. http://eng.taiwan.net.tw/

5.3.2. Cluster initiatives case selection- the Profile of HuaShan cultural Park and Nan-Kang software Park in Taipei

The case study initiatives chosen to explore in depth CCIs clusters policies in Taipei have been selected to reflect the various factors considered by CCIs clusters typologies presented in the literature as well as the stage of development they were in. In Taipei, today, there are many CCIs clusters policies initiatives: some have been implemented like Song-Shan Cultural Park, Hua-Shan Cultural Park and Nan-Kang Software Park, some have been approved but not yet implemented like the Media Cultural Park and the Taiwan Bear Cultural Park and finally some are still at a planning stage like the Taipei Knowledge-economic Industry Park (see Figure 5.4). These policy initiatives planned by either the national or local governments are based on different types of CCIs activities, policy rationales and governance approaches in Taipei city (see Table 5.1). In terms of activities, we can see that some initiatives include planning rationales such as Taiwan bears cultural Park, and others economic rationales such as media cultural park and Taipei knowledge-economic industry Park plan. Out of the three initiatives which have been implemented, Hua-Shan Cultural Park and Nan-Kang Software Park were the most appropriate to study as they have been going on for 20 years so we could expect that they have had enough time to develop to be able to explore their evolution and development impacts compared with Song-Shan Cultural Park which is less than 10 years old. In addition, Hua-Shan Cultural Park and Nan-Kang Software Park were better choices as case studies as they offer a contrasting comparison in terms of cluster initiatives based on their policy rationales, the types of industries and the governance approaches they are based on reflecting the debate in the literature and as such offer greater insights ensuring rigour in terms of case selection and analysis (Gillham, 2000). Firstly, the potential CCIs clusters policies should be able to demonstrate the effect of policy rationales such as urban regeneration, economic and industrial revitalisation on the development of CCIs

clusters Moreover, in terms of governance approaches, existing policy initiatives are often adopted based on a top-down approach, but a comparable case study that presents a bottom-up initiative is also important. Of current policy cases, only the Hua-Shan Cultural Park emerged as a bottom-initiative initially. With these in mind and referring to Yin's (2003) suggestion, the case selection should provide the opportunity to precisely answer our research questions. To be comparable and allowing an exploration of the effects of the local context on CCIs clusters policies over time, the selected cases need to have started at the same period to ensure a better comparison (Keane, 2009; Yeoh, 2006; Kong, 2005, 2007) which is the case of Hua-Shan Cultural Park and Nan-Kang Software Park.

Therefore, amongst existing CCIs clusters policies initiatives in Taipei[1], the case of **Hua-Shan Cultural Park** and **Nan-Kang Software Park** were selected for conducting this research (Figure 5.5). Firstly, both cases cover similar periods of development, having both started in the 1990s and being still on-going. Secondly, these two cases cover different governance approaches: one emerged organically and was then incorporated into a policy initiative whereas the other one is a policy made cluster initiative. Thirdly, they are characterised by a focus on different types of CCIs: one can be called a cultural cluster and the other a creative cluster. Finally, they resulted in different policy strategies: one focused on economic and urban regeneration and the other supported CCIs incubation and gathering. The characteristics of the two cases are presented in Table 5.1.

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[1] There are many CCI clusters in Taipei at the moment (see Figure 5.5), but these cases are developed and operated since the mid of the 2000s'. Basically, these cases are learned from the experiences shown from the two selected policy examples.

	Year		CCIs activities	Governance approach	Policy Rationales
	Announcement	Implement			
Media and TV park	2008		Multi-media, TV, digital media	Top-down	Economic initiative Planning approach Creative industry
Taipei high-tech (Knowledge-economic Industrial) Park	2005		Was supposed to focus on CCIs only but ended up supporting bio-technology, media, software, information technology, tele-communication, electronic industry	Top-down	Economic initiative Planning approach Creative industries Innovation
Song Shan Cultural Park	2003	2010	Design, media, publication, exhibition and publication	Top-down	Planning initiative Cultural industries
Taiwan Bear Cultural Park	2006	2008	Exhibition, media, relevant cultural activities,	Top-down	Planning initiative Cultural industries
Hua-Shan cultural park	2001	1998	Cultural industries (Art, design, dancing, performance arts, films and music)	Bottom-up/ policy intervention/ top-down	Urban regeneration Economic development Cultural activities aggregation CCIs incubation (for promoting the CCIs development in Taiwan)
Nan-Kang software industrial park	1992	2000	Creative industries (Design, Software, Designer fashion, Computer and video games)	Top-down	

Table 5.1 CCIs clusters in Taipei city by type of CCIs activities and governance approaches

Source : Taipei city government, and arranged by researcher and Inspired from Evans (2009)

Case 1 - Hua-Shan cultural Park is located in the city centre of Taipei and consists of a typical urban reuse project of a factory which was used for wine and tobacco industries. Around the end of 1990s, this park was developed by local art and cultural organisations, organically. In 2000s, the initiative was taken over by policy makers who started to intervene in the park's development and approached it as an urban planning project accompanied by some supportive CCIs policies. Currently, the park is managed by a private sector company, Hua-Shan 1914 (Taiwan Cultural-Creative Development Co. Ltd)[2].

Case 2 - Nan-Kang software industrial park is a top-down CCIs clusters policies for economic purpose conducted through an urban planning approach at the edge of Taipei city (see Figure 5.4). This site was a warehouse and a factory from a Taiwan Fertilizer company, which was left as unused due to the industrial transformation during the post-industrial period. In the mid-1990s, the government decided to build this park as a station to develop the creative industries and redevelop the edge of Taipei city for urban regeneration (Taipei, 1995). Since then, the park has focused on supporting the development of software design, R&D, semi-conductor institute, digital content institute, and activities offering abundant R&D resource[3]. The park covered an area of 8.2 (ha.) including 312 companies and 18,860 employee until 2011.

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[2] http://www.huashan1914.com/en/story.html

[3] http://hitech.taipei.gov.tw/cgi-bin/SM_theme?page=4aa4cd53

Taipei high-tech industry Park plan

Taiwan bear cultural park

Hua-Shan cultural park

Media and TV park

NanKang software park

SongShan Cultural park.

⬭ ⬭ ⬭ central business district – major   ⬭ ⬭ ⬭ central business district – sub
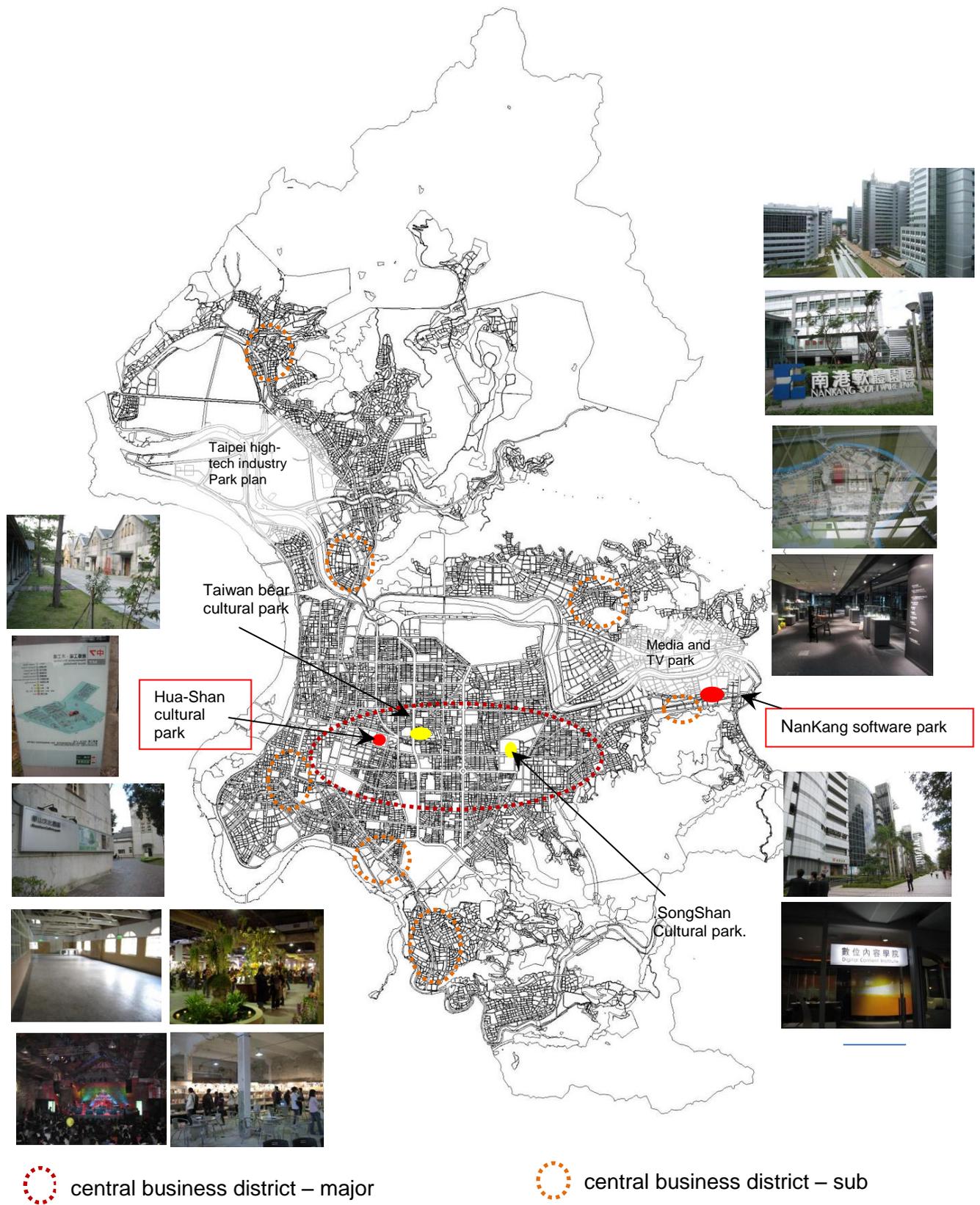
Figure 5.4 The map of CCIs clusterCCIs clusters policies in Taipei city

Sources: Taipei government; researcher

5.4. Research Methods and data collection

As previously mentioned, this research is based on a case study and longitudinal approach. Within this research design, this research adopts a within-method triangulation (Denzin, 1970). This design combined different qualitative research methods to investigate the social phenomena and urban policy of focus in this research (Marshall and Rossman, 1989; Creswell, 1994; Travers, 2001; Flick, 2007). This section discussed these research methods and the data collection process.

5.4.1. Research methods

The research methods used to analyse in details our two cluster case studies and the effect of the local contexts on CCIs clusters policies include the analysis and review of documentation and archival records on the two clusters as well as semi-structured interviews with the different actors who were involved in the case study sites. The choice of these methods was based on two reasons. Firstly, the documentation and archival records helped uncover the socioeconomic activities, historic backgrounds, urban development, change in industrial structures and policy development of each site over time. The documentation and archival records include comprehensive development plans (urban planning reports, policy documents; public research reports), statistical data on each case and Taipei city (consumption, income, production value and employment) as well as online analysis of the two cases' websites. The documents and information gathered cover the period 1990 to 2011.

Secondly, the interviews helped uncover the constraints of the policy implementation from the participants involved in the policymaking process and the actors involved in the CCIs activities of each site. The semi-structured interviews constituted the primary method of data collection of this research (Gillham, 2000). Doing interviews with different actors was meant to help obtain detailed knowledge on the experience of

using CCIs clusters policies and the effects of CCIs clusters policies within particular local contexts (Bennett, 2002, p. 151). The selection of interviewees and data collection process are discussed in the next section.

5.4.2. Data Collection

Data collection methods were used to gather more than one piece of evidence from different sources. A systematic database was developed to provide accurate and consistent information for further analysis and presented a precise link between the data and the research questions. This systematic process can also ensure that subsequent analysis of the data gathered is not affected by the way the data is collected. It is helpful to increase the research reliability (Yin, 1984, p.89-96; Stake, 1995, p.55). This section explains the data collection process (Figure 5.5).

Figure 5.5 The structure of data collection model and themes
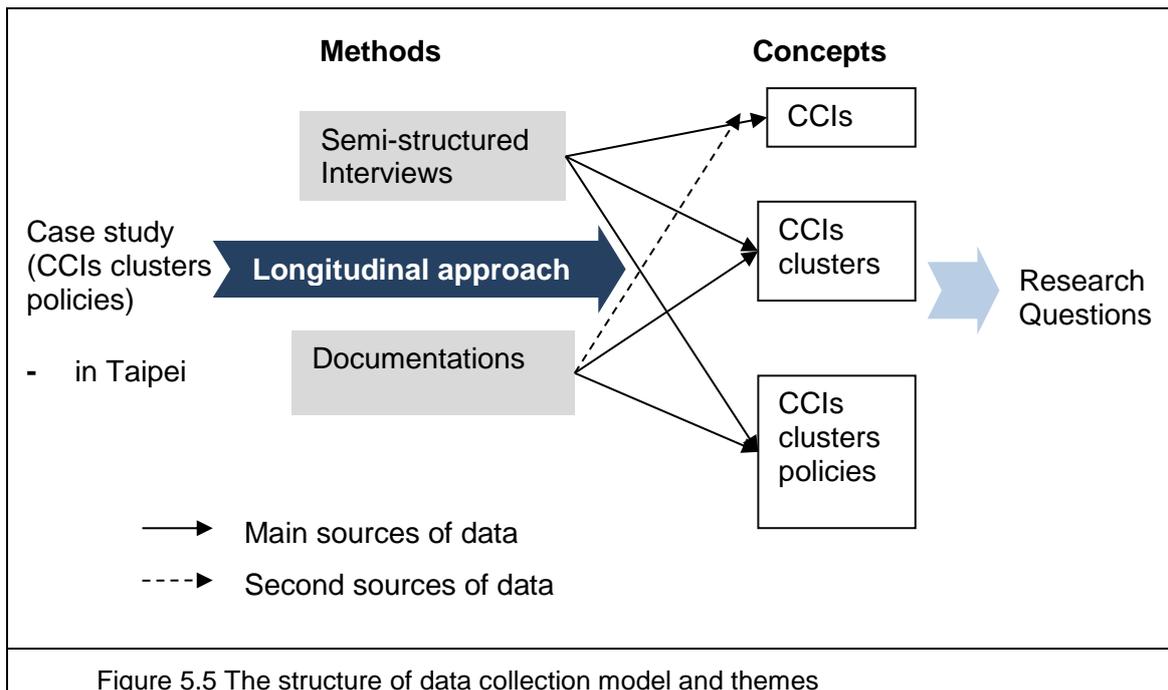
5.4.2.1. Semi-structured interviews

Kvale (1996, P.87) suggests seven steps for processing an interview investigation: thematising, designing, interviewing, transcribing, analysing, verifying and reporting.

Following this, the themes from our interviews derive from our research analytical framework, as shown in the previous sections. In terms of design and interviewing, the interview process focused on three types of interviewees: **private sector representatives** (CCIs workers and actors), **policy-makers and academic experts** (see Table 5.2). To ensure a sampling framework providing valuable and in-depth data (Kuzel, 1992), this research consisted in 45 semi-structured interviews, including 10 interviews with the government sector, 30 interviews with the CCIs sectors and 5 academic experts (**see Appendix 1 for the interview design and questionnaire outlines**). These interviewees were selected from people who were involved in one of our two CCIs clusters policies case studies - the sampling plan is detailed in Table 5.2. Basically, the sample for each interviewee groups was divided equally across the two case sites in order to ensure a neutral analysis with regards to population variety and reliability in answering our research questions (Kuzel, 1992). In addition, the sampling design was based on three principles depending on groups of interviewees: random selection, representativeness and snowballing. For the group of CCIs workers' interviews, individual workers and companies were randomly selected from the case studies' websites: recorded list of participants in Hua-Shan Park and listed companies located in NanKang Software Industrial Park. In addition, NGO organisations representing CCIs activities and having experience with CCIs clusters were selected using a representative approach: to be chosen, the NGO organisations need to know about current cooperation and collaboration between the public and private sectors. These interviews were expected to provide knowledge and insights on the cluster policy effects on the private sectors. For the group of policymakers' interviews, a snowballing approach was adopted. This was caused because of the difficulty to access policymakers without passing by gatekeepers and the interviewer's need to clearly understand the content and implementation process of the cases considered. As such, local urban planning, cultural affair, economic and industrial sectors

policymakers were initially identified through CCIs' worker experiences, then from one

interviewee to another and then local policy makes interviewed provided contacts for

national government representatives. The academic experts interviewed were selected

from representative academics involved in the policymaking process in both cases.

Table 5.2. Interviews' sample frame				
Interviewees' groups	Samples selection (criterion-based)	Samples	Samples Size	Access
CCIs workers	Randomly selection - **the CCIs workers** - in the two cases (selecting from the websites of the parks[4])	**Hua-Shan Cultural Park** : individual artist, freelance, CCIs workers	30 interviewee Hua-Shan Cultural Park : 14 Nan-Kang Software Industrial Park :14 **Non Government Organisations** : 2	E-Mail Phone Gatekeeper
		Nan-Kang Software Industrial Park : The CEO or managers of the CCIs' SMs;		
	Representative selection - **for the CCIs organisation –** selecting from their website.	Based on two cases, relevant participates : NGO, Foundation organization		
Policy-makers	Snowball - relevant public sectors which are focused on the actors involved in the policy making process The main executive officer in different policy sectors	**Local government** : Taipei city government (Department of culture affair, Department of urban development, Department of Economic Development, Economic development Commission) **National government** : Council of Culture affairs; Council of Economic planning; Industrial Development Bureau, Ministry of Economic Affairs: Council for Economic planning	10 interviewee Local government: 5 National government:5	

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[4] Two official websites of the parks list the participants and workers who were involved in the cases.

| Academics | Representative - the academic researches those who participate in the policy decision-making process. | The commission of government both local and government, the potential interviewee was focused on the related background on culture and creative industries. | 5 interviewee | |

5.4.2.2. Documentations and archival records

In this research, in order to understand the historical contexts and the framework of the CCIs clusters policies implemented in each case study and in Taipei in general, relevant documents and archival records were used as a starting point and situate the material gathered during the interviews. McQueen and Knussen (2002) pointed the 'clear secondary data are of great potential value to the social science researcher'. As such, these data and records helped construct the semi-structured interview outline and enhance the reliability of the research by triangulation (McQueen and Knussen, 2002, p.15). In addition, archival records were used to map the development contexts of CCIs clusters within a place's historical background including the social, economic and cultural rationales.

The documentations and archival records were as follows:

- Documentations: **Urban planning reports** (Instruction of spatial and urban planning documents): Nan-Kang (1996) and Hua-Shan (1997); **Relevant policy project practical analytical reports :** Challenging 2008: National Developing Plan 2002-2007; The building and operation evaluation report (Hua Shan cultural park); The business development scheduled report – NanKang software industrial park.

- Archival records : Statistical data and census (employment, cultural consumption, and participations and frequency of cultural activities) and newspapers articles (United Daily news and China times).

5.4.3. Fieldwork process

The field work involved two lengthy visits and some additional updating fieldwork: the first visit took place in December 2007, the second visit from August to September 2009 and the updating fieldwork took place between 2010 and 2011. The first two visits consisted in interviewing and secondary data collection and the updating fieldwork to reflect any potential changes. All the interviews were conducted in Chinese and tape-recorded. In addition, notes were taken by the researcher and used in conjunction with interview transcriptions.

5.4.3.1. Stage 1: Preliminary interviews and secondary data collection phase – December 2007

This phase of the fieldwork took place in December 2007 and resulted in the collection of a total of 10*1hour open interviews (CCIs workers, academics, public sectors). This stage's objective was to provide an insight on how the three themes of the research (the CCIs, CCIs clusters and CCIs clusters policies) were applied in Eastern Asian cities, in particular in Taiwan. This first visit had three purposes: firstly, to test and refine the research questions for the research; secondly, to understand the general background and states of CCIs development and CCIs clusters in Taiwan; thirdly, identify potential interviewees in both the public and private sectors and the selection method to use to approach them.

The case study sites (Hua-Shan cultural park and NanKang software Park) were identified and the first secondary data collection was undertaken in terms of relevant projects plan, policy and analytical policy reports, urban planning guidance reports related to HuaShan and NanKang in addition to general economic data and CCIs policies documents about Taipei and Taiwan.

5.4.3.2. Stage 2: The main interviews - 2009

The main phase of the fieldwork was undertaken in August and September 2009 and consisted in collecting interviews for the selected cases. Interviews were conducted using specific topic outline for each of the three groups identified - see the Appendices for the copy of these interview outlines).

Interviewees were contacted first through email, skype and telephone in order to increase response rate. Secondly, after response, they were briefly introduced to the purpose of the interview and the research. Thirdly, a time was and the interview was held at a public place or company sites by pre-booked appointments and voice recorded.

5.4.3.3. Stage 3: Updating the data 2010-2011.

After the second visit, to ensure the data kept up to date throughout the thesis, interviewees' opinions were updated by email and Skype until the end of 2011. In addition, the relevant documents, plans and law were also updated using online resources.

5.4.4. Data Analysis process

Compared to quantitative research (Bryman & Burgess, 1994), in qualitative research, the data analysis is processed simultaneously with the data collection, coding, interpretation and writing (Creswell, 1994).Thus, the theories can 'emerge from the analysis of the data' (Strauss, 1987, p.23). This is aimed at 'build[ing] on the strengths of qualitative methods as an inductive method for building theory and interpretations from the perspective of the people being studied (Ezzy, 2002, p.65).' Additionally, showing the process of research working is also necessary in terms of the accountability of qualitative research (Holliday, 2003, p.23, p.47-68). This section details our coding and analytical processes.

Data collected from the semi-structured interviews were coded into the three research themes at the core of our analytical framework (the CCIs, CCIs clusters and CCIs clusters policies), first according to types of interviewees, then by case study and then across our two case studies to then answer our sub-research questions. Three stages of coding - open coding, axial coding and selective coding (Strauss and Corbin, 1998) - were applied. Open coding is utilised to 'get as close to the materials as possible' (Crang, 1997, p.186). The axial coding is 'categories to their subcategories (Strauss and Corbin, 1998, p.123), which focus on building 'the axis of a category, linking categories at the level of properties and dimensions (ibid, p.123)'. This ensures the descriptive data being systematically categorised, but not yet integrated for interpretation as a theoretical finding. Then, the selective coding could thus allow for 'integrating and refining categories (ibid, p.143).' In the process, new issues emerged from the materials rather than just describe particular themes or answer the particular questions.

5.5. Issue Regarding Reliability, Validity and Ethics

This section addresses methodological issues such as reliability, contextual validity, data validity, and ethics. Qualitative research considers more issues related to procedural reliability, contextual validity and theoretical generalisation than quantitative research (Flick, 2009, p.385; Ryan et al., 2002). Procedural reliability can be assessed by evaluating if the researcher has adopted appropriate research methods and procedures (Ryan et al., 2002). Contextual validity indicates the credibility of the case study evidence and the conclusions that are drawn from it (Ryan et al., 2002).

In this respect, the research design was based on a 'triangle examination' (Patton, 1990) to enhance the reliability of the research. Firstly, the research collected multiple sources of evidence, including conducting document reviews, semi-structured

interviews, and secondary data analysis. Secondly, during the interviews, targeting different groups helped provide different insights to corroborate and contrast our findings in answering our research questions. These elements ensure the reliability of our research finding. The transferability of this study is to seek theoretical generalisation. First, this study provides a theoretical generalisation in terms of an understanding of CCIs clusters policies in Taipei using two contrasting case studies of such policies over a long period of time. In addition, due to the strong linkages in terms of policy transfer between Taipei and other Eastern Asian cities, this research could help reflect on CCIs clusters policies implementation issues and challenges in other Eastern Asian cities.

The ethical consideration for the research focused on three principles during the primary data collection, i.e. the interview process. Before the interview, participants were informed of the research purpose without any untrue information. During the project, participants could decide at any time whether they wished to end their involvement in the research. During and after the project, the anonymity of the participants was ensured at all time and the data collected were stored in a safe place to preserve confidentiality. However, anonymity was a challenge during the research. Firstly, as site managers were directly managed by governments, they, at times, hesitated to provide deep comments on policy impact and commented carefully with regards to their relationship with the public sector. Under this situation, anonymity was a key important condition for this research, and secondary data and archival record were crucial in triangulating some of the interview results. Secondly, CCIs clusters are covered by different policies in Taipei and all the interviewees tried to present themselves without a clear affiliation to 'a major department of administration of CCIs', which caused some conflicts and overlaps in interpreting some of the data into the analytical chapters.

Finally, some relevant CCIs workers were not easy to access without belonging to their industrial networks. Thus to access some CEO, private organisations and CCIs workers, the need of gatekeepers was required. In this research, the gatekeepers were representatives from the public sector who were able to get in touch with potential interviewee i.e C.E.O or Head of Department which may create some selection bias.

5.6. Conclusion

This chapter discussed the research framework, research design and methods for conducting this research. A case study design and a longitudinal approach were adopted. This research focused on the study of CCIs clusters policies in Taiwan, looking particularly at Taipei City through the exploration of two policy initiative, the Nan-Kang software Park and the Hua-Shan cultural park. To explore these case studies, this research adopted a qualitative (inductive) approach by triangulating various research methods: semi-structured interviews, documents and archival and secondary data analysis. These methods generated findings which were analysed focusing on three main themes of our analytical framework: the CCIs, the CCIs clusters and related policies. The following chapters present our finding. Chapter 6 consists in a descriptive analysis of CCIs policies in Taipei, Taiwan. Findings from the interviews and archival and record documents are then combined for each case study and presented in chapters 7 to 8, whereas chapter 9 compared both case studies. Finally, chapter 10 concludes this thesis by summarising our main findings, answering our research questions and providing a discussion of the limitations of this research and suggesting further avenues for research.

Chapter 6 The development of CCIs clusters policies in Taiwan

6.1. Introduction

The literature review highlighted the importance of local contexts in the development of CCIs and their clusters. This chapter aims to demonstrate the extent to which local contexts affect CCIs clusters policy by exploring Taiwan's local history as well as economic and social activities. The material presented is based on findings from interviews and an analysis of public policies and relevant archives.

The development of CCIs in Taiwan is strongly connected with those observed in other cities, such as those in Singapore, Hong Kong and China, through their music, film and publishing industries (Gold, 1993; Yang, 1994; Kong, 2000, 2005). CCIs clusters often occur in metropolitan areas (Bassett, 1993; Scott, 2001; Evans, 2004, 2009). Thus, CCIs events and activities in Taiwan are mainly clustered in Taipei City (the capital city). Exploring the local context, CCIs policies, production and consumption in Taipei City can help understand the general development of Taiwan, and the way CCIs policies are implemented should shed some light on potential issues with CCIs policy implementation in other cities in Taiwan (Executive Yuan, 2002).

This chapter aims to answer two of the research questions: the effect of local contexts on CCIs' development, and, the impact of policy initiative in developing CCIs. The **first section** examines the Taiwanese local contexts in terms of historical development, social and cultural contents, and economic development. The **second section** discusses CCIs policy development and change, particularly how CCIs have been

included in public policy and its purpose. The **third section** explores the current CCIs policy implementation; by looking at the governance aspect, it also aims to understand the extent of the impact of local contexts on CCIs in Taipei City. This chapter offers an understanding of the overall context within which the two clusters explored in the next chapters have been developed.

6.2. CCIs development in Taiwan

CCIs development is highly correlated to the extent of development of local contexts (Pratt, 2009; Keane, 2009; Kong, 2009; Flew, 2010). Two elements of the local context have been particularly important in the development of CCIs in Taiwan. One is Taiwan's historical context, including its colonial background and political events, and the other one is the type of economic activities which have resulted from the industrial transformation taking place in the city over time. This section argues that such elements of the local contexts are correlated to Taiwan's CCIs clusters policies development.

6.2.1. The social and cultural development

Historically, the territory of Taiwan belonged to mainland China. However, Taiwan's location, at the edge of the territory, resulted in its land being often ceded to other countries throughout history during political negotiation. Taiwan's colonial background has impacted its social and cultural development and transition. In the past thousands years, Taiwan was colonised and dominated by different cultures: Dutch (1624-1662), Spanish (1626- 1642) (see Andrade, 2010) and then Japanese (1895 to1945) (Ng, 1999). Even the Han (漢) dynasty was an imported culture from China Ch'ing dynasty (Andrade, 2010). This colonial background can be found in many Eastern Asian cities creating a multicultural background, which has affected CCIs development in terms of

social values, education systems, talent and market (Hutton, 2003; Yeoh, 2005; Kong et al, 2006). The influence of this colonised background has been highlighted by many interviewees from both public and private sectors – this will be further discussed in chapter 9.

> Taiwanese is easily influenced and embraced by external cultures. For examples, affected by the Japanese colonised, Taiwanese is familiar with Japanese music, film, TV program and cultural activities. Similar as this situation has happened in Taiwan historically, which become a basis of the sense and value of creativity and CCIs of Taiwan. Simply say, we adore the imported CCIs products, but not the local CCIs production. This is a general situation and challenge of CCIs in Taiwan. (Planner, public sector interview, 2009)

Beyond this historical background, political events such as changes in the political regime, policies and socio-economic activities have had significant effect on CCIs development in Taiwan, over the years. In 1949, the regime of Taiwanese government was established by the Chinese Nationalist Party (Kuomintang, KMT), which retreated from China because of the civil war between 1927 and 1949 (Chung, 2012). In 1948, the KMT government announced and applied the 'martial law' for supporting the KMT army against the Communist Party of China (CPC). This law was continued to be applied in Taiwan after 1949 with the purpose to consolidate the regime and develop Taiwan to be able to retake China (Chang, 2004).

This martial law was in place until 1987 in Taiwan and affected policies and social, cultural and economic development as it gave the national government a right to control economic, political, social and cultural activities including media, newspapers and political parties (see Chang, 2004; Chung, 2012). Chang (2004) highlighted that 'under material law, cultural institutions in Taiwan were firmly under government control and political legitimacy generally overshadowed other principles of consecration (p.7)'. During that period, the CCIs were seen as educational facilities or cultural preservation infrastructure (MoC). As such, the Ministry of Education dominated most cultural

policies and facilities, such as memorial halls, museums, galleries, exhibitions, national theatres and concert halls as well as many local cultural centres (Chung, 2012). All educational facilities (from schools to universities) and the cultural bureaucracy were focused on an 'ideological indoctrination[1]' centred around the message of 'retaking the Chinese mainland' (Chang, 2004). During that period, the Ministry of Education principally undertook the cultural policy at the national level policy.

This situation, whereby CCIs were seen as part of educational affairs, changed in 1981 when the first official public institution for cultural affairs, the Council of Cultural Affairs, was established. Its role was to shape national cultural policies and ensure the promotion and management of cultural facilities. As Taiwanese people eagerly pursued the path to political democracy and economic and social developments rather than retreating to mainland China, the Martial law was ended in 1987 when the country shifted from a military-controlled to a democratic regime. This brought Taiwan into a new dynamic of free market, free media, free conversation, information and financial flow which obviously affected CCIs development (Ministry of Cultural, MoC).

The first relevant cultural policy was implemented after the democratic presidential election won by the Democratic Progressive party (DDP) in 2000[2]. Following the independence of Taiwan, this cultural policy was also a vehicle to emphasise the ideology of 'Taiwanese culture' (Chung, 2012). Thus, it included a series of policy projects that focused on fostering cultural identification (Hsing and Lin, 2009). During 2000s, influenced by the terminological shift from cultural or to creative industries in

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[1] The local cultural centers were also managed by national governments.
[2] This was the second time presidential election, but it was the first time that a rotation of political parties in Taiwan.

Western countries as discussed in Chapter 2, CCIs policies in Taiwan started to include economic purposes complementing existing social and planning elements.

6.2.2. Economic development and its effect on CCIs development

Along with social and cultural development, economy development changed dramatically as Taiwan became one of the 'Asian four dragons' with Singapore, South Korea and Hong Kong (Chung, 2012; Kong, 2000; Ng, 1999). Such economic growth clearly impacted CCIs development after the 1980s.

Between 1980 and 2011, Taiwan's GDP was multiplied by six. The country industrial structure changed from secondary industries (manufacturing) to tertiary Industries after 1985 (see Table 6.1). This shift was supported by a policy-oriented strategy promoting high technology and ICTs hence establishing a well-known basis for developing creative industries (Chou, 2012). In addition, economic development in Taiwan was underpinned by small and medium enterprises (SMEs), which were seen as pursuing the most economic profits – leading to what was called the 'Taiwan Miracle' (Chung, 2012)'.

Taipei city encountered a similar pattern of development with tertiary industries increasing to account for 80% of the economy by 2010 (see table 6.1). However until 1990, industrial development in Taiwan was still supported by secondary industries. As such, only Taipei city had condition to develop the CCIs. However, due to a still immature economic environment, policy makers were trying different ways to find out the best approach to support CCIs in Taiwan:

> ' The public sectors learn from the Western experiences on cluster approach. However, the governments [policymakers] don't know how CCIs clusters should be applied in Taiwan, so they test different approaches to know what is possible and appropriate approach to drive the CCIs development (interview artist, 2009)'

Table 6.1	The industrial structure in Taiwan and Taipei city from 1980 to 2010					
	Taiwan			Taipei city		
year	Primary Industry (%)**	Secondary Industry (%)	Tertiary Industry (%)	Primary Industry (%)	Secondary Industry (%)	Tertiary Industry (%)
1980	19.5	42.2	38.1	4.3	29.2	66.5
1985	17.5	41.4	41.1	2.7	29.4	67.9
1990	12.8	40.9	46.3	0.8	26.5	72.7
1995	10.6	38.7	50.7	0.6	24.1	75.3
2000	7.8	37.2	55.0	0.3	20.8	78.9
2005	6.0	35.8	58.3	0.2	19.3	80.5
2010*	5.2	35.9	58.8	0.2	19.3	80.6

Sources : Yearbook of Manpower Survey Statistics , Taiwan Area, R.O.C., 2010 prepared by Directorate General of Budget, Accounting and Statistics, Executive Yuan; http://statistic.ngis.org.tw/index.aspx?topic=4; arranged by researcher

*This statistic data is published by year, the year 2011 will be published by the end of 2012

** The   Primary Industry roughly means the Agriculture, Forestry, Fishing and Animal Husbandry; the secondary industries including the mining & quarrying, manufacturing, electricity, gas & water and construction; the Tertiary industry including Wholesale, retail &restaurant, Transportation, storage & communication, Finance, insurance &real estate, Business service, Social, personal & related community services; Public administration

These trends are not specific to Taiwan and have also been observed in Singapore, Hong Kong and Korea (see Figure 6.1). As such, these countries/cities were processing into developed ones after 1990, such as Singapore and HongKong. This explains why they focused in developing CCIs' for economic expectation in 1990s, and why CCIs policy initiatives are very focused on economic purpose.
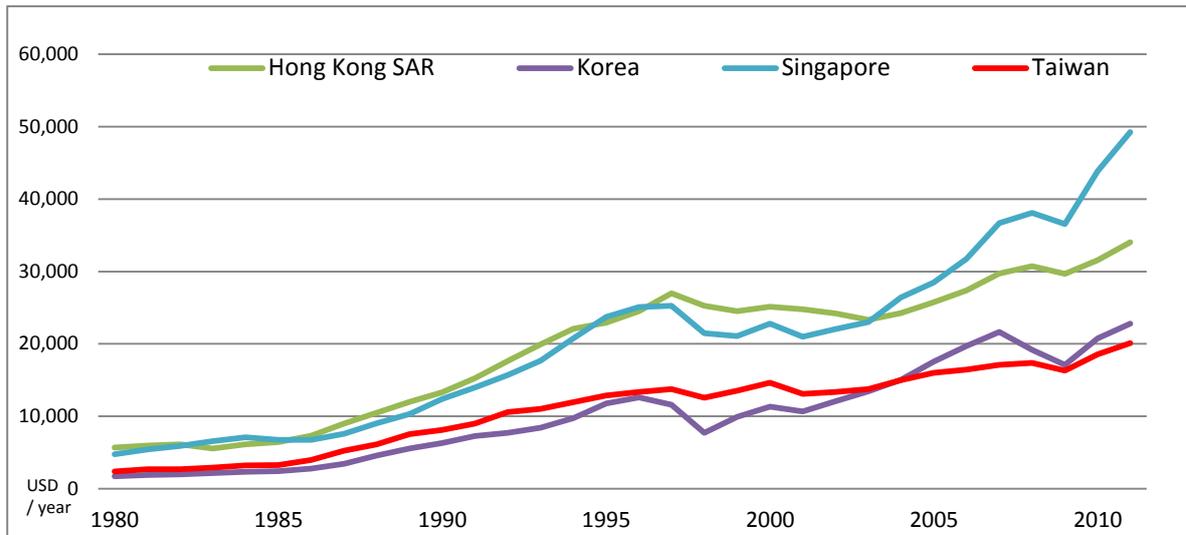
Figure 6.1   GDP per capita in Taiwan, South Korea, Hong Kong and Singapore

In Taiwan, Taipei city played a very important role as political, social and cultural centre as a capital city. The industrial structure in Taipei was already mainly based on tertiary industries in 1980s (see Table 6.1). This provides mature and sufficient conditions for driving the emergence of CCIs and their development. As such, Taipei is an interesting example to study the development process of CCIs and its relationship with the development and the local context over time.

6.2.3.   The current dimensions of CCIs in Taiwan and Taipei city

CCIs were formally mentioned and recorded in public archives at the beginning of 2000[3] in Taiwan. Before 2002, data on CCIs, such as revenue, companies and employment were only included in the statistics on primary, secondary and tertiary industries as part

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[3] Before the 2000, there was a focus on the term "cultural industry" in cultural policy and urban regeneration policy projects (Council of Cultural Affairs, 1995)

of the tertiary sector. In 2002, a policy guide the' Challenge 2008: National Development Plan'(Executive Yuan, 2002) officially classified the CCIs into thirteen categories: Visual Arts, Music & Performing Arts, Cultural Facilities for Exhibition & Performance, Crafts, Film, Television & Radio, Publishing, Architecture, Advertising, Design, Designer Fashion, Creative Life, Digital Entertainment. Since the publication of this document, the CCIs have been identified as an individual economic sector and specific data are collected about them in national statistics including information on CCIs revenue, income, employment and enterprises by the Council of Culture Affairs (MoC[4]) as illustrated in Table 6.2.

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[4] http://cci.culture.tw/cci/cci/epaper.php?act=search_ye&ddlSearchYEYear=; 2011

Table 6.2 The CCIs revenue, number of enterprises by industries

Industry Categories	Taiwan 2010		Taiwan 2009		Taipei 2009	
	Number of enterprises	Revenue (million NTD)	Number of enterprises	Revenue million NTD)	Number of enterprises	Revenue (million NTD)
Visual Art	2,586	4,321	2,614	3,838	514	1,033
Music & Performing Arts	1,722	8,742	1,467	7,629	696	6,714
Cultural Facility for exhibiting and Performing	66	1,759	58	1,352	37	852
Crafts	10,056	95,423	9,879	63,000	2,716	36,016
Film	664	14,602	642	13,127	318	7,762
Television & Radio	1,603	109,787	1,594	99,962	881	61,885
Publishing	5,051	88,668	5,042	77,691	1,914	45,455
Advertising	12,743	132,842	12,477	111,247	3,842	76,077
Popular music and cultural content industry	1,672	15,858	1,629	14,537	---	----
Product design industry	2,642	64,425	2,461	55,619	751	35,481
Visual communication design industry	143	1,630	113	1,328		
Designers Fashion	74	187	43	145		
Architecture	6,940	78,538	6,886	73,414	2,072	33,762
Creative Live	----	----	----	----	----	----
Digital Entertainment	5733	21,880	6,711	44,815	218	1,332
Total	51,695	638,662	51,616	567,704	13,959	306,369

Sources : 98 (2009)Taipei cultural and creative industrial cluster investigation report, Taipei city government

Generally, CCIs revenue occupies less than 5% of the total GDP of Taiwan. However, creative enterprises are highly concentrated in Taipei city, which account for almost one-third of the total amount of enterprises of Taiwan (see table 6.3). In particular, about 60% of the revenue of the CCIs enterprises in Taiwan is produced by CCIs enterprises in Taipei.

Table 6.3 CCIs revenue, company number and GDP (2002-2010)						
	Taiwan				Taipei	
Year	Number of Creative Enterprise	Revenue (Million NTD)	GDP (Million NTD)	Revenue/GDP	Number of Creative Enterprise	Revenue (Million NTD)	Taipei/ Taiwan (company/studio)
2002	43237	430,053	10,411,639	4.1%	13050	275,596	30%
2003	47992	492,849	10,696,257	4.6%	13981	302,778	29%
2004	50058	545,158	11,365,292	4.8%	14281	331,532	29%
2005	51671	562,047	11,740,279	4.8%	14503	334,518	28%
2006	51572	567,028	12,243,471	4.6%	14511	335,979	28%
2007	50552	610,039	12,910,511	4.7%	14346	357,263	28%
2008	49325	569,398	12,620,150	4.5%	14148	343,594	29%
2009	48364	515,030	12,481,093	4.1%	13959	306,382	29%
2010	52673	661,597	13,614,221	4.9%	15561	413,029	30%
sources : http://www.dgbas.gov.tw/mp.asp?mp=1; http://cci.culture.tw/cci/cci/epaper.php?act=search_ye&ddlSearchYEYear=; 2011 Cultural and Creative Industries annual Report, 2003-2011(CCA (now MoC)						

Taipei displays an obvious aggregation of CCIs enterprises and consumption market. In 2010, Taipei was contributing for half of the entire CCIs' revenue. In Taiwan, overall, some creative sectors were growing particularly the sectors of 'television and radio', 'publishing' and 'advertising'. These sectors and their development have been examined and show a very strong correlation with CCIs policies (Chung, 2012).

6.3. The policy contexts of CCIs and their clusters in Taiwan

To understand the effect of local contexts on CCIs in Taiwan, this section reviews key policy documents and policy developments over three periods: 1980-90s, 2000s and 2010s (see Table 6.4). This review summarises key CCIs policies and clarify their effects on CCIs' development.

In Taiwan, CCIs clusters policies have firstly put an emphasis on local regeneration and development from the 1980s to the end of the 1990s. However, some creative related ICTs and information technology sectors were first supported through the use of the cluster approach for manufacturing development in Taiwan in the early 1970s (Kong,

et .al, 2009; Executive Yuan, 2002) – these initiatives refer to the concepts of CCIs as the 'Knowledge Economy' and the 'Creative Economy', later leading to the concept of 'Creative Industry' (Council of Economics and Construction, 2003).

Since 2000, following CCIs concepts such as the Creative City (Landry, 2000) imported from Western cities, the focus turned towards an economic-oriented policy approach. The first stage of this new approach began in the 1990s, when the concepts of 'cultural industries' were first mentioned in public policy. The second stage took place around the 2000s, when the Western-based concepts of CCIs were adopted. Finally, the third stage started after 2010, when the Ministry of Culture was established.

6.3.1. Stage I – the 1990s

The CCIs began to emerge in Taiwan's policies from two perspectives: on the one hand, the use of the creative industries for economic prospects, and, on the other hand, the use of the cultural industries to support social and urban initiatives associated with culture-led regeneration.

Before the 1990s, economic development drove most of Taiwan's policies. The cluster approach was one of the most popular policy approaches to contribute to economic growth in manufacturing and ICTs, e.g. the Export Processing Zone[5] and Hsinchu Science Park[6]. These cluster projects were the first prototypes of the cluster approach in Taiwan public policy, and brought about dramatic economic effects to Taiwan's economic development (see Chou, 2012; Kong et al, 2009).

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[5] http://www.epza.gov.tw/english/index.aspx (access 111 June 2012)
[6]
http://www.sipa.gov.tw/english/home.jsp?mserno=201003210003&serno=201003210003&menudata=EnglishMenu&contlink=include/menu02.jsp (access 14 June 2012)

Later on, in 1994, the term 'Cultural Industry' first emerged under the label 'Culture Industrialization, Industries Culturalization', initiated by the Council of Cultural Affairs (CCA) (see Table 6.4, Period I). This term drew attention to ways to rehabilitate the decline of local communities by using their indigenous cultural and social content. The policy concept, **'Total Community Design'**, was transferred from the Japanese experience (Hwang and Miyazak, 1996). The term was based on an approach based on 'Culture Industry' and aiming '' to redevelop a local community as a unit by using their indigenous assets, skills or capital on especially their traditional culture and historical materials (Hwang and Miyazaki, 1996, p.97[7])'. It was interpreted in many different English terms (such as 'Community Renaissance'), but basically the sense of the translation is similar to using the Chinese characteristics of '社區(community), 總體 (comprehensive), 營造(construction)'.

Current CCIs clusters policies aim to integrate the economic-oriented industrial cluster with the cultural-led generation (cf. Evans, 2005) approach – this approach has become the original prototype of CCIs clusters in Taiwan (CCA, 1995; Evans, 2005; Chung, 2012). This socio-cultural initiative cluster policy was based on promoting cultural and historical skills and arts (technological skills) for reusing and redeveloping local, cultural and historical spaces. This drove the cluster policy, later on, to combine it with economic cluster finalized as the current CCIs clusters policies (Yang, 2009; Ku, 2004; Executive Yuan, 2008).

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[7] http://ci.nii.ac.jp/naid/110008445148/ [accessed 11th   June 2012]
[8] http://www.moc.gov.tw/images/policy/2004white_book_20101104/files/2-5-3.pdf   [access 21th September, 2012]

Table 6.4		The development of CCIs cluster policies in Taiwan			
Period		Policy	Content	Social and cultural situation	Effect and purpose
I	1990-1995	Comprehensive communality Buildings [9]	The cultural industry was raised up through the concept of 'cultural industrialisation, industries culturalisation' (CCA, 1995), in which the ''Total Community Design' was taken as the main approach to develop the cultural industries.	The end of the martial law	The term 'cultural industries' was brought out officially in Taiwan
	1991	The six years plan of national construction	It was a comprehensive policy agenda, which wider range of the policy target was 're-establish the social institutional order and for a comprehensively balance development '.	Under the industrial transformation pressure and the investment and competitive from other cities in Eastern Asian Region	This project support the knowledge intensive industries and also encourage the local development, which was a predecessor project before the CCIs relevant policies emerged
II	2000	Taiwanese Localization Movement	The concepts of creative city, creative class and CCIs were delivering to Taiwan	Presidential election[10] (DDP)	'The CCIs are seen as an economic panacea to transform the national economy (Chung, 2012, p.342)'

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[9] "A mechanism to create the special cultural features of their communities (Chung, 2012, p.341-342).'
[10] The first result of election was the opposition Democratic progressive party (DPP) overpowered the Kuimingtang Party(KMT)

	2002	'Challenge 2008: National Development Plan'	Including the 'Ten Key Individual Plans'[11], in which the Cultural and Creative Industry Development Plan (Hua-Shan CCI park) and International Innovation and R&D Base Plan (NanKang software industries Park) are related to CCIs development. Indicated the CCIs has definition and classification.	Presidential election (KMT) The concepts of Creative industries was introduced from the UK governments, and was combined the concept of cultural industries of TW into the term ' cultural and creative industries'	The distinct economic contribution on creative industries was considered together with cultural industries since this policy. Apart from this, the economic initiative that focused on the local communities was extended to cover the economic issues and urban redevelopment
II	2004	The white paper on cultural policy	Three volumes: Current Status and Important Trends, Policies and Policy Implementation, and Vision and Challenges: in this paper, continuing the 'community buildings' concepts, the idea of **culture and creative park** was raising up. Five old wine factories and warehouse which need to rethink its usage after the industrial move out were involved in this plan, of which CCIs park has been taken as an approach to connect the development among the urban, economic and CCIs.	Owing to the political states, the opposition party (DDP), a thinking of highlighted the Taiwanese[12].	A policy guideline for the Cultural policy, and the CCIs clusters started to be highlighted and become important in the CCIs policies.

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[11] The ten key plans : e-Generation Manpower Cultivation Plan ; **Cultural and Creative Industry Development Plan; International Innovation and R&D Base Plan;** Industrial Value Heightening Plan;Doubling Tourist Arrivals Plan;e-Taiwan Construction Plan;Operations Headquarters Development Plan;Island-wide Trunk Transportation Construction Plan;Water and Green Construction Plan;New-Home Community Development Plan

[12] Chung (2012, p,342) described, "This cultural, as well as economic progress was accompanied by a democratization process in Taiwan, with public debates increasingly involving issue such as Chinese tradition and modernity, multicultural society and the new of ' Taiwanese identity"

	2009	Creative Taiwan (2009-2013)	Two plans, first set of the plan is environment preparation plans 1. strengthening multiple investment and providing awarding subsidies, 2. business counse[l]ling and promoting cross-sector integration and R&D, 3. promoting market flow for brands in Taiwan and developing domestic and overseas markets, 4. HR training and matching mechanism, 5. Cluster effects Second set of plan : The industrial flagship plan	KMT governments won the presidential election after 8 years. The CCIs clusters were still bounded within a traditional cluster concepts.	Creative Taiwan set out its objective to form Taiwan into 'an Asia-Pacific confluence of CCIs' and develop the mainland China and international markets.
III	2010	Law for [Act of] the Development of the Cultural and Creative Industries	Definition of the CCIs and the classification of CCIs	The Ministry of culture was established according to this law, later on, in May, 2012	Direct the CCIs clusters development in response to the increasing important of CCIs and integrate the cultural affairs from the other departments
	2011	2011 Taiwan Cultural & Creative Industries Annual Report	The current development of the CCIs in Taiwan. Detail statistic data about the CCIs The governance organisation and system are transfer and changed	CCIs' development firstly is managed and based on the legal system	to contribute a formal and legal foundation for commencing on the CCIs' development

Sources: Chung (2012, p.340-342; Yang, 2001, p.78-79); http://english.moc.gov.tw/MOC_en/Code/History.aspx (access September, 2012);

And Researcher, CCA (2002) 'Challenge 2008: National Development Plan''

6.3.2. Stage II – the 2000s

At the end of the 1990s and in early 2000s, the Western CCIs concepts and policies started to influence Taiwan. Like other East Asian cities such as Singapore, Taiwan also adopted CCIs' terminology, concepts, policy approaches and implementation from Western cities' cases.

One of the first changes was to use the term 'CCIs' instead of the term cultural industry. This change came when the Democratic Progressive Party (DDP) won the presidential election in 2000 (see Table 6.4). This political election decisively affected the policy content and approach towards CCIs (Kong, 2000; Kratke, 2002; Garnham, 2005; Vickery, 2007) – for example, the focus in cultural policy changed from aiming to preserve the traditional Chinese culture to a greater emphasis on the Taiwanese ideology (Chung, 2012). This relates to the historical background of Taiwan as a hybrid multicultural society. The majority of Taiwanese ancestors migrated from China slowly throughout the past centuries (especially from the Provinces of the South- Eastern coast of China (the main one being Fujian Province) with a peak while the KMT retreated from Mainland China in 1949 (see 6.2.1). This historical element has resulted in a close cultural relationship between China and Taiwan. However, this closeness is a challenge for policy makers in Taiwan who would like to promote the uniqueness of local culture, especially as both Taiwan and China are developing CCIs clusters initiatives to market their products. Nevertheless, some national politicians have tried to use CCIs clusters policies to shape and to distinguish Taiwan's own identity from China to support this image of uniqueness of Taiwanese culture. To that effect, the 2000 Taiwanese Localisation Movement policy aimed to integrate specific national cultural assets such as indigenous cultural events in Taiwanese cultural and CCIs clusters policies (see Table 6.4). However, after the 2004 election, this policy was put aside and no particular policy has directly targeted such promotion of local uniqueness.

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CCIs policy thus turned from a focus on local community rehabilitation and Chinese cultural preservation to one on industrial and economic prosperity (CCA, 2000). Under this trend, Taipei city took action to establish the Department of Cultural Affairs in 1999. However, the local government was passively cooperating, through the planning process, with national-dominated CCIs policies and strategies (Taipei government, 2003[13]).

The policy guide 'Challenge 2008: the National Development Plan' defined CCIs as 'originated from creative or cultural accumulation and (with the potential) of creating wealth and jobs and improving the living environment by developing and deploying the intellectual property' (Executive Yuan, 2002, see Table 6.4). It expanded the 'Total Community Design' initiative into a wider concept of CCI clusters, which drew on the establishment of 'cultural environment' through utilising unused factories. Meanwhile, new terms such as 'Creative city' (Landry, 2000) and 'Creative class' (Florida, 2002)[14] attracted policymakers' attention.

These two terms were adopted broadly into the urban and economic policies in Eastern Asian cities (see Chapter 4). This is because of these two concepts have provided policy makers with an effective discourse and strategy to deal with emerging economic and spatial issues linked to economic restructuring. The concept of the creative city focuses on notions such as creative milieu, creativity and innovation in policy making, as well as the development of new urban image and branding (see Landry, 2000), whereas Florida (2002)'s concept of the creative class is associated with the idea that factors related to tolerance, technology and talent are critical for cities economic development today. They

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[13] Department of Cultural affairs, Taipei city government, "Research on the development situation and promotion policy of cultural industries in Taipei" redhttp://163.29.36.124/xDCM/DOFiles/pdf/00/00/01/23/22/940727-pdf-testproj-113458.pdf [accessed 21th May, 2010]

[14] These two main concepts involved in the political policy are not explained in detail in this research. For a detailed understanding and exploration, please see Landry (2000), The Creative City: A toolkit for urban innovators, London, Earthscan; and Florida (2002), The Rise of the Creative Class: And How it's transforming work, leisure, community and everyday life. New York: Perseus Book Group

have overlap with the creative industries discourse (discussed in chapter 2) and have provided positive rationale for policy makers in using cultural and creative activities to drive up local economic and address some urban development issues. They have also helped in anchoring the CCIs discourse in urban economic and planning policies and amplified the increasing attention given to the creative economy in 2000s.

The use of these two concepts in policy discourse in Western cities have speeded up their policy diffusion and transfer among Eastern Asian cities (as discussed in chapter 4) following generic processes of policy mobility, policy diffusion and policy convergence (see Peck , 2002, 2011; Dolowitz and Marsh, 1996; Rose, 1991). Countries usually try to learn from each other in designing and implementing policies borrowing from their respective policy making process and content, which in turn leads to a policy diffusion and convergence process (Peak, 2002, 2011). As suggested by Karch (2007), one of the major reasons that caused policy diffusion is related to geographical proximity. This explains why the creative city, CCIs and creative class discourse have been implemented in various countries in Eastern Asia. In addition, this mutual adoption of similar policy strategies among countries can lead to various approaches of policy diffusion such as imitation, emulation and competition (Karch, 2007). As such, the adoption of CCIs clusters policies in many Eastern Asian cities is also linked to a form of competition among these cities in attracting talent through building a suitable environment for creative workers and classes. However, the purpose of policy diffusion and/or policy transfer is, in fact, to reduce policy failure (see Chapter 4, Peak, 2002, 2011; Dolowitz and Marsh, 1996). As such, the successful policy experiences of using a Creative City or Creative class policy discourse in Western cities and early positive experiences in Eastern Asian cities have encouraged more policy makers in Eastern Asia to adopt such terms and the wider discourse around the CCIs more broadly.

At the time when these terms - Creative City, Creative Class and CCIs arrived in Eastern Asia, in early 2000s, some Eastern Asian cities were struggling in trying different policy strategies - i.e. creative economy (in Singapore), 'Total Community Design'(in Taiwan) - to deal with the urban issues emerging from the industrial transformation of the early 1990s. As discussed in section 6.3.1, Taiwan was, at the time, undertaking urban regeneration policies based on social-cultural rationales, such as 社區(community), 總體 (comprehensive), 營造(construction). These policies and approaches were then merged with a new wave of policy initiatives based on the notions of creative city, creative class and CCIs. In line with this, urban milieu, cultural facilities and creativity activities have been included as part of a comprehensive policy strategy, in which CCIs has become a main driver for the urban regeneration, community development, and economic revitalisation policies. It is in this context that formal CCIs cluster policy were developed in order to create a milieu for CCIs development by spatial construction (reusing derelict urban spaces) and cluster establishment (echoing imported policy discourses) (Chung, 2012; Lin and Hsing, 2009).

In this context, across the country, policymakers selected five wine (and tobacco) factories to develop CCIs. The purpose of this five nationally-dominated CCIs cluster parks policy, as mentioned in the 'Challenge 2008: National Development Plan', was economic i.e supporting the industrial transformation and innovation system in Taiwan under the globalization trend (Executive Yuan, 2002). In line with this, 'Hua-Shan Cultural Park' was the first selected example to demonstrate how such policy could approach CCIs' development. In particular, this type of approach was believed to contribute to CCIs cluster strategy. This policy approach was reiterated in the 'The white paper on cultural policy (CCA, 2004)'.

Policymakers had two aims in adopting a cluster approach. Firstly, the chosen spaces and historical buildings presented a clear symbolic statement of the place, and secondly

merged with the concept of the 'Total Community Design'. In addition, CCIs cluster policy was also expected to contribute to local communities' redevelopment through local image, indigenous characteristics and economic rehabilitation. Coincidently, CCIs clusters became a dual-purpose policy covering both spatial and economic rationales.

However, a critical issue emerged during these policies' implementing process. As Chung (2012) discussed, the concept of CCIs cluster in Taiwan was still bounded by the traditional cluster concepts and followed the mind-set of clusters used for developing 'manufacturing' and 'ICTs'. This reflects the discussion in the literature review concerning the classification of cultural industry cluster versus creative industry cluster (Evans, 2009, p.39), i.e. due to an unclear definition between cultural industries versus creative industries, policymakers struggle when implementing policies to develop CCIs.

Finally, in 2009, the new 'Creative Taiwan (CCA)' initiative was announced to further continue guiding CCIs policy's implementation; this initiative mainly focused on promoting CCIs in terms of supporting appropriate spaces for these industries to locate and relevant flagships projects for CCIs development and promotion .

6.3.3. Stage III – 2010 onwards

In 2010, the governance system and policy environment dramatically changed with the announcement of the 'Law for [Act of] the Development of the Cultural and Creative Industries (LDCC)' (seeTable 6.4). The Council of Cultural Affairs was upgraded to the **Ministry of Culture** in May 2012*,* changing its status from an advisory board to an implementation role (see Figure 6.2). The **Ministry of Culture** then became the competent authority for CCIs' development at the national level[15].

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[15] http://english.moc.gov.tw/MOC_en/Code/History.aspx [accessed, 13 September, 2012]

This law also formalised the definition of the CCIs and their industrial classification. Article 3 defines the CCIs and classifies them into sixteen industries (see Table 6.5). Compared to previous policy documents, article 3 added and justified the classification of CCIs. Two new industry categories were added: the '15: Popular music and cultural content industry' and '16: other industries as designated by the central Competent Authority'. In the classification, the LDCC adjusts the original 'Design' sector (used in the classification from the "Challenge 2008: National Development Plan" document) into 'Product design industry' and 'Visual communication design industry'. Furthermore, it adjusts the 'Digital Entertainment' into 'Digital content industry' which covers a wider range of relevant industries in order to gain better economic achievement.

In addition, the LDCC gave clearer roles to national and local governments in supporting the development of CCIs by stipulating the specific duties of various public sector organisations in article 12 (see Table 6.5). Through this law, MOC becomes the main national organisation to conduct CCI policy. However, article 25 of the law specifies that public sector organisations need to involve themselves in CCIs clusters development process and sort out inter-departments policy integration as well as collaborate with the private sector.

Finally, the LDCC also provided guidelines on how local government could support CCIs policies through CCIs workers' subsidy and management, organization of cultural events and mapping. Based on this law, it gives local government administrative power to create CCIs clusters and to adopt cluster policies at local level. Thus, the cluster has been considered an effective strategy by local policy makers for election purposes. Therefore, cultural activities, entertainment and media events which tend to produce significant economic effect are selected in priority by the policymakers when conducting CCIs cluster policies.

Table 6.5	Law for [Act of] the Development of the Cultural and Creative Industries (LDCC)
Act	Content
Article 3	The 'Cultural and Creative Industries' referred to in this Act means the following industries that originate from creativity or accumulation of culture which through the formation and application of intellectual properties, possess potential capacities to create wealth and job opportunities, enhance the citizens' capacity for arts, and elevate the citizens' living environment: 1. Visual art industry 2. Music and performance art industry 3. Cultural assets application and exhibition and performance facility industry 4. Handicrafts industry 5. Film industry 6. Radio and television broadcast industry 7. Publication industry 8. Advertisement industry 9. Product design industry 10. Visual communication design industry 11. Designer fashion industry 12. Architecture design industry 13. Digital content industry 14. Creativity living industry 15. Popular music and cultural content industry 16. Other industries as designated by the central Competent Authority. The content and scope of the industries in the preceding paragraph are to be stipulated by the central Competent Authority in consultation with the central relevant competent authorities.
Article 12	The Competent Authority and the central authority in charge of the end enterprise concerned may provide Cultural and Creative Enterprises with suitable assistances, rewards or subsidies in respect of: 1. Formation of legal entity and relevant tax statement registration 2. Creation or research and development of products or services 3. Entrepreneurship and incubation 4. Improvements on agency system in the Cultural and Creative Industry 5. Circulation and application of intangible assets 6. Upgrade of operation and management capacity 7. Application of information technology 8. Cultivation of professional talents and recruitment of international talents 9. Enhancement of investment and commercial participants 10. Collaborative cooperation of enterprises 11. Expansion of markets

	12. International cooperation and communication
	13. Participation in domestic and overseas competition
	14. Industry cluster
	15. Utilization of public real estates
	16. Collection of industry and market information
	17. Promotion and dissemination of fine cultural and creative products or services
	18. Protection and application of intellectual property rights
	19. Assistance of reviving cultural and creative products and services
	20. Other promotional matters on enhancing the development of Cultural and Creative Industries.
	The regulations regarding the subject, qualification, application scope, application procedure, review standard, revocation, and abolishment of subsidy and other relevant matters of the assistances, rewards or subsidies indicated in the preceding paragraph are to be stipulated by the central authorities in charge of end enterprises concerned.
Article 25	The Government shall support in the establishment of cultural and creative villages, and shall as a priority assist core creative and independent workers to situate in the said villages. The Government shall, through the clustering effect by involving different groups, further promote the development of Cultural and Creative Enterprises.
Sources: The 'Law for [Act of] the Development of the Cultural and Creative Industries', http://www.moc.gov.tw/law.do?method=find&id=247 (access Dec, 2011)	

6.4. The governance of CCIs today

CCIs cluster policy is associated with different sectors in terms of the public and private sectors, and the CCIs themselves. A pointed common situation in Eastern Asian cities (see Zheng, 2011; Kong et al, 2009; Keane, 2009; Yeoh, 2006) is that CCIs clusters initiatives are highly led by the public sector and influence the governance approach they impose. This section firstly discusses the governance arrangements between the national (Taiwan) and local (Taipei city) governments supporting the development of CCIs clusters. Secondly, it focuses on the governance approach of CCIs clusters in terms of sectoral policies, i.e. the integration of the planning, and cultural and economic policies supporting the development of CCIs. The third part addresses the role and effect of the private sector on the current CCIs' development in Taiwan.

6.4.1. The public governance system of CCIs

Overall, CCIs clusters governance can be divided into top-down versus bottom-up approaches (Markusen, 1996; Martin and Sunley, 2003; Mommaas, 2004; Pratt, 2008; Markusen and Gadwa, 2010). The top-down approach is usually initiated by the public sector whereas the bottom-up approach emerges organically from the CCIs themselves (see chapters 2 and 3).

In Taiwan, CCIs clusters policies contain a horizontal layout which is multi-sectoral and a vertical layout combining interventions from both national and local governments - see Figures 6.2 and 6.3. In terms of the horizontal layout, the national government is organized as follows. At the top, is the Executive Yuan, under the Presidency, which is the highest administrative organ of the state[16] (Office of the President Republic of China, 2010). There are 14 ministries and 8 councils and additional offices, at the first tier, making up the administrative organ of central government. In this tier, the government authorities are: the Ministry of Culture, the Ministry of Economy (and energy), the Ministry of Interior, the Ministry of Transportation (and construction), the Ministry of Education, and the Council of Economic planning and development (see Figure 6.2). At the local government level, there are municipality cities, such as Taipei city, which are directly positioned under Executive Yuan, and the county (within the city/ town below). As such, development sites which are designed nationally (i.e. where CCIs cluster projects are implanted) are anchored within the local planning framework of Taipei city, while at the same time their development is driven by national policies.

For example, the 'Challenge 2008: National Development Plan'' (Executive Yuan, 2002) policy involved the Ministry of the Information Industry, in charge of developing the

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[16] http://www.ey.gov.tw/en/cp.aspx?n=95097CAF31185CC1 [accessed, 27 September, 2012]

creative industries; the Bureau of Tourism under the Ministry of Transportation attracts tourists by using cultural facilities, heritage and infrastructure, and the Ministry of Interior in charge of the spatial planning of the CCIs clusters projects. However, at the national level, the Ministry of Culture was only established in 2010 with the new LDCC law discussed previously. Thus, at the time, CCIs clusters policies were integrated into one of the national government mega or flagship projects (Kong, 2009; Keane, 2009), resulting in a lack of consideration for local initiative.

Despite having CCIs clusters projects driven by national policies, Taipei has also developed its own set of local CCIs cluster initiatives based on three main purposes: the promotion of local community, the development of street block cluster, and the creation of arts and cultural preservations/events (Taipei government, Dep of cultural Affairs[17]). First, the idea of promoting local communities derived from the 1990s national policy 'communities' buildings', which aimed to promote CCIs by arising consciousness around local cultural activities and events as well as CCIs products, hence promoting local economic development for declining areas. Secondly, CCIs clusters, at the local level, have focused on creating a 'milieu' where the cultural and creative activities gathered around parks, street blocks, markets and buildings (Taipeiecon, 2010; Taipei government[18]). Thirdly, local CCIs cluster also focus CCIs' preservation and the promotion of arts and cultural assets and events[19].

> 'Taipei city government has own cultural districts, street clusters, cultural and art buildings etc. In contrast, national government has two particular cultural parks in Taipei. Those parks are managed and authorised by national government, but

[17] http://english.doca.taipei.gov.tw/   [accessed, 2 October, 2012]

[18] http://www.taipei.gov.tw/ct.asp?xItem=1889664&ctNode=43446&mp=101001   [accessed, 28 September, 2012]

[19]

Http://www.culture.gov.tw/frontsite/cms/contentAction.do?method=viewContentList&subMenuId=101&siteId=MTAx   [access, 2 October, 2012]

locates in Taipei city. What we can do? We then focused on the selected local clusters (besides of those national-dominated CCIs clusters) to cope with the national cultural policy. To follow the national policy to drive up local level CCIs clusters projects and to make our own CCIs clusters' map. This reveals a competition between national and local government under the current cultural policy ' (Interview, public sector, 2009)'

Nevertheless, the government of Taipei city is still trying to find a balance between local and national level CCIs clusters initiatives through their CCIs policies and planning systems. This is explored in the next section discussing the role of the planning system.
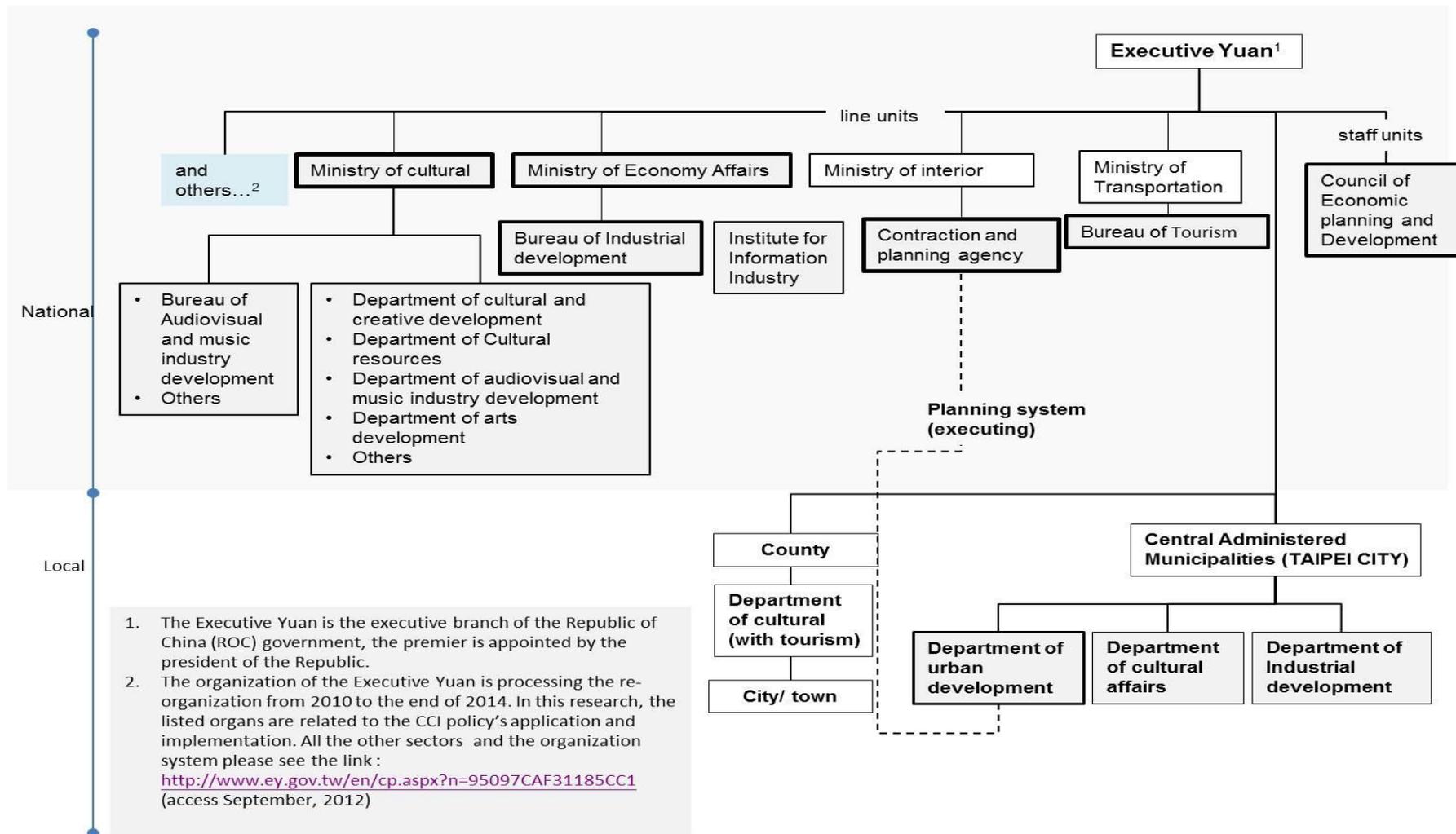
Figure 6.2 CCIs and CCIs clusters government authorities in the Taiwan government system

6.4.2. The planning system

In many CCIs cluster policies and case studies, the planning sector has been the critical supportive actor underpinning CCIs clusters' development and cluster policy's implementation. In Taiwan, the planning system controls land use and zoning, and thus what types of activities and land usage can be developed in designated cluster venues.

Planning documents include **policy guidance documents** at both national (Comprehensive Development Plan for Taiwan and Regional Plan) and local levels (County/ City Comprehensive Plans and Urban Plans) (see Figure 6.3) (Ng, 1999, p.42-44). **Policy guidance documents** provide a prospective direction for the country's or city's development that guides policy implementation. At the national level, a **'comprehensive development plan'** guides the national and regional development perspective of Taiwan. At the local level, cities and counties have local comprehensive plans that constitute a blueprint of how the city/county is going to evolve (this blueprint policy paper changes according to the results of local elections). However, these **policy guidance documents** have no legal status, and are more likely to represent a conceptual idea of what the policy content and purpose implemented by the ruling authority (i.e. mayor) should be.

In addition the policy guidance documents, a set of **statutory plans** covering both the local and national levels are principally controlled by planning laws. They are a series of regional (covering the non-urban land zoning) to urban plans (Taiwan government.; Ng, 1999) - see Figure 6.3. Regional plans define the boundaries of urban and non-urban areas - the development of non-urban area being managed by the land usage and zoning detailed in these regional plans. Urban areas are fundamentally controlled by urban planning law (city/town plan; county/town plan and special district plan) which include the master and detailed plans detailing the types of land usage and density as well as public

infrastructure required. Statutory plans are less affected by the results of elections and form policy guidance papers (Taipei city government; Ng, 1999, see P.60).

As such, under the planning system, national policy initiatives still require local planning approval through the adoption of master and detailed plans as these stipulate the object and the zoning of the various areas of a city as well as each area's land-use, land capacity and limitation. This situation creates some tension as, most of the time, national policymakers do not consult local policymakers on their decisions, which leads to a poor understanding of local contexts in national policies.
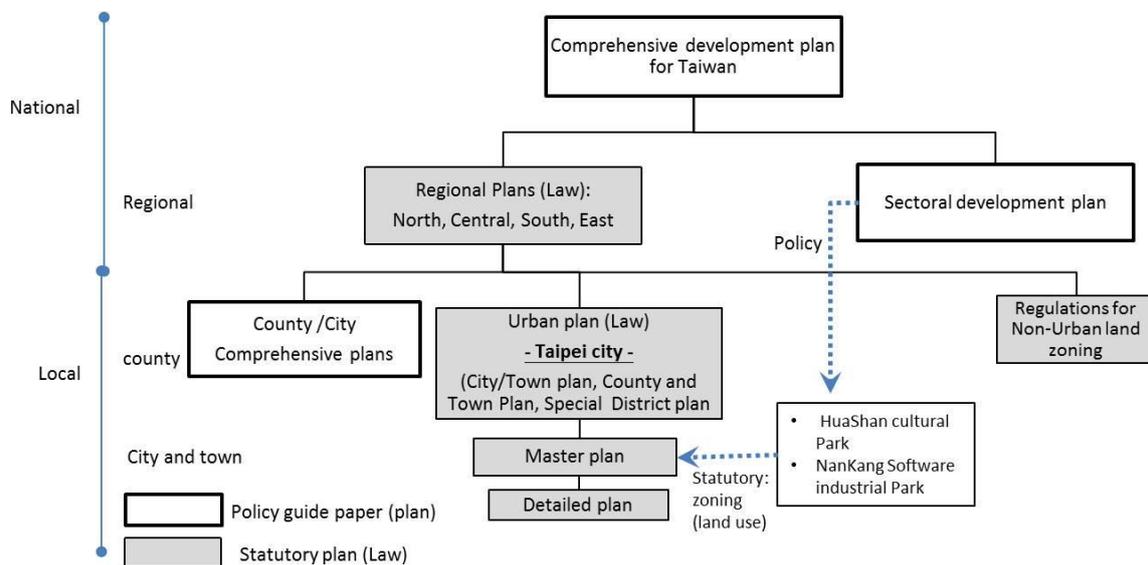
Figure 6.3   The planning system in Taiwan

Source: Ng, 1999,p.43, Modified by the authors

6.4.3. The role of the private sector

The role of intermediary played by some private actors in the development of CCIs clusters policies have been highlighted in the literature (Zheng, 2011; Kong, 2005, 2007; Yeoh, 2005; Hutton, 2003). Based on this, many policy makers adopt an entrepreneurial approach using private actors to undertake CCIs clusters' management and development

(Kong, 2005, 2007; Keane, 2009; Zheng, 2011). While, current CCIs clusters policies are mainly driven by local and national policymakers, the role of these private sector actors is nonetheless important to understand in Taiwan as these policies are strongly anchored in an entrepreneurial approach believed to be the best approach to drive CCIs clusters development and create economic profits (Jessop and Sum, 2000; Zheng, 2011; Chung, 2012). Interviews suggest that this approach could directly introduce CCIs products to their consumers and markets and ensure economic effects for both public sector (in term of the policy objectives) and private sector (in terms of commercial benefit).

In Taiwan, there are four main private actors: **Commercial agencies, CCIs worker forces** and **Non-profit organisations and Foundations. Commercial agencies**, **Commercial agencies** such as real-estate and planning development companies and CCIs enterprises are involved in the development of CCIs through the creation and management of a physical space to support a creative milieu and CCIs marketing (see Kong 2007, 2012; Landry, 2000). They play a key role in supporting the entrepreneurial approach driving CCIs cluster policies in Taiwan. **Non-profit organisations** (**NGOs**) and **Foundations** are mainly involved in promoting CCIs development. In addition, **NGOs** and **Foundations** are a port of entry to launch CCIs cluster projects into the private sector. However, **Foundations** are usually established by private enterprises to support CCIs and arts activities to develop an image of better social reputation and to obtain tax deduction. **NGOs** that focus on art and cultural affairs are flexible in connecting different CCIs actors and they usually cooperate with the public sector. **Art foundations and NGOs** mainly provide subsidies and networking events and activities to connect the **CCIs workforce** as well as lobbying for them with the public sectors as highlighted by the interviews.

Despite this diversity of intermediary actors, the public sector tends to dominate most of CCIs cluster governance arrangement including the impulsion of the cooperation

approach with the private sector. For example, the LDCC now provides an institutional cooperation framework for the public sector, listing what the private sector actors should do to promote the CCIs. This is particularly evident in Article 12 of the LDCC which stresses a public and private cooperation by 'Entrepreneurship and incubation', 'Improvements on agency system in the Cultural and Creative Industry', 'Enhancement of investment and commercial participants' and 'Collaborative cooperation of enterprises'. Some of these tasks aim to connect CCIs productions to their consumers and markets, as theoretically, CCIs do have difficulties to make these connections. However, the involvement of some of these private sector intermediaries has been criticized and their impact questioned:

> ' why do we need to give these spaces to a commercial agency but directly to arts and cultural actors? There are many similar clusters as this park in Taipei, why do we need more. By current approach, only the goods and products with commercial value could stay here. The relocated of CCIs activities, performances and exhibitions here are decided by if they have enough profits. So, there is no evidence to ensure this place's innovation and creativity (Interview, individual CCIs worker & NGOs, 2009)'

6.4.4. Consumption and market

Many research and policy reports on CCIs looking at their economic impacts tend to focus on discussing the output of CCIs' production and their values chains (e.g. how much it contributes to the national GDP) as well as CCIs employment and numbers of enterprises. As shown in Taiwan, what policy makers are interested in is how CCIs can contribute to exports to the international market and to attract foreign direct investment to support local economic development. This approach is explained by the fact that the Taiwanese social and cultural contexts are historically linked to international trade and have been d by various waves of colonisation that the country experienced. These social and cultural institutional factors affect the local market and consumers who often give higher values and, appreciation to international brands and products rather than the local ones (Chang, 2012). This strong preference and admiration for foreign products and

brands then impact the local CCIs products which are priced lower than foreign products resulting in challenges in increasing the consumption in the local market. As discussed, this research insists that the emergence and occurrence of CCIs and its clusters are necessarily underpinned by this local market context. However, while some current research points towards the critical effect of the local context, the correlation between local consumption and market and CCIs development has not yet been discussed.

Part of this is linked to a lack of appropriate data on local CCIs consumption and understanding of its trends. For example, In Taiwan, statistics on cultural consumption include traveling, recreational and cultural service, newspapers, books and stationery, and recreational facilities but excludes categories such as clothes, design products, software and information technology and relevant consumption such as media and digital product. However, these data can only indicate a global trend in cultural consumption as they encompass a broad range of activities which not all cover the CCIs. Nevertheless, looking at these figures provides some insights. As such, while the proportion of cultural consumption (including traveling) on household disposable income has decreased in Taiwan and Taipei in the last 20 years, mostly due in the last, the share of cultural and recreational services has increased from 15.5% to 26.8% in Taiwan and from 12.8% to 22.7% in Taipei city from 1990s until now (see Table 6.6). These trends would need further exploring and suggest a real need to better understand the local market with regards to CCIs consumption as without the presence of a local context supporting local consumption market, CCIs clusters will have difficulties remaining in development. However, most of the data and discussion target production and economic profits and outcome.

Table 6.6 Cultural consumption and education expenses as % of the GDP (per person), Taiwan and Taipei city, 1990-2011

(Unit: USD, exchange rate: NTD/ USE = 30/1)

Year	GDP (per person)	Average disposable income (per household)		Cultural consumption (% - of Average disposable income)										Education (%)	
				Total		Traveling *		Recreational and cultural services		Newspapers, books and stationery		Recreational facilities			
	Taiwan	Taiwan	Taipei	Taiwan	Taipei	Taiwan	Taipei	Taiwan	Taipei	Taiwan	Taipei	Taiwan	Taipei	Taiwan	Taipei
1990	8,086	1,019	--	5.9		49.6		15.5		16.0		18.9		3.6	
1991	8,973	1,055	--	5.4		49.1		15.1		15.8		19.9		3.6	
1992	10,573	1,156	--	5.4		52.7		14.0		14.2		19.1		3.9	
1993	11,029	1,246	--	5.1		54.7		15.0		12.6		17.8		3.9	
1994	11,932	1,421	3,044	5.5	8.7	53.6	66.1	16.6	12.8	12.1	7.9	17.6	13.2	4.0	4.1
1995	12,865	1,488	3,291	5.5	8.9	53.9	68.4	17.4	11.9	11.5	7.0	17.3	12.7	4.1	4.0
1996	13,376	1,484	2,875	5.4	7.6	51.5	62.5	17.7	14.0	13.0	9.8	17.9	13.7	4.3	4.3
1997	13,740	1,537	2,625	5.3	6.6	49.4	56.3	19.1	16.2	13.2	11.2	18.4	16.3	4.3	4.3
1998	12,546	1,460	2,604	5.0	6.5	47.2	54.3	20.9	18.8	13.2	11.0	18.6	15.9	4.5	4.1
1999	13,535	1,477	2,664	5.0	6.6	48.4	54.3	20.4	18.8	12.7	10.8	18.5	16.1	4.6	4.4
2000	14,641	1,555	3,016	5.2	7.3	50.5	56.9	20.3	18.0	11.6	10.1	17.5	14.9	4.8	4.6
2001	13,108	1,442	2,648	5.0	6.5	47.3	51.5	21.6	19.3	11.9	10.4	19.2	18.8	5.1	4.9
2002	13,370	1,465	2,684	5.0	6.5	48.8	56.5	21.5	18.1	11.5	9.2	18.1	16.2	5.4	4.6
2003	13,748	1,346	2,276	4.6	5.5	44.7	48.8	22.7	19.3	11.5	10.3	21.0	21.6	5.3	4.4
2004	14,986	1,453	2,341	4.9	5.7	47.1	53.4	21.9	19.0	10.6	9.1	20.3	18.5	5.5	4.7
2005	16,023	1,443	2,445	4.8	5.9	48.4	54.7	21.8	18.1	10.2	8.8	19.6	18.4	5.3	4.1
2006	16,451	1,455	2,384	4.8	5.7	52.3	57.2	19.7	16.9	9.6	8.8	18.4	17.1	5.3	4.4
2007	17,122	1,448	2,459	4.7	5.7	51.0	56.6	19.3	15.7	8.9	7.7	20.8	20.0	5.0	4.2
2008	17,372	1,354	2,434	4.4	5.7	50.4	56.8	20.2	15.9	8.6	7.3	20.8	20.0	5.2	4.6
2009	16,331	1,180	2,148	4.0	5.2	34.2	46.0	24.6	20.1	18.7	13.0	22.5	21.0	4.8	3.8
2010	18,573	1,242	2,426	4.2	5.6	37.3	49.1	26.3	20.5	16.3	11.2	20.1	19.3	4.5	3.6
2011	20,101	1,283	2,367	4.2	5.7	38.3	48.7	26.8	22.7	14.8	10.6	20.1	18.0	4.1	3.2

Sources
* This includes : package tour (excluded self-service trip); short –course trip, field trip; the expenses of self-service trip is counted into traffic, hotel and restaurant

6.5. Conclusion

This chapter discussed CCIs development in Taiwan and highlighted how CCIs clusters and related policies are embedded and constrained by local contexts and political settings. The local contexts firstly referred to Taiwan's colonised background, which support in Taiwan an environment of tolerance and acceptance of various cultural productions. Secondly, CCIs clusters policies in Taiwan have been affected by the traditional industrial cluster approach used to support manufacturing and ICTs, resulting in the promotion of dualistic policy purposes: fostering economic growth to counteract industrial transformation and economic decay and planning regeneration to address urban decline. As such, CCIs clusters policies in Taiwan have both planning and social foci, although embedded within an industrial cluster perspective and approach resulting in CCIs clusters being developed in historical spaces or areas of decay, without looking into their correlation with local contexts.

At the beginning of 2000s, the terms such as Creative City (Landry, 2000), Creative Class (Florida, 2002) and CCIs (DCMS, 1997) were imported to Taiwan from the West, with the CCIs being incorporated into public policy to support economic, cultural and urban objectives. This attention was correlated with a focus on the effects of CCIs clusters policies on CCIs development resulting in various CCIs clusters initiatives being implemented nationally and locally. Overall, these CCIs clusters initiatives have been dominated by the public sector with policymakers rarely taking into account the characteristics of CCIs and their local contexts when formulating their policies. In Taiwan, current CCIs clusters policies are still very economics-oriented, and CCIs clusters are still implemented as traditional business clusters and include a strong entrepreneurial approach. However, the roles of the public and private sectors and their impacts are still

not completely clear, which becomes a critical issue for CCIs clusters' policies implementation and continuation.

As such, there is a need for a detailed analysis and discussion of how and to what extent the adoption of the cluster approach affects CCIs' development when considering the local contexts. The next two chapters will thus address this gap by providing a detailed analysis of CCIs clusters' development and policy implementation in our two case studies taking into account elements from the local contexts (including social and cultural institutions and the consumption market) and issues of policy rationales and governance.

Chapter 7 HuaShan Cultural and Creative Park – a bottom-up CCIs clusters initiative

7.1. Introduction

HuaShan Cultural and Creative Park, a 7.21-ha tobacco and brewery factory, was built in the centre of Taipei city in 1914 during the Japanese colonial period. However, over the years, the pressure on urban development in the city encouraged the factory to move to a suburban area in 1987[1]. The space remained unused until 1997 when various cultural and artistic activities started locating there; resulting in the emergence of an organic cluster of CCIs. With the introduction of specific targeted policies to support CCIs in Taiwan at the beginning of 2000s, this cluster became a centre of policy intervention from 2002 onwards.

This chapter analyses is development using the three analytical themes related to cluster development of interest for this thesis: policy rationales, governance approach and impacts of the local context (O'Connor and Gu, 2010; Evans,

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[1] Taiwan Tobacco & Liquor Corporation   http://en.ttl.com.tw/

2009; Jayne, 2005; Mommass, 2004; Evans and Shaw, 2004; Moss, 2002). The first section of the chapter looks at how the policy rationales supporting this cluster have shifted direction with the introduction of policy discourses from Western cities. The second section provides a discussion on the changes in the cluster governance approach which resulted from the cluster moving from a bottom-up initiative to a policy intervention with a top-down perspective. These changes affected the roles, functions and forms of cooperation among the cluster's stakeholders. The third section analyses the impacts and influences of the local context in the development of the organic CCIs clusters and then its policy counterpart. The final section summarises the issues and challenges revealed in the previous three sections. Finally, it is important to note that the analysis is divided in three periods: from 1997 to 2002, from 2002 to 2010, and 2010 onwards. Table 7.1 presents an overview of these three periods.

Table 7.1   HuaShan Cultural and Creative Park – changes in policy rationales, governance approach and impacts of the local context

	1995 ~ 2002	2002 ~ 2007	2007 ~ present
Rationales	National level policy		
	Zoning – planning control		
	Social–cultural initiative: Local communication/ economic redevelopment (pre-stage of cultural regeneration)		
		The involvement of economic to cultural **initiative** - CCIs	Towards to consumption-orientation
	Culture industries	Cultural and creative industries	Commercial orientation
	Historical preservation	Urban competitiveness - city- regional development	Branding and marketing
	Production chain	Production – consumption	Consumption
Governance	Private initiative	Public intervention - negotiation	Public and private Collaborative
	Economic- purpose predomination	Private initiative dismissed	Toward to Commercial and business
	Historical building reuse	Missing role of local government Gatekeepers	Unclear role of stakeholders
	National level		Entrepreneurial-led initiative
Local contexts	Production focus – ICTs,	Emerging of local market and consumption	
	Economic structure – manufacturing to service industries	Under-development CCIs Market	
	Education (labors, employment, consumption, cultural appreciation)		
	Values on CCIs		Values on CCIs production

Source: researcher

7.2. Changes in policy rationales

In the literature, cluster policy rationales tend to be divided into two groups: on the one hand, social, cultural and historical rationales, which include historical preservation, local development, cultural activities and festivals in the cultural quarter, and, on the other hand, economic rationales, which include the development of creative/knowledge-led industries such as internet, digital, design and media industries (Evans, 2009; Flew, 2010). However, as discussed in the previous chapter, these cluster policy rationales have tended to be mixed in Taiwan's policies.

As such, HuaShan cluster emerged at the time of the social-cultural initiative called 'Total Communities' Reconstruction' (CCA, 1995) implemented by the national government in the middle of the 1990s. This initiative adopted a planning approach to support economic and local revitalisation and urban redevelopment in areas suffering from urban decay, but was not related to the concepts of CCIs, CCIs clusters and cluster policy at the time (Lin and Hsing, 2009). The policy was anchored in a rhetoric of social coherence, urban regeneration and redevelopment using 'Culture Industry' (Yang, 2001). Against this background, the emergence of HuaShan cluster was not driven by economic development purpose and, yet, the policy intervention at the time supported the colocation of various CCIs workers and groups in that specific location. This example, therefore, constitutes an original prototype of bottom–up CCIs clusters in Taiwan. In particular, spatial conditions such as historical

buildings and environment and the location and flexibility of the space attracted

arts and cultural actors' attention – see Figure 7.1.

> 'The spatial allocation of this park is very interest. It has a front yard, several show rooms, outdoor spaces, and the spaces' connectivity and interaction are close. I never saw the space like this in Taipei or in the other nearby cities. This place is located in the city centre, perfectly to be a place where audiences could easily to access arts and performances. When we have already formal performance centres and exhibition, a thinking to have a more flexible and creative spaces for inspiring the CCIs activities and give audiences some supervision is needed (Interview, CCIs worker and NGO, 2009)'
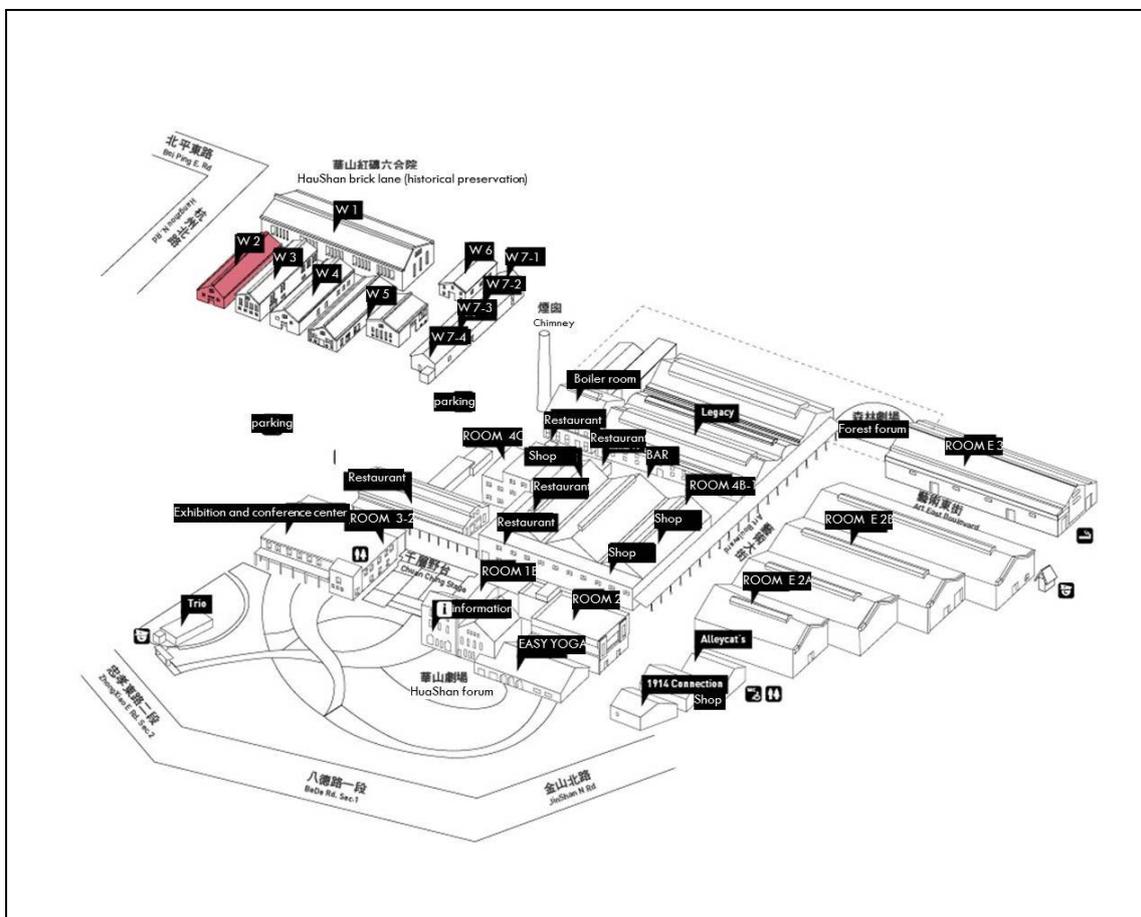
Figure 7.1   The map of HuaShan Cultural and Creative Park

Source: Hua-Shan 1914 http://web.huashan1914.com/place/place2.php?cate=place (access Dec, 2010)

In 2002, the new national initiative 'Challenge 2008: National Development

Plan', changed the policy rationale driving the cluster from a more bottom-up

initiative toward a top-down initiative pursuing economic profits. This policy aimed 'to develop creative territory and combine culture and economics in the development of cultural industries'; this was the first time that the term CCIs and such policy purpose were mentioned in public policies (Executive Yuan, 2002). Moreover, this policy also aimed to reinforce Taipei city's competitiveness within the region of Eastern Asia, as such, embracing economic orientated creative policy discourse, such as the creative city (Landry, 2000) and the creative class (Florida, 2002). As discussed previously, at the time, CCIs clusters policies were one of the most popular policy approach applied in Western and Eastern Asian cities (Moss, 2000; Mommaas, 2004; Evans and Shaw, 2004; Montgomery, 2003, 2004; Scott, 2006; Kong, 2007, 2009; Pratt, 2009; Chung, 2012; Chou, 2012). Therefore, policymakers in Taiwan and Taipei were eager to attach Taipei to these CCIs clusters policies wave to ensure that the city was not detached from this global cities' path towards economic growth.

> 'When all the cities around us [Taipei] have taken CCIs as a competitive action, then we lose the opportunity to get involved if we don't take it [CCIs]. Why? When the countries' competitiveness is based on the development of CCIs, Taipei has to do it as well to be involved in this trend and the global network. Simply say, if Taipei didn't take CCIs, we will be decentralized in Eastern Asian region (Interview, urban plan commitment, 2009)'

During 2000s, CCIs clusters policies became more and more driven by an entrepreneurial approach as illustrated in the case of Sheffield Cultural Quarter (Moss, 2000), Manchester Northern Quarter (O'Connor and Gu, 2010) and West Kowloon Cultural District (Kong, 2005, 2007) where public and private

cooperation to support commercial and entertainment development was seen as important. With the increasing importance of connecting CCIs to their consumers and markets, the role of the cluster changed from gathering CCIs production and producers to become a place to attract consumers (Harley, 2004, 2008). As such, the entrepreneurial approach has been applied as an effective approach to drive cluster development by using commercial orientation strategies. Since 2007, this policy rationale to support CCIs consumption through cluster policies has been particularly evident with clusters seen as a way to brand the CCIs.

However, cluster policies in Taiwan have had difficulties to accommodate this trend for two reasons. First, policy makers have been influenced by 'path dependence' in adopting the CCIs clusters approach based on their previous policy experiences of manufacturing industries and ICTs clusters. This is the reason why CCIs clusters policy rationales in Taiwan have been underpinned by economic and planning rationales, and have focused on gathering CCIs production activities and providing cultural facilities and subsidies. However, given the limited capacity of the local CCIs consumption and market, these policy rationales have been difficult to implement. This is reflected in the comments from CCIs workers in the cluster who queried whether policymakers misunderstand the content of CCIs.

> 'You will discover a horrible truth, when government be involved in the cluster's governance, the space will be led toward to the concepts of traditional cluster… The concepts include a wall, a management centre, or a strict regulation that applies to CCIs. What is the function and effect of the cluster to CCIs are ignored. This approach is for

Election purpose. The politician needs promptly effect/ result for Election. That is completely wrong (Interview, Artist and Arts foundation, 2009) '

Secondly, the shift from a bottom-up to a top down initiative has resulted in a lack of direction in the development of HuaShan Cultural and Creative Park, which still does not have a clear and concrete policy objective, only a rough one, i.e. being 'the centre of the CCIs' (CCA, 2002). Interviewees from the planning and cultural sectors note that the current CCIs clusters policy is still attempting to find out the best policy approach to foster CCIs clusters. Additionally, the policy needs to accommodate the specific local context for supporting CCIs' development in Taiwan. Indeed, a clear policy mode could answer precisely the issues involved in the local contexts of Eastern Asian cities.

In summary, initial policy rationales for the cluster focused on economic development and adopted traditional manufacturing and ICTs cluster concepts. Then, along with social and urban development, the CCIs clusters turned into a social and cultural initiative driven by a planning approach, which was a forerunner of current CCIs clusters policies. In this respect, the CCIs clusters policy has often been used for various policy purposes, rather than reflecting the needs of CCIs. Finally, the changes in policy rationales have affected the governance approach; this will be addressed in the next section.

7.3. Changes in governance approach – from a bottom up to a top-down initiative

This section addresses the shift in Hua Shan's cluster governance approach resulting from the changes in the policy rationales discussed in the last section.

7.3.1. The change in governance

As discussed, HuaShan Cultural and Creative Park emerged from an organic gathering of cultural and arts workers, relevant arts groups and students at the end of 1990s. However, even though, there was a greater interest in and demand for CCIs, the extent of Taiwan economic development still limited CCIs development. In 1999, the government decided to intervene and HuaShan formally became 'Huashan Art and Cultural District' for CCIs (MOC, access 2010). However, policymakers were unsure of the approach to use to govern the cluster, resulting in various governance attempts and debate with the private sector on how best to approach this. The private sector insisted the cluster 'should' develop through private initiative whereas policymakers favoured a more interventionist approach due to the weakness of local CCIs marketing and the need for historical preservation and conservation.

> 'We love this space. It was amazing! Do you know we had seen this type of space in France and rarely found it in Asian cities, those spaces usually have historical meaning, large and open spaces, and less artificial facilities, and, it is very important - no policymakers have had interest in it. Then we can use without being 'controlled', no regulation, no limit. Then, we can bring a lot of surprise to the audiences and could directly communicate with them (Interview, artist, 2009)',

'This space was used by those artists and actors who draw the idea of developing the CCIs Park at HuaShan afterwards. Therefore, this space was the private initiative and policymakers followed this atmosphere. They look forward if we can generate arts and cultural power for extending the spatial usage and effect. (Interview, Council of Cultural Affairs, 2009)'

'We told the public sectors: CCIs actors like this place very much, if you [policymaker] have no idea on how to develop it, why do not you let us have a try? The property right still belongs to state. Then, public sectors agreed and authorized the spatial management and operation to us, a NGO 'Association of Culture Environment Reform Taiwan' established by artists (interviewees), art organizations and communities. At the end of 1998, we first formally and legally had our exhibition and performance in HuaShan (Interview, CCIs worker & NGO, 2009).'

In addition, the CCIs workers argued that the governance approach should not overemphasize the economic purpose and they strongly disagreed with the idea of adopting an entrepreneurial approach and applying a traditional business cluster concept. CCIs workers insisted that the cluster concept and the entrepreneurial approach did not take into account the characteristics of CCIs and could not reflect their needs. They insisted that their own understanding of the local CCIs dynamic would provide a more suitable governance approach. During this negotiation process, policy makers could not clearly identify a clear image and future of this cluster, resulting in many implanted CCIs activities left HuaShan Cultural Park. In addition, the strong policy intervention destroyed the existing culture, artistic atmosphere and networks in place in the original cluster (China Time, 5th Dec and 3rd June, 1997; interview creative workers & NGOs, 2009).

During the negotiation and transformation process, from 1999 to 2002, an arts

and cultural agency or NGO, the 'Association of Culture Environment Reform Taiwan', temporarily managed the cluster for the Council of Cultural Affairs. There were over 2,100 performing arts, drama and dancing performances produced by the cluster; this included supporting nascent artists and groups, schools and universities (Interview, CCIs worker, 2009). However, when the public sector took over, policy makers maintained that the private sector had difficulties making these activities viable, processing their spatial construction and preservation, and could not enlarge their economic profits to the wider Taiwan (around early of 2000s). This is why policymakers wanted to adopt an entrepreneurial approach, which they felt could help achieve these policy objectives.

> 'CCIs usually have difficulty to access market, as a nature… however, CCIs need consumers. I mean fans who admire and 'crazy' about certain products. Consumer decides which product success by buying certain product. Affecting by ICTs, internet has also become an 'intermediate' surface which can introduce products to consumer directly (CCI worker & agency, 2009)

As discussed, the entrepreneurial approach had become a popular policy strategy for Eastern Asian cities in the 2000s, reflecting experiences in Western cities. As such, an entrepreneurial-led approach - with place marketing and branding as key contents – was adopted integrating real estate development with CCIs production and cultural events hosting (CCA, 2002). The adoption of this entrepreneurial approach in HuaShan Cultural and Creative Park was tied to the announcement of the public policy 'Challenge 2008 National development Plan' in 2002 (CCA, 2002). In practice, the entrepreneurial approach was processed through a public-private partnership

contract, the Rehabilitate-Operate-Transfer (ROT), whereby: 'the government commissions the private institution, or the private institution leases existing facilities from the government for operation, after making renovations or expansions. Upon expiration of the operation period, the right to operate reverts back to the government (Yang et. al., 2010, p.570).' This contractual cooperative structure caused CCIs workers great concern because its governance approach still followed the traditional and business cluster approach.

> 'The public sectors do not know what the content and characters of CCIs and their needs from a cluster are. It is not an art valley, hotel, conference and exhibition, or gathering them together. That is a homogenous cluster, we do not need. However, what do I need? Is the space suited for a dancer, a visual art and an exhibition the same? Their auditory and music requirements are completely different, but policy tends to mix them together in a cluster (Interview, CCIs worker, 2009)'

Nevertheless, policymakers considered that the entrepreneurial approach could help them achieve the policy objectives of promoting CCIs and, thus, gaining economic profits and fill a gap between their production and market. Therefore, HuaShan Cultural and Creative Park embraced the entrepreneurial approach and was assigned to the 'Taiwan Cultural-Creative Development Co. Ltd' (- 'HuaShan 1914') – an organisation established by a publishing, a design and a hotel companies for cluster's management and operation in 2007 (HuaShan website, accessed in 2009).

This approach has helped provide a better commercial environment (path) for CCIs workers to access consumers and market by supporting a creative

atmosphere with a cultural and historical milieu and some amenities attracting both consumers and CCIs workers. Here, areas such as 'entertainment' and 'leisure' activities have proven to be positive elements that could drive the CCIs clusters development (Montgomery, 2003, 2004, 2010; Mommaas, 2004; McCarthy, 2005; Roberts, 2006). This cluster, then, has mostly welcomed similar activities. However, CCIs workers have raised concerns about there being too much of an economic and commercial atmosphere, revealing some contradictory dynamic between accessing the market and maintaining a creative atmosphere.

> 'This space development has had a lack of production activities, with no physical creativity and innovation exchanged or inspiration happening in this cluster. If the CCIs workers leave for another suitable environment, then what is the difference between this place with an exhibition or arena? (Interviews, CCIs workers, 2009)'

As such, the cluster has become a space for production exhibition and demonstration, a show room, a combination of entertainment and leisure activities to attract more consumers. In particular, the entrepreneurial approach has led to a governance conflict between the private management company with commercial profit objectives, the public sector with industrial promotion expectations and the users, the CCIs workers, who require some support from the other two. This is reflected in the following quote from a CCIs' worker.

> 'Government should provide the basis for CCIs' development, such as working milieu, insurance, tax and the basic salary protection. These basic conditions could at least support CCIs so that they can grow themselves. CCIs should not be only taken over by commercial sectors.Policymakers should notice. (Interview, Artist, 2009)'

In summary, it is clear that the public sector dominates the policy development

and governance approach and oversees the way the private company manages HuaShan Cultural and Creative Park to ensure that its operational strategy are in line with policy objectives. Nevertheless, with the emerging and increasing need to take into account access to consumer markets, the role of the private sector has gradually become more important in terms of maintaining the cluster in development.

7.3.2.   Local and national governance coordination

Taiwanese CCIs clusters policies and their implementation have strongly been anchored within the planning system through zoning and land-use control in integration with some sectoral policies both at national and local levels (see chapter 6). This section, therefore, discusses issues in terms of cross-level and intergovernmental governance approach.

There is a tension between national and local governments with regards to the planning system. Local government urban planning committee holds the power to grant permission to change land use and zoning, permission necessary for some of the national cluster projects – this is the only lever by which local government can be involved in national CCIs clusters policy formulation. For example, HuaShan cultural park is a state-owned property initiative, yet the clusters' geographical location means that Taipei city local government should have been more involved in its development.

> 'We local governments could not affect the national government, for examples: tax - for driving an industrial cluster. However, local government could only provide space and incentives from zoning

(land-use) under controlled by national level government. (Interview, Taipei city government, 2009) '

In 2004, the national Council of Cultural Affairs attempted to develop this cluster as 'the new star with gentle skill in Taiwan' (CCA, 2004). But, this plan involved the dismantlement of some historical heritage and buildings of HuaShan Cultural and Creative Park in order to construct new landmarks (United Daily News, 2003[2]), In response, the local government (Taipei city government, Department of Cultural Affairs and Department of Urban development) opposed this national project from the Council of Cultural Affairs - the landowner and policymaker. The local government then designated a proportion of these buildings as city-owned heritage and the Department of Urban development set up legal restriction to stop further development in that area. This example reveals potential conflicts regarding local spatial usage between the local and national governments highlighting a lack of coordination between them. An interviewee from the local government said:

'What we should cooperate is to support CCIs through zoning control, to legally generate CCIs activities. Of course, that is only if the cluster's development does not affect the entire urban development (Interview, local government – planning sector, 2009)'

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[2] United Daily News, 9th Jan, 2003, Hua-Shan special district is formally named the Taipei wine factory and listed city-own heritage"(〈華山特區 正名台北酒廠 列入古蹟〉, sheet 18 United Daily News, 17th Nov. 2003, The last night of the art organization in Hua-shan – to supervise the future"(〈藝協最後一夜 華山演至天明－不捨原創風 畢業這晚 發起土狗幫和創藝聯盟 監督未來〉), sheet 12A.

This lack of communication between local and national governments has delayed and reduced the policy impact on the cluster's development.

> 'Taipei city government does not manage and operate the two CCIs clusters [HuaShan and NanKang]. Both are belong to national government. Each government focuses on their own policy development. You can see the case in HuaShan, there is nothing we can do (Department of Cultural Affair, Taipei city government, 2009).'

> 'We only care about whether the policy (Council of Cultural Affairs) could cope with the urban development. What we need to ensure is that the policy of the Council of Cultural Affairs has no conflict with our plan. Then, we will not limit their policy. Sometimes it does not have close interaction with the city's development plan. This is because it was managed at a national level, not by us (Department of Urban Planning, Taipei city government, 2009)'

Moreover, the lack of power of the national department for cultural policy in fostering inter-governmental communication and coordination has impeded the progress of CCIs clusters policy as well. Specifically, the literature review highlighted the importance of cross-sectoral cooperation between economic, planning, tourism and other relevant ministries and departments to support such cluster policies (Gibson and Kong, 2005). However, this was not possible in Taiwan, at a national level, until 2010, as prior to this date, the national 'Council of Cultural affairs' had no power to integrate different sectors for policy execution. As discussed in chapter 6, in 2010, the government upgraded the 'Council of Cultural affairs' into the Ministry of Culture (MOC), thereby, changing the policy system dynamic. This new policy administration framework provides the MOC with an executive power to conduct CCIs policies including leading cross-sectoral cooperation. However, a member of staff in Department of Cultural Affairs (2011) remarked:

> We was expecting some changes that may happen after MOA established, such as the law and budget. In fact, it has not changed too much, because the policymakers need more practice to know how carry out these duties (Interview, Department of Cultural Affairs, 2011) '.

Furthermore, this entrepreneurial approach involves various stakeholders within the public and the private sectors and cooperation within and between them. However, the roles of each stakeholder have changed. On the one hand, the private company, as a cluster coordinator, needs to pursue its own profits, to achieve policy objectives and to answer the needs of CCIs. On the other hand, other private sector representatives such as NGOs, individual workers and artistic and cultural groups lobby to draw attention to the demand of CCIs, in case the policy focuses too much on economic purposes. In practice, the public sector is still positioned as the leader of the cluster policy, but the growing demand for CCIs has affected the policy implementation approach, putting more weight on the role of the private sector and consumers.

7.3.3. The constraints in the governance approach

In Taiwan, the governance approach has been strongly affected by policymakers who misunderstood the concepts of CCIs in using a traditional business cluster approach to support their development and overlooking the under-development of the local context. As revealed during interviews, policymakers still do not know which appropriate cluster approach could be more effectively applied in Taiwan.

> 'For the Council of Cultural Affairs, it is difficult to support an industry's development when there is not enough market underpinned. This is

the situation of CCIs. However, this type of industrial development could be the most efficient way to drive up CCIs' development. As applied to Hsinchu Science Park, policymakers adopt the similar dimension, variety, and management model and through hold the CCIs events and activities (Interview, CCA officers, 2009)'

As such, considering the local context and referring to other cities' experiences, a cluster policy based on an **entrepreneurial approach** has been adopted. By this approach, the public sector expected to stimulate the local consumption market and to cultivate the aesthetic literacy of the Taiwanese to drive the cluster development. However, in reality, this **entrepreneurial approach** has yet to drive up the number of CCIs consumers or the market as more fundamental changes in terms of education, values and social institutions are required as well as a long period of development and accumulation of CCIs appreciation (Keane, 2009).

In addition, the current operating management contract of HuaShan Cultural and Creative Park limits the effect and function of adopting this **entrepreneurial approach.** The government contract sets up that a minimum 12% of spatial usage should be provided to CCIs workers for free (including individual artists and creative workers). The public sector sees this is as a minimum percentage to effectively ensure the policy objective of CCIs promotion. Nonetheless, there is a rapid growth in the demand for CCIs. As such, the operating company, Huashan 1914, can gain more profits by renting the rest of the cluster.

> 'HuaShan was assigned to the private enterprise, Yuan-Liou (one of the partner of Huashan 1914), through a public-private cooperative contract model (BOT). In this contract, the Council of Cultural Affairs

has set up a proportion of activities and spatial usages. At least 12% for supporting small-scale and nascent CCIs on a non-profit basis is listed on the contract. The growing need and market for cultural events, exhibition and performances, and the demand of CCIs worker have surely risen up to 20%. However, within the 15 years contract, we just oversee their operation, no intervention. In fact, current commercial elements and factors are working for remaining in development (Council of Cultural Affairs, 2009)'

As a consequence, CCIs workers argue that this entrepreneurial approach only cares about business benefits and does not really support CCIs incubation (CCIs worker, artists, and NGOs. 2009, 2010). Some CCIs workers have reduced their participation in the cluster, and some of them left as they felt it was too expensive or not specific enough to the CCIs.

'The rent increased too much as compared to what it was before 2007. HuaShan has gathered consumers through many CCI events, exhibitions and activities; most [activities] are entertainment basis, music concerts, or open markets. Sometimes…it includes too many different industries, without a clear focus. Then it is a mess…everyone could visit here, then there is no market segmentation (CCI workers, interview, 2009) '

There are still some difficulties in reconciling the public sector's policy expectations for CCIs promotion, the private agency's focus on profits, and the CCIs workers need for support.

'The space is suitable for CCIs, but lacks a clear functional image and, so, makes the place lose its 'character'. There are too many consumers and it is a noisy environment (when have some events), it is impossible to work there. We expect a place with good facilities, low rent, and relevant network connections, but it seems not to be a necessity. The size of the companies are like mine, small or medium sized and with individual workers (CCI workers, 2009)'

'HuaShan is going to connect to CCIs activities, such as gallery, studio, shop, and should be combined with the street activities nearby. It should not have a certain boundary or regulation, or set up limits for the CCIs…it seems the rest of the usage is only for commerce.

Currently, it needs to attract CCIs worker through relevant events, exhibitions and activities, as a multifunctional space, and far away from a spontaneous CCIs aggregation (Interview, CCIs worker, 2010)'

Under this governance approach, HuaShan has become a cluster for entertainment, leisure and art, and a cultural exhibition centre without real CCIs networking and production. In addition, a future difficulty for HuaShan is that 'the purpose of HuaShan 1914 has not set up a clear image, or position. Current policy concepts seem to gather different activities with the use of the term 'creative' at their beginning, such as creative image, creative market, creative entertainment and creative education. What is this? It is for commercial purpose, not for CCIs (interview, CCI workers and artist, 2009)' Another CCIs actor argued that there are challenges between the current economic policy objectives and the development requirements for CCIs:

'Policymakers don't know the content of CCIs clusters, they mix the usages including art village, hotel, conference centre and exhibition. A homogeneous mode of cluster mixes various function without a specific purpose, and also, no identity. We asked, could cope with any kind of industries and support their requirements? Do you think the needs of visual arts, performance arts and music are the same? Of course not, but if policymakers put them together, then this space has no clear 'characteristic' (Interview, CCIs worker, 2009)'.

In contrast, public sector representatives suggest that CCIs workers do not like institutional regulations and believe that maintaining private initiatives and more flexibility is a better solution to support their development. However, they still believe that the traditional business cluster approach - which lacks flexibility – is the best way to ensure policy objectives such as economic profits and to resolve CCIs marketing weaknesses.

'Basically, our CCIs clusters policies are maintaining the concepts and approaches that we applied to the scientific and ICTs industrial cluster. Our policy concepts still focused on having a management centre, to reduce the tax and rents, and to provide loans to small-medium companies (Council of Cultural Affairs, 2009)'

In summary, the HuaShan cluster is more likely to be a policy experiment including different actors with divergent interests and, whose future is still to be determined. Some other local contextual elements external to the cluster such as other local commercial activities, retailers, entertainment and catering services could also be seen as constraints to its development.

7.4. The impacts of the local context

The literature has highlighted how contextual elements such as 'life-style' can critically affect the development of CCIs and impacts the emergence of CCIs clusters (Basset, 1993; Kong, 2000; McCann, 2004). Obviously, there are important differences in 'life-style' between Western and Eastern Asia. Related local-based conditions such as education, values and aesthetic literacy are critical elements underpinning the development of CCIs in Eastern Asian cities (Keane, 2009; Kong, 2005, 2007, 2009), including Taiwan.

Chapter 6 addressed the economic and industrial development and transformation that took place in Taiwan in the 1990s and its progression into a post-industrial era in the 2000s. These transformations have supported an increase in income, resulting in changes in life-style and a raising demand for CCIs. This section explores how these changes have affected the

development of HuaShan Cultural and Creative Park.

7.4.1. The effects of the socio-cultural context

Some of the interviews conducted during this research include references to notions of 'life-style', education, career, culture, values, social institution, economic structure and development and urban development process. However, as suggested by the literature, changes in local context need time to accumulate to be able to support CCIs development, particularly in most Eastern Asian cities (Keane, 2009; Kong, 2005, 2007, 2009). As Keane (2009) clearly points out in his research on Beijing, the development of CCIs needs time to develop. The case study of HuaShan Cultural and Creative Park help us understand how a cluster policy can drive CCIs development in such contexts and also reveal the very different ways used by people to evaluate the values and prices of CCIs production (Keane, 2009; Kong, 2005, 2007, 2009).

Education can support the development of CCIs values, aesthetic and cultural literacy and, as such, affects CCIs consumer behaviour, market and labour. In Taiwan, the education system has emphasised disciplines such as maths, science, accounting, finance and economy, which have contributed to economic development in the past. In contrast, not much attention has been paid to artistic and cultural related disciplines such as dance, design, and the arts. This could be due to the CCIs characteristic of 'a winner takes it all' market (Caves, 2000) which acts as a constraint. CCIs activities being too competitive and having a low (or long waiting time) reward in terms of access

to market, this may have held back the willingness to choose a career in the CCIs. As a consequence, in Taiwan, there is a shortage of people working in CCIs careers with an outflow of talent towards other cities in Asia (leaving for other labour markets such as Shanghai, for example).

> Throughout the cultural studies, political authority and ecology of art are not important. The important of these disciplines are not considered as finance, science and math for the development of people. One thing now is that, CCIs are difficult to fend themselves (Interview, NGOs, 2010)

This shortage, firstly, confirms that there is a very different view of CCIs in Taiwan, which strongly affects the structure and focus of the market. Second, it highlights how educational principles embedded within a place may take a long time to be changed by new cultural values. In this situation, the CCIs clusters initiative based solely on production will be challenged by the limits in both CCIs labour market and consumption.

> 'What government can do is to build up the basis of CCIs: the aesthetic education, it must be applied deeply and broadly in our education system. This could, probably, cultivate out aesthetics and the feeling of beauty, and then drive the consumer and creative activities. The consumer and creative product are combined together. It does not work if there are only consumers or creative production individually (Academics, cultural policymakers, interview, 2009)'

> 'Many consumers prefer just to 'look', when they are considering buying a product. They ask: what is its function? How is it used? Is that expensive? Then the consumer usually just remarks: oh, I just like it? However, they won't necessarily make a further purchase. This relates to a respect for the creator and producer, influenced by literary and aesthetic education (Interview, CCIs workers, 2009)'

> 'The current stage of the CCIs clusters is still focused on circulating the 'merchandise', but what we want to do is tell the consumer the meaning and story about our product, a feeling (Interview, artists, 2010)'

'What if there is nothing that could be done on the production side? Maybe raise up the consumption side, which could stimulate the production (CCIs workers & agency, 2009)'

The colonised background of Taiwan has also had an effect on CCIs market to a certain extent. Foreign brand and production are sometimes valued at a higher price than local production as they are considered a symbol of high social status. These endogenous and ingrained values have a negative impact on the development of local CCIs and reveal an issue for Taiwan.

'In Taiwan, the consumer is still willing to pay a higher price on a branded mass product than on a CCIs produced item. It is due to the brand meaning a lot in the consumption market here. It also relates to how much you would pay for the product, and the acceptance of the product in the market (Interview, CCIs workers, 2009).'

In addition, the urban development transformation process from the agricultural industrial-era to the post-industrial era only occurred in the last half of the 20th century in Taiwan. As such, compared to Western cities, there has not been enough time to cultivate and to understand the value of CCIs. The appreciation of CCIs production is based on branding, reputation and prices, rather than looking at the nature, creativity, innovation and the contexts of a CCIs production.

'This is about social atmosphere, an enthusiasm for a rapid wave of fashion and design products, or what you could call cultural industries. Our background, in terms of culture and history, is only less than 100 years if you only count contemporary Taiwan. We had been colonized by different countries and, so, the changes in culture and identity happened often. This results in a sense of culture, limited only to some short-term historical assets such as 30 years building. However, in western cities, those local indigenous and historical heritages are often over hundred years normally… this affects how consumer look at cultural product, whereas the culture and arts have less value compared to fashion or pop-products (Interview, NGO, 2009)'

'The government considers the influences on CCIs from education, the aesthetic and values cultivation (education). These elements require a long-time accumulation and a certain amount of input from public sectors. When the consumers are educated art and culture sense and appreciation abilities, it will grow and increase the market spontaneously, thus, encourages creative workers and creativity (Academic, interview, 2009)'

The insufficient development and immature social and cultural contexts, presented in this case, can also be found in other Eastern Asian cities. These ingrained and embedded local conditions do affect the development dynamic of CCIs and challenge CCIs clusters policies implementation. However, the evidence also shows a difficulty in driving changes in these socio-cultural contexts through public policies only; these changes require a long accumulation process through education and imperceptible daily life activities influenced by values and social institutions. Furthermore, there is a close correlation of this with changes in socio-economic activities; this is discussed in the next section.

7.4.2. The socio-economic effects

As discussed in chapter 2, consumers play an important role in the value chain of CCIs, in that they affect the development of CCIs (Hartley, 2004, 2008). The policy objectives of HuaShan Cultural and Creative Park have been to create economic profits as well as to anchor Taipei city in the trend of using CCIs as main urban development strategy like other Eastern Asian cities (Chung, 2012). Practically, the approaches policymakers adopted when implementing CCIs clusters policies were seen as providing the paths for CCIs to access their

markets and consumers (HuaShan 1914 CEO, 2009; CCA, 2009).

Nevertheless, three elements of Taiwan socio-economic contexts have affected the CCIs and their cluster policy implementation. First, the command economy approach that was used in Taiwan when implementing manufacturing and ICTs cluster policies from the 1950s to the 1970s has been difficult to transfer in the implementation of CCIs clusters policies, not taking into account the very different contents and characteristics between CCIs and manufacturing and ICTs clusters.

> 'Policymakers adopt the traditional industrial and business clusters as main approach for CCIs clusters. I believe these policymakers do not know the characteristics of CCIs and the cluster will become a cage for CCIs workers (CCIs worker agency, 2009).'

Another problem has been the mismatch between the public objective of driving up CCIs development and pursuing economic growth with the underdevelopment of the socio-economic context, early on. While policy makers were pursuing economic profit from the growth of the CCIs, the CCIs sought policy support in terms of access to funding and subsidies, as there was not enough capacity in the local market to support their development. Recognising this issue, policy makers then adopted an entrepreneurial approach to counteract the local underdevelopment in consumption and market, and an immature local context. However, this approach challenged the CCIs workers remaining in the cluster for incubation and support as this approach puts more focus on maximising rental costs for commercial purposes.

'The rental is too high after having successfully hosted several events. When we were here, the income could support the rent, but we come here only because of the market aggregated here not for a long term relocated (CCIs workers, 2009)'

As discussed in section 7.4.1, HuaShan Cultural and Creative Park aims to integrate various CCIs activities and consumers to facilitate access to market as CCIs workers explain that they prefer the cluster as: 'a place which has an atmosphere that could attract various consumers, inspire their creativity and connect to the other workers, and encourage the consumption and market'. As such, most CCIs worker interviewees agreed that there exist a positive effect of the cluster on CCIs development. Interviews with other private sector actors (including commercial agency, NGOs and CCIs workers) reveal a common statement- the cluster becomes a place where consumers can be quickly gathered and accumulate the 'Fanatic' – 'Fan[3]' of these CCIs production, opening potential markets (Mackellar, 2009).

'This park is good and important. I was attracted by its atmosphere and came here one year ago. However, there is 'no need' to relocate here stationary. In fact, internet has replaced some functions of location. The only important for me is 'atmosphere' of which its suitability of spatial characters suits the product. In addition, this park contributes to build network for information exchange. But, critic is the rent a bit too high, which is a problem for me to stay here (Artist & NGO member, 2010) '

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[3] Cambridge dictionary defines the word "Fans" similar meaning as "Fanatic", it means someone who admires and supports a person, sport, sports team enthusiastically.

'Our CCIs Park has no production activities and output. The main function of the park is to drive a cluster effects for gathering different industries (up downstream). Then, it could attract investment and investors, and enlarger the cluster effect (CCIs officer, Taipei city government, 2009)'

'The important key for driving CCIs development is 'fans'. No fans - no industry, no fans - no brand. What fans in CCIs are? They come from consumers. A CCIs brand could be considered as a brand decided by the market acceptance and how many fans they have. This excludes the walk-in consumers (CCIs agency, interview, 2009)'

'CCIs Park does contribute to the CCIs development, but just a fundamental condition. Have a park does not guarantee the development of CCIs. A park increases the possibility for becoming CCIs clusters, as HuaShan. However, without customers and visitors, it is nothing (CC worker and agency, 2009')

Overall, the CCIs themselves along with their markets and consumers are still underdeveloped. These different elements are linked with each other and determine the development of CCIs and their cluster from their embedded local roots. This dynamic combined with Taiwan rapid socio-economic and socio-cultural changes have changed the nature of the cluster in this case.

7.5. Conclusion

This chapter analysed the trajectory of the CCIs clusters initiative, HuaShan Cultural and Creative Park, looking at the changes and issues in its policy rationales and governance dynamic, and the challenges imposed from the local context.

In the 1990s, the development of CCIs clusters policies was based on a socio-cultural initiative combining planning and economic approaches. At this

early stage, the cluster emerged from a bottom-up initiative where CCIs actors attempted to echo a rising demand for their products following Taiwan socio-economic and socio-cultural transformations. In early 2000s, a change in the national policy discourse about the CCIs influenced by Western cities' experiences transformed the cluster into a top-down initiative driven by a private-public partnership and an entrepreneurial approach.

This change in governance approach and the adoption of an entrepreneurial focus to attract commercial activities and generate economic profits has led to some conflicts between the actors involved in terms of the direction of the cluster and its future. Therefore, today, the cluster is still in need of finding a balance between its policy purpose, the private profits it supports and other CCIs needs, raising doubts with regards to the success of cluster policies focusing mainly on economic purpose.

Furthermore, the analysis of this case study reveals that the local context is the key challenge to address when implementing CCIs clusters initiatives. Factors affecting the CCIs local context such as education, social institution, and labour and consumer markets cannot only be driven by public policy but require a long term accumulation. While policy makers tried to address this in changing the focus and governance approach of the cluster to support CCIs' access to the market, challenges have emerged in the coordination of the various stakeholders involved and their engagement with this local context.

Finally, the HuaShan case study reveals the difficulties in overtaking a

bottom-up initiative and in driving a top-down initiative through an entrepreneurial approach and the limits of developing CCIs clusters under an immature local context. This requires a fine balance between the various functions that the cluster aims to achieve and in terms of the cooperation between the public and private actors involved as well as the recognition of the limits of public sector interventions.

Chapter 8 NanKang Software Industrial Park – a top-down CCIs clusters policies initiative

8.1. Introduction

This chapter explores the case study of a top-down CCIs clusters initiative, NanKang Software Industrial Park. Top-down CCIs clusters policies have been widely adopted in East Asian cities as discussed in chapter 4. In the 1990s, with the change in Taiwan industrial and economic structure from the industrial era to the post-industrial era, policymakers began looking for potential new industries that could support urban and economic development. The NanKang Software industrial Park was developed against this backdrop as a flagship policy project that aimed to associate the local context with an economic-orientation policy in order to deal with economic and industrial transformation.

This top-down CCIs clusters initiative adopted a cluster concept and understanding similar to those for ICT and high technology industries, reinforcing geographical proximity, cost saving and aggregation of up and downstream activities. In 2012, NanKang Software Industrial Park contained 351 companies, 18,860 employees, and averaged profits of around 1,999 hundred million dollars (per business unit annual revenue) (Taipei Economic Quarterly, 2012). This park houses high-tech and ICT-based industries such as Microsoft, HP, IBM, SONY, HSBC, SIMENSE, NEC, Infineon Technologies, Pericom, Philip, AMD, DynaComware, InterServ, Wave splitter, EPCOS, AVNET, Microsoft and FUJITSU.

This chapter adopts a chronological approach and uses the three analytical themes

related to cluster development of interest for this thesis to analyse the evolution of the cluster: policy rationales (section 1), governance approach (section 2) and impacts of the local context (section 3) (O'Connor and Gu, 2010; Evans, 2009; Jayne, 2005; Mommass, 2004; Evans and Shaw, 2004; Moss, 2002). Chronologically, the three periods of study are: before 2002, from 2002 to 2009, and 2010 onwards (see Table 8.1).

Table 8.1 NanKang Software Industrial Park – Evolution of policy rationales, governance and local context

	Before 2002	2002-2009	2010 ~
Rationales	Urban regeneration – multi functional policy, flagship project		
	Knowledge	Cultural and creative industries	Creative industries
	Creativity, innovation and knowledge		
	Zoning: mixed use		
	Production chain	Industrial network and consumption chain	
	City –regional development		
	Branding and creative economy		
Governance	Command economy	Market economy	
	Top down initiative (economic purpose)		
	Planning approach (national initiative) → local government cooperative		
	Cross - sectoral Coordination		
	National level government predominance		
		Local coordination (planning, traffic plan)	
	Public and private cooperation – management and operation		
Local contexts	Values (Cultural and Creative Industries) Cultural production		
	Education (Arts preference, appreciation) (consumption market)		
	Market (local market)	International market	
	(Manufacturing & ICTs	Creative, innovation and digital, media)	
	Production-based	Consumer /user	
	Labour		
	Industrial network/basis		

8.2. Policy rationales behind the cluster

NanKang Software Industrial Park was initiated by an economic policy at the national level with the objective of solving emerging issues in Taipei related to industrial transformation and economic restructuring while encouraging development at the edges of the city. Evans (2009), looking at existing CCIs clusters policies research, shows how cluster policy rationales affect policy implementation and objectives. This section focuses on the exploration of three sets of policy rationales which have driven the cluster - economic, planning, and socio-cultural rationales – and their interaction exploring how changes in rationale have affected changes in policy.

8.2.1. Economic rationales

In Taiwan, most policy rationales are based on achieving economic development and this affects policy formulation and implementation. As mentioned, NanKang Software Industrial Park initiative was a national government attempt to deal with industrial transformation and economic development issues in promoting the creative and knowledge economy. As in many other East Asian cities, policymakers believed that the development strategy and approach to develop CCIs clusters policies should be similar to the approach used to promote traditional and manufacturing industrial clusters (see chapter 4). As a consequence, an economic motive has driven this CCIs clusters policies, revealing a lack of understanding of the characteristics of CCIs.

The NanKang Software Industrial Park belonged to one of the sub-policies of the NanKang Economic and Trade Park at the national level. This project was executed by the Bureau of Industrial Development of the Ministry of Economy Affairs under the Executive Yuan. Its policy rationales involved economic aims, industrial development and international trade to promote the development of Taiwan's creative economy

among East Asian cities.

However, at the time, policymakers wrongly considered CCIs like manufacturing industries, creating difficulties in the cluster implementation. For example, based on this economic rationale, CCIs' actors were excluded during the policy formulation of the cluster. This resulted in a lack of consideration of the real CCIs needs in the policy.

> 'The governance system for CCIs has been divided into different sectors by following the same approach as industrialization period. This has revealed a difficult to carry out the CCIs development whereas the current governance system is required to restructure. Some divisions such as the Department of News and media, and Council of cultural affairs were turning its function from a policy formulation to policy execution. It means, these departments were not established for driving industry development, but for policy evaluation and research. On the other hand, the 'Industrial Bureau' (of Ministry of Economic Affairs) focuses on how to drive industry development. Thus, basically, 'Industrial Bureau' knows how to drive up the industrial development but don not know the CCIs' content and nature (Interview, NGO, 2009)'

In 2002, the adoption of Western CCIs policies discourse such as the Creative City (Landry, 2000) and the UK concept of CCIs (DCMS, 1997, 2001) by Taiwan added cultural-related ideas and rationales to this economic-based policy rationale. These changes included two elements. Along with the announcement of the 'Challenge 2008 National Development Plan' (2002), this economic-oriented cluster was used as a driver to support CCIs development. This was done by enlarging the types of activities that the cluster could host to include design, graphic arts, animation, software and game design. In 2004, a public-private funded NGO, the Taiwan Design Centre, aimed at promoting design related industries development in Taiwan, was established at the park (interview, manager, 2009). This enlargement was also supported by the shift in terminology used by the Taiwan government from cultural/creative industries to 'CCIs', linked to the 'knowledge economy' and 'innovation' (Executive Yuan, 2002).

It is important to note that like other CCIs clusters initiatives, the development of

NanKang was affected by the lack of a clear legislation driving CCIs development in Taiwan until 2010. As discussed in chapter 6, in 2010, the 'Law for [Act of] the Development of the Cultural and Creative Industries' was published by the newly created Ministry of Culture, giving clear guidelines with regards to CCIs' development in terms of sectoral definition, governance, political system, regulation, subsidies, incubation and support, and forms of public and private cooperation. One of the objectives of this law was to solve some of the issues related to cross sectoral and intergovernmental policy overlaps at the national level. However, this law also allows local governments to adopt their own CCIs clusters policies, causing concerns and conflicts between the national and local governments in terms of resources allocated to support the CCIs[1]. As a consequence, after 2010, NanKang Software Industrial Park was turned back to economic-based policy rationales, focusing more on high technology and ICTs-based creative industries.

> 'We [Taipei city] run our own CCIs clusters such as SongShan Cultural and Creative Park. To develop CCI cluster is a trend for attracting consumers as well as brings up the economic development, thus we would like to try [2](Interview, urban planner, Taipei city government, 2010)'

8.2.2. Planning rationales

Much cultural policy research has pointed out the critical role played by the planning sector and planning policy rationales in CCIs clusters policies implementation (Gibson

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[1] For examples, the "Taiwan Design Centre", an official third-sector was moved away from this case venue to the other Park (Song-Shan Creative Park, Taipei city gov.) (Interview, Design centre, 2010).
[2] http://www.songshanculturalpark.org/Index.aspx, a cultural and creative park established by local government (Taipei city government) for promoting CCIs development, it opened at 2011.

and Kong, 2005). As discussed in chapter 6, in the Taiwan planning system, local land use and zoning are to be approved through statutory plans at both local and national levels. As such, the government of Taipei City examined and approved the zoning to support knowledge and creative industries in 1988 and the national government (Ministry of Interior, Construction and Planning Agency) in 1996. This section discusses how planning rationales, such as land use and zoning control, have impacted the development of NanKang Software Industrial Park.

As discussed in the literature (Montgomery, 2003, 2004; Pratt, 2009), planning rationales have usually accompanied the effects of CCIs clusters policies on urban regeneration. In most cases, a strong cooperation between local and national government is required in order to efficiently drive CCIs clusters development and achieve these planning objectives. In the case of NanKang, however, the extent of these planning objectives have differed across levels of governments leading to different views between the local and national governments on how to develop the cluster. At the local level, expected urban regeneration in the area near the cluster provided an incentive for the local government to support the cluster policy implementation through local level urban policies. Additionally, the cluster governance was based on a public and private cooperation, where the public sector took charge of the procedures related to planning control whereas the private sector was in charge of building and operating the cluster. At the national level, the cluster was part of a strategy to help Taipei compete with other cities in Eastern Asia and position itself within global cities' networks. These differences in foci have generated some overlaps and competition as well as a lack of communication between the two levels of government during the policy formulation process. This has resulted in the cluster being partly isolated without infrastructure support at the local level.

'This project combines economic policy and urban development project. The shortcoming of this policy was a constraint caused by a multi-purpose policy prospect. The privileges of an industrial cluster were given by the national government including incentives such as tax. … The local government cares more on the compatibility of cluster in the overall urban development. We then consider if this national level cluster could relocate in the city (Interview, urban planning, Taipei city government, 2009)'

As for HuaShan, NanKang cluster has been impacted by the way the public sector in Taiwan dominates the development of industry through the 'command economy'. As such, policymakers have decided the direction of the cluster initiative and led its development. This command economy has been a common political strategy in East Asian cities and resulted in successful cluster development in terms of ICTs and manufacturing (Kong, et al., 2006; Chung, 2012). In the 2000s, recognising the particular characteristics of CCIs and the importance of considering the influence of the 'user' and the 'market' in their 'production', the policy changed from focusing on how to build and attract investment to the cluster to how best support the unpredictable market and develop users' tastes for CCIs.

'It is an issue that our government usually tends to dominate the economic development by a command policy, as the Science Park and import/export zone. When the government adopts clusters approach on CCIs, they also tend to direct CCIs' development and to relocate cluster at the place where policymakers assigned. However, it has difficult to reflect to what CCIs' development need (Interview, the CCIs workers, 2009)'

Planning rationales usually concentrate on real estate development in terms of providing cultural facilities, hotels, exhibition centres and supporting residential and commercial land-uses with the ultimate objectives of contributing to city branding,

increased international investment and urban regeneration (McKinsey & Company [3]for

Council for Economic Planning and Development, 1994). However, in trying to achieve

these objectives, the NanKang cluster has overlooked the development of CCIs

through the incubation of small enterprises, resulting in some SMEs and other

companies leaving the park due to too much increase in rental costs.

> The beginning of developing CCIs clusters in NanKang was started by the
> policy 'Challenge 2008 National development Plan' in 2002. The policymakers
> did not consider the content of CCIs. They know nothing about it, but only the
> part of economic profits coming from the knowledge economy or some
> discourse such as creative class or creative city (Interview, planner, 2009)

The NanKang cluster initiative is a prototype of CCIs clusters initiative combining

economic (industry and commerce) and planning (urban development) rationales

frequently adopted in East Asian cities (see chapter 4). The cluster is used as a form of

spatial branding for the city to show and aggregate its various CCIs activities. The

spatial image of the park brings a well-known reputation in terms of development of

software and relevant ICTs industries, which positively contributes to industrial

agglomeration. This spatial and geographical agglomeration should support some form

of CCIs activities incubation and development. However, given the wide range of

activities targeted, it has been difficult to ensure that the various needs of each of these

industries could be adequately satisfied. In addition, beyond geographical proximity, the

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[3] McKinsey & Company(1994) has been authorized by Council for Economic Planning and Development,
brings up the idea of building ''Developing Taiwan becomes regional operation centre", in which they
suggests to set the "intelligent network of industrial parks" for upgraded the industrial structure and
environment quality, it supports the requirement of supporting developing manufacture and advantage
industry. Therefore, the "intelligent network of industrial parks" becomes the main strategy for promoting
Taiwan as "manufacture centre of Asian Pacific". The object of "manufacture centre of Asian Pacific" is
offering a good product environment for the high additional value knowledge-oriented industry.
(http://www.moea.gov.tw/~ecobook/cynex/sab21.htm#p2)

cluster has not supported enough industrial networking, incubation, and cost saving as

the concentration of economic activities led to unavoidable rising rental costs. As

argued by the CEO of a CCIs company:

> The <u>development of cluster was based on the concepts of a</u> traditional
> industrial cluster. It offers a good working environment, <u>public</u> support and
> facilities. It gathers also many relevant industries, up/downstream networks.
> But, what we need is not only space. Policymakers need to understand <u>and
> consider</u> in policy formulation process (Interview, CEO, 2009)

These issues were aggravated by the gap between the national and local policy

objectives which delayed the development of this national cluster because of a

lack/under-development of public facilities and infrastructure, responsibilities of the

local government.

8.2.3. Coordination between policy rationales

As discussed in the literature review, the impacts of rapid socio-economic and socio-

cultural changes in the development of CCIs clusters need further exploration (Pratt,

2009). Chapter 6 highlighted the fact that an insufficient and underdeveloped local

context in terms of CCIs consumption impedes the development of CCIs and related

policy implementation in Taiwan.

> 'The CCIs could be classified into soft-industries (i.e. Design, media, software
> and animation) and hard-industries (ICTs bases, hardware manufacturing).
> The soft-industries drive by the market demand by the bottom-up initiatives.
> The hard-industries focus on support CCIs through top-down initiatives. They
> are complete different mode. However, following the command economy,
> policymakers never consider their diversity and correlation during policy
> formulation process (Academics, interview, 2009)'

In addition, in Taiwan, CCIs clusters' development and management have been based

on concepts and strategies used to develop manufacturing and ICTs clusters in the

past. As such, CCIs cluster policies focus on providing spatial management, cultural

facilities, infrastructure and equipment and building a manifest cluster image to attract

such industries. As an example, NanKang cluster initiative has led to a real-estate development project where the private company managing the site has aimed for higher commercial profits, leading to large increases in rents, pushing SMEs and nascent companies away from the cluster, losing the function of industrial incubation.

> 'We left because the overloading rent, the private management company aims to earn the profits through letting the space. Although the government did provide subsidy, but unable to cover the increasing rent and the length of offering the subsidy is too short (interview, CEO, 2009)'

This reveals a critical issue in terms of industrial incubation as nascent companies argue:

> 'Current criterion for evaluating the public funds and subsidies has based on the result of the market examination. However, the problem is, if the companies could pass the market examination, they do not need policy funds urgently (Interview, CEO, 2009).'

This issue is also mentioned in the literature by Garnham (2005, p.28):

> 'Yet the problem here is that quality and excellence are open to the market test of consumer preference and access is, by definition, not a problem, since a successful creative industry has solved the access problem through the market. If it is successful, why does it need public support? If it is unsuccessful, why does it merit public support?'

Moreover, there is not yet any standard mechanism that helps evaluate the potential of CCIs companies. Thus, policymakers have become more interested in the construction of cultural infrastructure, facilities and milieus to support CCIs development. However, these spatial infrastructures do not always guarantee a positive effect on such development as the cluster is not enough to support the CCIs since the cluster has yet to understand its effects on and contribution to the local market and consumption.

> For us, 'a park' does not contribute too much on our development. Regarding to the timing we moved in here. At the moment, the rent was lower, and representing a higher quality, reputation, scaled and convenient atmosphere. However, this is meaningful while are trying to grow up. There is no necessary to locate in the park if we are already an international enterprise (CEO, interview, 2009)

8.3. Coordination, cooperation and governance

The governance approach has an important influence on CCIs clusters policies implementation (Flew, 2010; Hutton, 2003; Jessop & Sum, 2000). Chapters 2 and 3 discussed the various governance approaches used in developing CCIs clusters and the wide range of actors involved. As revealed by existing policy experiences and academic discourses, CCIs clusters are usually based on some form of horizontal and vertical integration and coordination of public and private actors. Public sector actors include representatives from the planning, cultural and economic policy departments while the private sector actors include relevant CCIs enterprises, real estate and commercial agencies as well as industrial corporations/associations and NGOs. This section presents the sectoral cooperation and coordination of actors used to develop the top-down initiative of NanKang Industrial Software Park and the role of each of these actors.

8.3.1. Cross-sectoral and cross-level government coordination

As for the HuaShan case study, the development of the NanKang cluster has been marked by issues in terms of internal and cross-sectoral public sector coordination. These issues are caused by the constraints created by the rigid bureaucratic and institutional system in place in Taiwan. In this bureaucratic system, many sectoral policies and levels of government influence the way CCIs are developed; these initiatives tend to overlap or contradict themselves resulting in a lack of purpose or direction in terms of the overall development of CCIs and CCIs clusters. For example, public sector representatives from both the planning and economic departments have driven CCIs clusters policies' formulation and implementation but with a lack of coordination. This was particularly the case until 2010, when the Ministry of Culture

(MoC) was established, as prior to this, there was no official cultural department at both national and local levels of government to coordinate and execute these policies.

> 'The Council of Cultural Affairs is good at promoting art appreciation and fine arts development. But they don't understand how to assist industrial development. This will be an issue to the oncoming Ministry of Culture (interview, Dep. Cultural affair Taipei city government, 2010).
>
> [Update] … based on the 'Law for [Act of] the Development of the Cultural and Creative Industries', the industrialization for CCIs still require supports from Ministry of Economy (interview, Dep. Cultural affair Taipei city government, 2010)'

The Ministry of Culture was established to restructure the existing mode of governance, shifting the executive power from the planning and economic sectors to the cultural sector. Previously, many cultural policies were formulated by the education departments but implemented by the economic departments. With the establishment of the Ministry of Culture, the cultural department was put in charge of coordinating CCIs clusters policies across various policy departments to ensure a better alignment between these policies and the development of CCIs in Taiwan.

Moreover, as discussed in the previous section, changes in CCIs clusters policies rationales resulting from the adoption of Western discourses resulted in a redistribution of cross-level government participation and responsibilities between local and national governments in the 2000s. In the 1990s, the local government was powerless in terms of cluster policy formulation, including on issues such as planning control and land usage and the implementation of national policy initiatives on their territories. In the case of NanKang, the local government did not even have its say and any control over the construction of the cluster infrastructures and facilities. Nevertheless, the local government directly benefited from the cluster as it increased job opportunities in the nearby area - a derivative effect for urban redevelopment.

'There are many issues required national and local governments cooperation. But there are disagreements and conflicts between national and local governments that terminate cooperation and suspend dealing those issues (interview, planner, 2009)'

While the 'Law for [Act of] the Development of the Cultural and Creative Industries (Ministry of culture, 2010)' has solved issues in terms of CCIs clusters policies cross-sectoral coordination, it has also introduced some degree of competition between the local government (Taipei City) and the national government by giving more say to local governments. While the local government of Taipei believed that cross-level government coordination is critically important in conducting CCIs clusters policies and has tried to avoid some policy overlaps, the local and national governments have different objectives when implementing these policies. For example, the national government has enlarged the economic dimension of the cluster to link the global and regional markets whereas the local government has been more focused on competition between cities, increasing job opportunities and supporting city branding. Despite this difference between local and national objectives, neither the national nor the local government wanted to take initiative of finding a compromise to drive the cluster further.

As a consequence, 'what the function of the cluster is' has been a critical and common question asked by policymakers at various levels, revealing unclear policy objectives between CCIs promotion or overall economic development purpose. While the public sector could help ensure that the policy implementation is supported by a clear policy structure, it could not guarantee its policy effect without taking into account the role of the private sector in the policy implementation process (Moss, 2002; Mommaas, 2004; Kong, 2005, 2007, 2009; Pratt, 2009; Evans, 2009). As such, the next section provides an overview of the park's development through public-private cooperation.

8.3.2. Public-private sector cooperation

One of the reasons the public sector adopted an entrepreneurial approach to develop CCIs clusters in Taiwan is expressed by one of the public sector interviewees as follows:

> 'To develop a cluster gives the public sector too much financial pressure. The private sector knows better about the market operation of these industries, what they need and how do they work. Then, the private sector could cope with the market and provide the needs for CCIs for their promotion. In addition, the private sector knows how to 'manage' and to 'operate' this cluster for gaining the profits (Interview, public sector, 2009)'.

Accordingly, NanKang Software Industrial Park has been under the authority of Century Development Co., a private company that specialises in property development and management, since 1994. As a result, the cluster's development has functioned on a real estate development mode, including selling and leasing of office spaces. The role of this private company was to help the public sector achieve its policy objectives in terms of CCIs production and promotion and attraction of international investment (Interview, CEO of Century Development Co, 2009). As discussed in the literature, many approaches used for cluster operation and management focus on real estate, commerce, tourism and entertainment development (Flew, 2010; Ponzini and Rossi, 2010; Kong, 2007), although this tends to reduce the cluster role in terms of CCIs incubation.

> 'Although the private agency could positively drive the clusters' development and economic profits probability, it is not able to avoid the impacts to CCIs development by such a commercial purpose of spatial development and management approach arising up the local rent and location cost.(CEO, interview, 2011) '

In line with Porter's (1998) cluster concept, this park successfully created a clear image for software industries, but its overall contribution to CCIs development is still unclear. Based on the traditional cluster concept, the cluster has focused on providing a

supportive work environment for various CCIs and other economic activities in order to

stimulate cross-industry cooperation. This has generated some positive effects in terms

of cluster branding and reputation enhancement for businesses.

> 'The agglomeration of industries in this cluster contains biotechnology, digital
> content IC, TLCT and laboratory. However, among these industries, the CCIs
> nascent companies complained that the overloading rent is the support they
> need from the public sector (interview, agency, 2009)'

However, according to the attributed functions of the cluster, potential consumers are

excluded in the operation, development and management of the cluster; although

many software, gaming, and media companies are located in NanKang, their 'users' do

not have any relation with or influence on the development of the cluster. However,

interviewees highlight that the development and promotion of their companies is very

much dependent on their consumers rather than the infrastructures provided in the

cluster. Interviewees (CCIs workers and companies from the cluster) suspect that

policymakers do not understand the content and economic properties of CCIs, different

from other industries which first require equipment and skills training for their

development. In contrast, CCIs development first requires linking potential CCIs'

producers (creators) with their consumers (or 'users'); as such policy subsidies are

needed to support development and access to the market, especially in a country like

Taiwan where the local CCIs market is underdeveloped. More specifically, CCIs

enterprises are usually SMEs which may need financial and institutional support for a

long period of time in such underdeveloped market before becoming viable and mature.

Some interviewees were thus critical of the current approach adopted by policy makers

highlighting the need for a more tailored one.

> 'Taiwanese government and policymakers do not know the concepts of culture
> (CCIs), but still put effort on promoting culture. They (policymakers) believe
> that to promote an industry needs only 'money' and lot of input. However,
> those policymakers have no experience in developing CCIs, knowing nothing

about game and internet, how can we expect them to know what the market is. (Interview, CCIs workers, 2009)'

'The public subsidies are selective. They give subsidies to the key companies that have a good reputation, are well developed and have profits. However, these companies usually do not need funding. We understood the reason that the public sector selected the company, because it has a prompt and successful effect on policy and positively benefits the policymaker. Oppositely, the nascent companies, which need a long period for market examination, are difficult to obtain fund. Policymakers believe that the immature and low potential CCI companies will be eliminated by the market mechanism. But, the policymakers do not know this is one of the characteristics of CCIs, and have a longer period of accusation for the consumers and the market (interview, CEO, 2010)'

8.3.3. Other governance challenges

As reviewed in chapters 2 and 3, various stakeholders play a critical role in CCIs clusters policies implementation. As discussed in the last two sections, NanKang cluster integrates many public sector actors in terms of economic, planning, industrial development, trade and other CCIs related departments, which has created some issues in terms of coordination. On the private sector side, in addition to CCIs companies, real estate management and development agencies as well as industrial corporations and associations contribute to the cluster following an entrepreneurial approach, which has created some challenges. This section discusses some other issues which have occurred in the cluster implementation due to its particular governance arrangements and local and national institutional constraints.

The first issue is that the private sector was not given any position and role in the formulation of the cluster policy. Therefore, there was no outlet where the private sector could express its opinion or provide any suggestion with regards to the state of the local market and consumption and its impacts on CCIs development. In addition, the national government did not refer to local government plans and local data when

designing its initiative. As a consequence, this cluster did not take into account the conditions of the local consumption and market, creating some difficulties in terms of implementation.

> 'The concepts of the cluster regarding developing an industry (park) are positive and good. However, it should not focus on only hard infrastructure construction. In fact, our production [software related] does not entirely require clustering. The policymakers aim to gain a lot of profit from the CCIs, but they do not know that there is some endogenous content locally. Those local resources are very much related to and are understood by the local government. Without such conditions, it is hard to drive the CCIs development (Interview, CEO, 2009)'

Second, a real estate development agency has been used to mediate the development of the cluster between public and private sector representatives. However, the real estate development company has mainly represented its own goals instead of focusing on cooperation with other actors. Additionally, the public sector did fund a programme of industrial incubation for CCIs, executed by a publicly-funded industrial corporation. The representatives of these publicly-fund industrial corporation, understanding the long period required for industrial incubation, had some concerns with regards to the limited time period (3 years) for which nascent companies could receive such incubation subsidies as they felt it was too short to allow success in the market. However, their sponsorship limited their role and position in voicing such issues for CCIs.

> 'This place [NanKang Software Industrial Park] represents as a symbolic cluster. It firstly gives us a better reputation, as a marketing strategy. However, it does not give much advantage on production distribution and network. In addition, the rent is too high, the public subsidy only a couple years that physically could not give too much support for the nascent companies like us (interview, CEO, 2009) '

Finally, CCIs workers from the cluster argued that CCIs clusters need either long-term public support or time to fundamentally impact the local consumption and market, as suggested by other relevant research (Bradshaw et al., 2010; Pratt, 2009; Garnham,

2005). Therefore, the next section analyses the effect of the local context on the cluster and its implementation.

8.4. The dynamic of the local context and its impact and challenges

Previous chapters in this thesis have highlighted the importance of local contextual elements such as the state of local CCIs consumption and social-cultural contexts as well as institutional constraints in challenging the development of CCIs and their cluster, particularly in East Asian cities (Kong, 2009; Keane, 2009; Chung, 2012; Chou, 2012). This section explores how these elements have played in the development of the NanKang cluster.

8.4.1. From a command to a market economy

The NanKang Software Industrial Park has had a manifested cluster effect in gathering ICTs, high-tech and software industries and in enhancing the reputation and branding of the place. However, the contributions of the cluster to the overall development of CCIs, especially nascent companies, have been questioned due to too much focus on economic objectives and mass production associated with a traditional business cluster approach.

> 'Mass production and CCIs production have revealed a conflict; mass production has highlighted the quantity of the production, but the CCIs production focuses on the 'quality' of CCIs (creativity and innovation). When the consumer and market evaluate the price of certain CCIs products, it usually has no room for policymakers (or government). It is normal that the CCI worker does not like to intertwine culture and economic benefits. An artist does not like their product valued and price evaluated by someone else. As we know, economic development and culture are opposite [the conflict between pursuing strictly economic development and a long-period accumulation of culture]. What you can do to recognise it is a part of the economic sector rather than considering it as a culture (Interview, CEO, 2009)'

This is partly explained by the policy experience of adopting a command economy

approach to develop manufacturing clusters in the past in Taiwan (Chung, 2012; Wu, 2004; Zhang, 2001), which policymakers also applies to develop CCIs clusters.

'The policymakers follow the command economy strategy that industry and economic development could be manipulated by the public policy. However, there is no any of them [policymakers] realized the regulation and characteristics of CCIs are not the same, and hardly could be intervened and controlled (interview, CCIs worker & agent, 2009)'

However, this approach was confronted with the dramatic influence of high technology, the internet and social communities of users (consumer) on CCIs development and their cluster as highlighted by Flew (2010) and Hartley (2008) and with the issue of best associating these to a top-down policy initiative. These difficulties were reinforced by the immature and under-developed local market and consumption for CCIs.

'It is very difficult to drive CCIs development through only the public sector. Unlike basing the development of ICTs on some type of imported technological skill, CCIs strongly rely on indigenous conditions in terms of the consumers' quality and appreciation of the value of the CCIs production. The public sector believes that the CCIs and the place where the CCIs clusters emerged could symbolize a brand of the city. Before, there has been rare consideration of CCIs during public policy formulation, such as planning. We are focused only on those economic-based policies. Recently, along with the emergence of CCIs, the public policy, such as urban development, economic and tourism have been integrated. The policymakers tend to have a prompt political achievement as one of their election strategies. This explains a reason why policymakers are interested in CCIs clusters policies (Interview, Dep. Of Media and tourism, Taipei city, 2009)'

Secondly, time played an important role as highlighted by the 'time flies' property discussed by Caves (2000). In the 1990s, the local consumption market and industrial and economic structures were still based on the industrial era and demand for CCIs was low. In the 2000s, along with economic development and the process of moving from an industrial to a post-industrial era, income per capita increased enough in Taiwan to raise the demand for CCIs. This was reinforced by a shift in CCIs clusters policies to support more entertainment and leisure activities. This drove the development of CCIs up and stimulated the emergence and development of CCIs

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clusters (and policy) (Interviewees, 2009; and refer to chapter 6). This reveals a close correlation between policy interventions and the development of CCIs in Taiwan.

Additionally, as discussed in the previous sections, interviews revealed that the form and governance of the NanKang cluster contributed little to CCIs incubation even though it helped in terms of branding and networking.

> 'We decided to move here for saving costs such as rent. However, public subsidies could remain only for three years. Without public support, the rent was too expensive. Our new location was located at the city centre, more convenient and closer to potential business entrepreneurs and consumers. Additionally, our employees can communicate easily. But, in the coming 3 to 5 years, probably we will move back or need a place like NanKang where could provide good facilities and networking support for enlarging our business (Interview, SMEs, 2009)'

In addition, firms believe that being located in the NanKang cluster could positively help them 'receive public funds and subsidies' but this has not happened. Thus, many nascent companies have moved away from the cluster to reduce costs. As Kong (2005, 2007) pointed out, many CCIs clusters in Eastern Asian cities tend to be scattered around the cities to be 'close to consumers and clients', to 'reduce cost' and 'to be in a familiar industrial networking and local environment'.

8.4.2. The change in market gatekeepers

As highlighted in the literature, the emergence of telecommunication technologies and online social networks, such as Facebook, Youtube and Amazon, have affected CCIs development (Hartley, 2008; Flew, 2010). Originally, CCIs access to market and development depended on gatekeepers such as art agencies, NGOs, galleries and art shops and exhibitions. Along with the popularity and the development of the Internet, CCIs production has taken other paths to access the market through online networks which act as new gatekeepers, changing the production and redistribution chain

(Hartley, 2004, 2008; Flew, 2010). This is the case in Taiwan, especially in the case of the software industry.

> 'In the early of 2000s, this [software] industry was immature. The change of the market has also changed users' usage habit from an individual player to an interactive form between users. The reason that caused this change is very much related to the development of the Internet and the popularity of the personal computer. Since 2000, public policy and private investment have embraced the wave of Internet and E-commercial start-ups, and the market and industry boom afterward (Interview, CEO of CCIs enterprise, 2010)'

This has dramatically affected the emergence of the NanKang cluster and the development of the CCIs.

> '(NanKang) I was almost bankrupt in 2005, but started to develop in 2006. It was when the Internet started to become popular in Taiwan. There was a tendency towards using CCIs; we could only follow it (Interview, CEO, 2010)'

However, as suggested by Chapain and Comunian (2010), such place could still play a role as a gatekeeper in bringing together different producers, consumers and redistributors and connecting industries vertically and horizontally for economic purposes.

> 'In fact, we don't get much benefit from the public sector because they offer limited support on rent and a short-term contract for being located here. However, we do benefit from being a neighbour with the international companies such as Microsoft, Google Yahoo, etc. This makes it a bit easier to attract attention from investors or potential customers (Interview, CEO, 2009)'

In this sense, the cluster is no longer only used to support production activities but to connect and integrate various actors and activities as a 'broker'.

8.4.3. Issues in terms of education and labour market

As mentioned previously, in Taiwan, the social values, customs and institutional habitus do not provide an environment where the educational system supports a labour market for CCIs. Disciplines related to the development of the software industry, such as arts

and design, are less attractive compared to disciplines such as mathematics, economics or finance. Furthermore, the higher education system lacks some professional and systematic training for CCIs, such as graduate schools and research institutions. As a result, there is a shortage of CCIs managerial and operation positions in the labour market. In addition, CCIs do not have a good reputation for career development and tend to offer jobs with lower than average salaries, putting them at a disadvantage. However, these issues are not addressed by the public sector.

> 'Based on the ecological system of culture, education and political power in Taipei, or Taipei, the arts or cultural arts are not considered to be professional and/or important sectors. It is hard to get potential talent for this industry. The students who graduate from a good university are still interested in working for hardware or software industries like ICTs in TSMC (Taiwan Semiconductor Manufacturing Company Limited) and HTC (High Tech Computer Corporation). In contrast, current employees are those who have less academic achievement, and who focused on games, design and/or animation at a college or technologically-focused university (Interview, CEO, 2009)'

> 'The low salary (a Master's degree in Design – 600 pounds / month) has caused a brain drain. This is an issue that the public sector should deal with' (Interview, CEO, 2010)'

Finally, as previously mentioned, the value and price of cultural and creative products are evaluated at the end of the value chain by the users (consumers) and the market (Hartley, 2004, 2008); this process is strongly related to the development state of the local market, which as explained previously in Taiwan, has been underdeveloped or tend to favour international CCIs products instead of local production. As a CEO mentioned:

> 'the consumer is the buyer, he gets money to buy your product and has the right to choose the product. So you are not able to educate them about what the proper CCIs production should be. What you can do is, try to change and influence their perception (Interview, CEO of an enterprise, 2010)'

8.5. Conclusion

This chapter has explored the development of a top-down CCIs clusters initiative, the NanKang Software Industrial Park. Before 2002, the cluster was driven by an economic policy approach based on a traditional manufacturing and ICTs district (cluster) approach without a real notion of what CCIs were. From 2002 to 2010, a new policy direction in terms of CCIs development was put in place at the national level through the 'Challenge 2008 National Development Plan', strongly influenced by Western CCIs discourses. As such, CCIs clusters policies were accommodated to take better consideration of CCIs characteristics, notably by implementing entrepreneurial approaches; this was the case in NanKang. After 2010, like other CCIs clusters, NanKang was affected by changes in institutional arrangements put in place at the national level to cope with challenges in governance and policy implementation and gradually develop the local context.

These changes in policy rationales highlight issues related to some terminological confusion of what the CCIs are and a gap in policy objectives between overall economic development and CCIs development. However, these policy rationales and approaches lacked a significant understanding of CCIs at the early stage of policy implementation. This correlated to the governance approach that policymakers selected and the various actors involved in the policy implementation process. Issues around cross-sectoral and inter-governmental coordination have also affected the cluster and its effects and achievements. Critically, the particular consumption and market dynamic of the CCIs ignored in the formulation of the cluster have restricted the cluster's development despite an increased weight given to the private initiative during the implementation process. This highlights the role that industrial incorporations and associations have to play in both policy formulation and implementation processes to

voice CCIs needs and concerns.

Despite these challenges, the NanKang case study reveals some positive effects that top-down CCIs clusters initiative can generate, especially in terms of branding and networking. By being located in this cluster, some SMEs have obtained more business opportunities and were able to access and build cooperative partnerships with other key players or learn from their experiences. However, long term increases in rents and costs associated with being located in the cluster did not help them remain in development - especially nascent companies. In addition, this top-down initiative was not able to support the industrial incubation necessary to counteract the local underdeveloped CCIs consumption market. As for the previous case study, the development of CCIs in Taiwan requires an enhancement of the education system to support CCIs careers as well as consumers values of local CCIs production, actions which go beyond the scope of the cluster. Ultimately, the cluster played a role of 'gatekeeper' driving CCIs development by connecting vertical and horizontal CCIs networks.

Chapter 9 Discussion – Comparing and contrasting our two case studies

9.1. Introduction

The analytical framework for this research draws on four critical aspects: the CCIs, the CCIs clusters, the CCIs clusters policy and the influence of the local context, where their correlation affects CCIs clusters policy implementation. The literature review showed that these four aspects were interconnected through three critical parameters: policy rationales, the governance approach (initiatives, partnerships and actors), and the characteristics of the social, cultural and economic contexts.

The last three chapters have presented the findings emerging from the secondary and primary data gathered for this thesis. Chapter 6 provided a chronological and holistic overview of the development and implementation of CCIs clusters policies in Taiwan from the 1990s onwards. Chapter 7 presented the case study of HuaShan Cultural and Creative Park, a bottom-up CCIs clusters initiated by cultural actors, including artists and cultural workers, and then was taken over by policy makers. In contrast, chapter 8 examined the case study of NanKang Software Industrial Park, a top-down CCIs clusters policies put in place by policy makers to cope with Taiwan's industrial transformation from manufacturing to knowledge-intensive industries, such as ICT-related industries, software and media and design. This chapter combines findings from these three empirical chapters to examine similarities and dissimilarities in policy rationales, governance approach and challenges emerging during the implementation of CCIs clusters policies in Taiwan as well as the

effects of the local context on these policies. Finally, it discusses the particular way CCIs clusters policies have been transferred from Western experiences to Taiwan, exploring the characteristics of this transfer and its impacts.

9.2. Policy rationales

First, the objectives of both HuaShan and NanKang cluster initiatives were to drive economic and urban redevelopment at the national level. However, both initiatives experienced changes in their policy rationales due to multifaceted expectations concerning their impacts and the influences of imported policy discourses. These changes in policy rationales had repercussions in terms of their governance approach. For example, HuaShan Cultural and Creative Park went from a bottom-up to a top-down initiative. This lack of policy consistency created some difficulties in achieving policy objectives over the longer term.

9.2.1. Changes in policy rationales

The changes in these cluster initiatives' policy rationales reveal some uncertainty concerning what policy makers wanted to achieve, and, a lack of knowledge about the best approach to implement to their object. In addition, these changes presented some challenges regarding the coordination of actions across different sectors and levels of government, the cooperation between public and private sectors, and the capacity to integrate the impacts of the local political, socio-cultural and economic contexts.

Five similarities emerge between our two case studies in terms of policy rationales. Firstly, both clusters were initiated for economic purposes to deal with issues of industrial transformation, spatial reconstruction and economic restructuring during the 1990s. At this

stage, economic discourses about the creative and knowledge economies were used as policy rationales and were combined with a planning approach promoting tourism, industrial promotion and urban redevelopment (Mommaas, 2004; Evans, 2009). As such, policymakers believed that CCIs clusters could be used for a multipurpose policy but they did not know what was the appropriate approach, policy contents and objectives to support their effective implementation. This uncertainty and doubt delayed the policy implementation, and misled these initiatives' policy direction towards too much economic focus. Second, in changing these initiatives' policy rationales, policymakers have attempted to find the best approach to support CCIs development through clusters in Taiwan. However, this testing process has challenged the potential of these clusters to remain in development.

Thirdly, these cluster initiatives were driven by economic and planning departments rather than cultural departments. Therefore, they were designed and implemented based on traditional business and industrial cluster concepts resulting in CCIs clusters that focused on agglomeration effects, economies of scale and production and networking by regrouping activities along the CCIs value chain in one main location. This approach has raised concerns among CCIs workers as they feel this is inappropriate. In practice, CCIs clusters scatter spontaneously across other Asian cities at various spatial scales such as streets, blocks, and districts (interviewees, 2009; Kong, 2009). As such, their initial emergence in one place has high correlation with local endogenous cultural, social-economic and historical contexts that could underpin CCIs development.

Fourthly, in both cases, the local context has had manifest impacts on policy implementation and achievements (Mommas, 2004; Moss, 2002; Kong, 2007, 2009; Pratt, 2009). Chapter 6 demonstrated that there was a rapid increase in disposable income along

with economic development in Taiwan after 2000, resulting in a growth for CCIs products. This growing demand has made policymakers understand the need to support CCIs development by improving access to market and consumption. Therefore, policy makers have opted for an entrepreneurial approach as a common, effective and functional approach to link the cluster to potential markets.

Fifth, in both cases, the direction of the cluster has initially been affected by the public sector, but the private sector (CCIs workers, market demand and consumers) has then played an increasingly role in the cluster's development. On the one hand, HuaShan Cultural and Creative Park has built on its historical building and environment to create an attractive place for CCIs activities to congregate and then meet their consumers and markets. On the other hand, NanKang Software Industrial Park, based on a traditional notion of business cluster, has consisted in the construction of new infrastructure combined with some urban renewal policy to create a place for industrial agglomeration and branding. However, both initiatives encountered challenges due to the specific local contexts of Taiwan leading to changes in their governance approach and objectives over time.

9.2.2. The impacts of the changes in CCIs clusters policies rationales

In Taiwan, like in other East Asian cities, policymakers are trying to find the most effective approach to undertake CCIs clusters policies but policy implementation remains a challenge. Indeed, the lack of consistency in policy objectives reflected by the changes in policy rationales, discussed in the previous section, has become a critical issue in delaying the policy and in rending its implementation difficult.

Three main issues regarding these changes can be noted: 1) there is no clear, precise policy objective for CCIs clusters policies; 2) there is a conflict between the economic

purposes of these policies and the characteristics of CCIs; and 3) these policies put too much focus on economic purposes. However, policymakers believed that some of these issues relate to the immature local market and to a CCIs shortage in marketing ability. Therefore, they expected to solve these issues by adopting an entrepreneurial approach to conduct CCIs clusters policies, which they saw as a solution to increase CCIs access to market. This approach then drove the development of CCIs after the mid-2000s. However, it was felt that this entrepreneurial approach resulted in policymakers and private agencies caring too much about commercial profits, leading to increases in rental prices, and an acceptance of strictly commercial-related activities at the detriment of nascent companies.

These changes in policy rationales were also the results of institutional issues in the governmental system. The two case studies highlighted a competition between the national and local government (Taipei City) as well as a lack of cross-sectoral and intergovernmental cooperation and collaboration. As seen in chapter 3, the formulation and implementation of CCIs clusters policies require cross-level governmental cooperation and/or cross-sectional collaboration in terms of zoning, planning control, city branding and urban competitiveness. In Taiwan, until 2010, no clear structure was in place to ensure this coordination. This had a negative impact on the effectiveness of policy implementation, as the changes in policy rationales involved different sectors, creating some potential overlaps and a crucial need for cooperation.

9.3. The impact of governance approaches on CCIs clusters policies

In the two case studies, to cope with the changes in policy rationales, the governance approach required adjustment and/or change. These changes and their impacts are discussed in this section.

9.3.1. The changes in the public sector's role

The public sector role in the development of the two case studies is presented in Table 9.1. As discussed previously, each case study was based on the collaboration of different public sector actors - more on the cultural side in terms of the HuaShan cluster and more on the economic side for the NanKang cluster given their distinctive original policy rationales. Three factors have changed the role of the public sector in the implementation of these CCIs clusters policies over time. The first one relates to the impact of adopting an 'entrepreneurial approach' to implement CCIs clusters policies.

Table 9.1 The role of the public sector in the two case studies		
	HuaShan Cultural and Creative Park	NanKang Software Industrial Park
Main sectors	Ministry of Culture (legislation, funds, subsidy, coordination and contract)	Ministry of Economy (including Industrial Development Bureau, Bureau of Foreign Trade), Ministry of Culture (supporting only the funds, subsides in development of creative industries)
Cooperative sectors	Department of Urban Development (Taipei city gov.) Department of Cultural Affairs (Taipei city gov.)	Department of Urban Development (Taipei city gov.) Department of Economic Development (Taipei city gov.)
Coordinator	Ministry of Culture – national level	Ministry of Economy – national level
Activities	Supporting the cluster through a cross-sector cooperation and coordination	Supporting administrative affairs such as licenses, tax and evaluating the CCIs companies
Approach	Entrepreneurial approach	Entrepreneurial approach
Focus	Overseeing, legislation	Subsidies, funds, land-use, infrastructure support
Source: researcher.		

The second is the development of the local contexts in terms of increasing consumption in the market. The last concerns the changes in the governmental system following the establishment of the Ministry of Culture in 2010. These changes occurred in the two case studies and resulted from a change in the role of the public sector from direct domination and intervention to a position of overseeing and evaluating whether the contracted private sector organization could achieve required policy objectives.

The change in the role of the public sector in the governance of these clusters has had five impacts. Firstly, the political system has been reorganised towards a public and private partnership approach in order to encourage the immature or insufficient local consumption market of Taiwan. By using this cooperative form, the public sector built on the private sector's advantages of facilitating marketing and access to the consumption market. Secondly, the establishment of the Ministry of Culture has provided an increased attention to cultural activities and their role in the economy of Taiwan. As a result, CCIs clusters policies have turned from being driven by economic and planning actors to being led by cultural actors with the planning and economic actors now only cooperating to these initiatives to ensure policy implementation.

Thirdly, the establishment of the Ministry of Culture and the new law it published also addresses the need for coordination between local and national levels of government. Before 2010, national level cluster initiatives struggled in getting support from the local government in terms of infrastructure and service facilities. As such, overall urban development process and plan were hardly able to cope with such national initiatives while the local government was not involved or seriously considered during the policy formulation process. This lack of coordination also created competition between the levels of government in terms of allocation of resources, capital, talent and access to CCIs' market.

This was the case for both HuaShan and NanKang. Fourthly, over time, an increasing importance was given to the function and role of the private sector in conducting both CCIs cluster initiatives. This private sector domination was expected to bring an effective contribution to the operation of the cluster as discussed. As such, in the end, the public sector oversaw the policy implementation of the cluster rather than being physically involved in its operation. One of the critical issues resulting from this governance approach, however, was that policymakers allowed too much focus on pursuing the commercial profits of the private sector rather than addressing CCIs needs. Finally, the establishment of the Ministry of Culture, in addition to support the integration of cross-sectoral and intergovernmental cooperation, set up a more structured policy framework in terms of CCIs policies content and implementation process.

9.3.2. The role of the private actors

The two case studies are characterised by different governance approach and roles played by the private sector. Table 9.2 presents the role of the private sector in the two case studies in terms of function, role, activities and approaches. In the case of HuaShan, the private sector includes cultural and art groups, artists, community groups and the commercial agency (enterprises) which manages the cluster development. In the case of NanKang, the private sector includes SMEs and large companies as well as a real-estate agency in charge of the cluster's development and promotion, and an industrial organization and some NGOs groups supporting the coordination of some of the cluster activities. The increasing importance given to the private sector in the operation of each cluster over time has actually given more power to the real estate development agency creating some tensions between the different private sector actors with regards to the role of the cluster in supporting commercial profits versus industrial incubation. At the same time,

the private sector has helped provide a better access to the market and supported the public sector in bridging that gap. The tension between achieving policy objectives and private profits created by public-private forms of governance highlights a need for further discussion on the best way to create public-private partnerships to support CCIs clusters policies.

Table 9.2 The role of the private sector in our two case studies		
	HuaShan Cultural and Creative Park	NanKang Software Industrial Park
Actors	CCIs individual workers, Agency, and SMEs and enterprises, NGOs and local communities (Arts and Cultural groups)	SMEs, Enterprises, NGOs (industrial association) and Agency
Coordination	Agency	Industrial Association (institution), agency, and **alliance (**public and private)
Activities	Tourism, events, entertainment activities holding and spatial leasing	Lease and sell (offices)
Approach	Entrepreneurial approach	Entrepreneurial approach
Focus	Cross-industrial cooperation, Consumers and producer	Networking, branding, and cooperation
Source: researcher.		

9.3.3. Public-private cooperation and collaboration

Public-private partnerships have been a popular governance approach in East Asian cities (Keane, 2009; Kong, 2009a) as well as Western cities (Mommaas, 2004; Pratt, 2004; Cinti, 2008; Markusen and Gadwa, 2010). In Taiwan, the use of public-private partnerships aims to complement the public sector in using the private sector knowledge to predict the preferences of potential consumers and connect with the market. As summarised in Table 9.3, our two case studies were characterised by different forms and purposes of

public-private partnerships; this was linked to their differences in terms of policy content, types of industries and policy purposes.

Table 9.3	The comparison of public –private cooperation and collaboration	
	HuaShan Cultural and Creative Park	NanKang Software Industrial Park
Forms	Public – private cooperative partnership	
Power distribution	Bottom-up	Top-down
Public sector	Director	Incentive and subsidies
Private sector	Agency – Executor	Industrial association, agencies - Collaboration
Activities	Tourism, events, entertainment activities and spatial leasing	Lease and sell (office spaces) / management
Purposes	To attract market and consumption To cultural development objective	To attract investment and support clustering
Source: researcher.		

The power distribution between public and private sectors was affected by the initial bottom-up approach leading to the emergence of the HuaShan Cultural Creative Park. In the bottom-up approach, the private sector (the arts and cultural groups and NGOs) took the initiative. Their form of cooperation formed the underlying basis of the governance approach put in place when policymakers took over the cluster with a private agency acting as the main executor; the public sector overseeing that policy objectives were achieved while the agency also pursued commercial profits - an attempt to form an efficient collaborative model.

The NanKang Software Industrial Park is characterised by multi-faceted partnerships in terms of public sector cross-sectoral collaboration, public and private sectors' cooperation and private sector collaboration. In terms of cross-sectoral collaboration, the planning sector gave the initial impulsion by determining the extent, strength and types of activities to

develop in the cluster. Then the Bureau of Industry, Trends and Information Technology took over the leading role by attracting and supporting international investment in the cluster. The power distribution in the public-private partnership is based on the public sector setting the implementation framework that guides the development of the cluster, the public corporation providing funds and subsidies for industrial incubation in the cluster and the real estate development agency taking charge of administering the cluster's development. As such, the private sector representatives include two groups: the private corporations/industrial associations promoting the CCIs to the public sector and the real estate development agency developing the cluster to ensure maximum profits from its land use.

As such, the two case studies have presented some forms of vertical cooperation (between the private and the public sectors) and horizontal collaboration (between various public sector representatives) from the stage of policy formulation to its execution (see Figure 9.1). Vertical cooperation was particularly important at the stage of policy formulation to find a suitable approach to enable the cluster's management, development and industrial promotion and ensuring access to the market. Nevertheless, the public sector still led the initiatives through regulations and legislations.

The stage of policy execution emphasised horizontal collaboration between the public sector in order to bring together cultural, planning and economic development policies. In addition, horizontal collaboration between private sector actors such as industrial associations and corporations, NGOs and the executive real estate development agency was important during this stage as industrial associations and corporations aimed to strengthen the industrial influence in the cluster to ensure that CCIs' need be taken into account. However, in both case studies, even though the policy implementation was

executed by the private sector, the public sector set the cluster content and its objectives through a policy framework. This 'policy framework principle' consolidated the economic function of the cluster and ensured that the private sector's cluster development was in line with policy objectives. However, this 'policy framework principle' was limited to imposing a minimum percentage on the use of office spaces in the cluster and to directing how the cluster should operate to support industrial promotion and incubation. As discussed, there remained a gap in this policy framework, which would require the private sector to provide more spaces or incentives to drive industrial incubation.
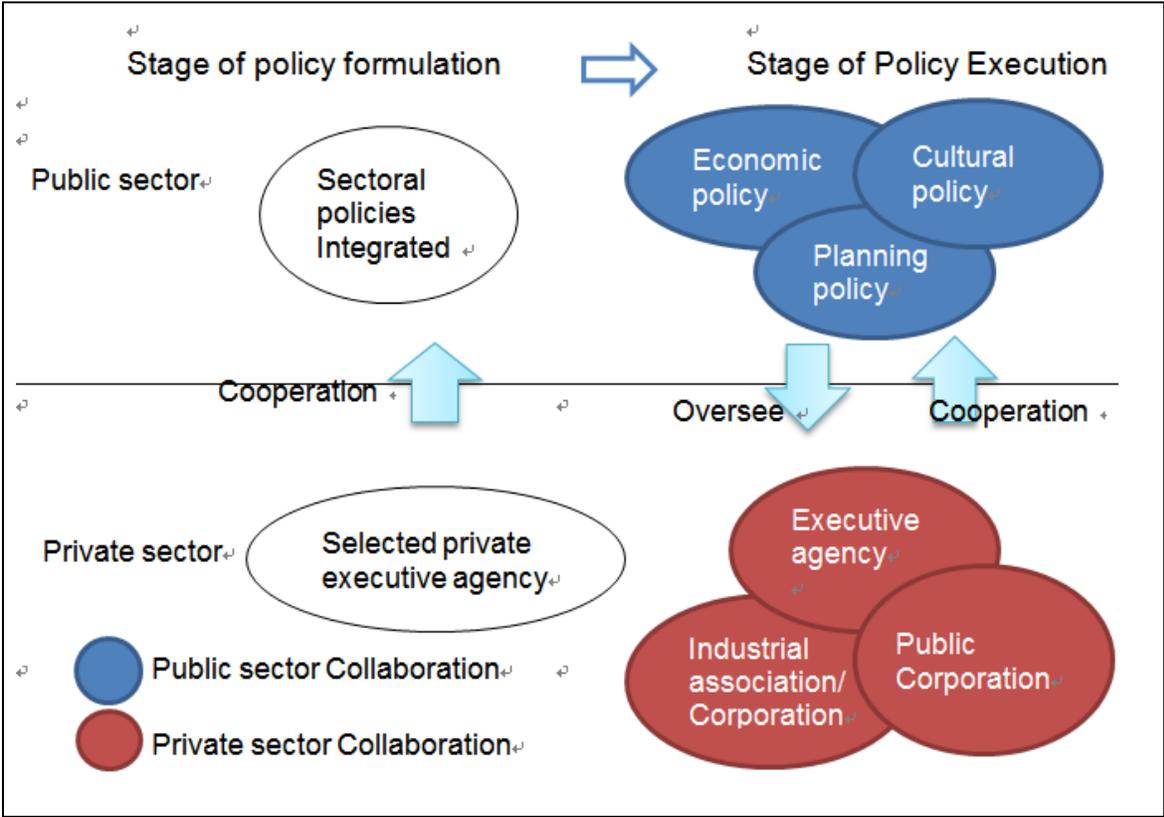

Figure 9.1 Public and private cooperation and collaboration forms at the stages of policy formulation and execution

Sources: drawn by the researcher

In sum, public and private partnerships can bring about a major economic contribution to CCIs clusters policies objectives. In many East Asian cities' cluster initiatives, the private sector plays a key role in terms of policy implementation. However, this tends to put an over-emphasis on real-estate projects when utilising an entrepreneurial approach (i.e. Singapore and Shanghai) (Wu, 2000; Yue, 2005; Kong, 2009; Zheng, 2011). In Taiwan, the real estate development agencies in HuaShan and NanKang operated the clusters either through commercial purposes such as leasing and selling office spaces or through the development of leisure and entertainment activities.

9.4. The constraints of the local context

The analytical chapters have revealed a strong impact of the local context on the development of CCIs clusters. While existing literature mentions this issue, it highlights the need for more in-depth exploration of the underlying causes and dynamic of this phenomenon (Keane, 2009; Pratt, 2009; Kong, 2005, 2007, 2008) as discussed in chapter 4. This section provides further discussion on this topic by comparing the impacts of the socio-economic and socio-cultural contexts and the institutional constraints on the development of our two case studies.

9.4.1. The socio- economic context

The socio-economic context can be characterised by elements such as the state of the market, social values, employment/labour conditions, levels of income, disposable income and consumption (see chapter 6); all these elements critically underpin CCIs clusters development (Evans, 2009; Hartley, 2008, 2004; Scott, 2006; Flew, 2003).

The process of economic and industrial transformation in Taiwan presents a very different structure and development process compared to Western cities. Therefore, Taiwan's major cities provide socio-economic activities and institutions that are different from Western cities. Interviewees from both case studies all mentioned the constraints related to the access to the market, the value chain (income, consumption and employment) and the role of gatekeepers that the local context has imposed on the development of CCIs and the emergence of CCIs clusters, delaying policy formulation and implementation. These constraints are summarised in Table 9.4.

Table 9.4	The elements of the social- economic context
Elements	Effects
Policy formulation	The planned economy met the challenges to predict CCIs market trends and consumer preferences. In contrast to traditional industries, CCIs needs more than public funds and input.
Market	Overlooking economic profits without understanding the content of CCIs. Valueless on CCIs production as compared to the creativity and innovation values. The market is strongly affected by the support from CCIs' facilities, infrastructures and equipment. A buyer-driven commodity chains and a space of consumption and production aggregation
Value chain (Income and consumption) (Employee)	Chapter seven has highlighted that the value and price of CCIs production are not valued higher than mass-production. Low income Losing talent and human capital
Gatekeeper	From physical shop, agency and intermediaries to spatial/milieu (None or selective productive activities, consumer aggregation, a connection between CCIs and consumer to inspire the market). In addition to marketing, CCIs' development requires the accumulation of more and more fans (the people who are interested in certain products)
Sources: researcher.	

As discussed, following a 'planned economy' approach, the government of Taiwan has tended to direct economic and industrial development through direct policy interventions. Based on their success in planning ICTs and manufacturing clusters in the past, policymakers adopted a similar approach when planning CCIs clusters. However, the 'demand is unknown' characteristic of CCIs products (Caves, 2000), rendered that approach difficult, especially with the underdeveloped CCIs market and consumption of East Asian cities (Keane, 2009; Kong, 2009). This underdevelopment amplifies some of the challenging characteristics of CCIs as summarised by Caves (2000) – see chapter 2. First, in East Asian cities, only a very few key (winners) producers or designers are able to sell their products in the market at a high price. As a result, not many creative talents can fully work in CCIs without subsidies, funds or holding two or more jobs concurrently. This reduces the willingness and attraction to occupy creative jobs, creates some talent outflow and ultimately limits CCIs' development. Second, given the importance of the user (consumer) in the CCIs' value chain, the degree of immaturity of the market for CCIs products generates obvious challenges in terms of the low price that consumers are willing to pay as well as the diversity and quality of products that can be produced as expressed by interviewees. Most consumers, even bankers, do not have mature artistic and literary attitudes to appreciate the value of CCIs products and place them in low priority compared with buying products of mass consumption and daily necessities. In summary, without the potential for economic profit and market support in Taiwan, working for CCIs means low salaries, low profits, and an uncertain market. These socio-economic constraints have thus limited CCIs' development, however, they cannot be changed solely through public intervention and in a short period of time.

On the positive side, since the 1990s, the economy of Taiwan has grown fast. In the 1990s,

when the CCIs concept initially emerged in Taiwan policies, the GDP[1] per capita was less than 10,000 US dollars. After the mid-2000s, the GDP per capita grew dramatically to reach over 20,000 US dollars in 2011. This increase in disposable income resulted in an increase in cultural consumption, positively driving CCIs' development. This is evident in the opinions of our interviewees and is evident in the development process of our two case studies.

In line with this, in the 2000s, policymakers started to stress the important role and function of CCIs gatekeepers. Therefore, using an entrepreneurial approach, our two case studies developed as recognised venues (branding) where consumers can gather or where various actors along the value chain can collocate to ease access to the market as discussed in chapters 7 and 8. Nevertheless, while CCIs clusters can contribute to the development of CCIs, this contribution is also limited by the state of development of existing markets and consumers.

9.4.2. The socio-cultural context

Research into CCIs clusters policies in East Asian cities has pointed out the extent to which socio-cultural contexts correlate with CCIs clusters, including in terms of policy implementation and cluster emergence (Keane, 2009; Kong, 2005, 2008). Table 9.5 summaries the various elements of the socio-cultural context that affect the development of CCIs. These elements include the historical context, the state of the CCIs value chain and its education system and the spatial location of CCIs. These elements strongly affect the development of the local CCIs consumption and its market (Hiu et al, 2011; Keane, 2009;

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[1] Gross Domestic Product

Yim, 2002; Kong, 2000). This section provides a discussion regarding the extent to which they impede CCIs clusters' development.

Table 9.5 The elements of the socio- cultural context	
Elements	Effects
Historical contexts	Blending different culture, seeking own values, affected by the colonised historical background. Giving higher values and respects to the imported good and production, and taken them as standard of evaluation of the market values of the product. The CCIs productions or goods, which have already high reputation and market values, are easier to be recognized and agreed with the final values by consumers (end-user).
Value chain (consumers-user, market)	Affecting by an 'elite culture', only highly reputed products and goods are recognized for their creativity and innovation value. Pop culture related to local culture, art, creativity and innovation is hardly appreciated and funded. Tastes and aesthetic are affected by the West (influence through the subcontracting of manufacturing during the industrial period). This resulted in a loss or lack of local attitude to give a value to artistic, aesthetic and cultural production.
Education	The education has to give the people training and appreciation of the aesthetic qualities and their values; this could underpin the CCIs' development by enlarging the market.
The spatial characteristics of CCIs	CCIs have their own networking and communication approaches across locations scattered around the city.

The colonised background of Taiwan resulted in the development of a form of multi-culturalism in Taiwan, which supports positively creativity and innovation today. However, this colonised background has also affected the way Taiwanese evaluate the production value and price of CCIs products, with imported foreign CCIs products and goods being given a higher value and reputation than local products. As a result, local CCIs

struggle to sell their products and to make profits. This issue is apparent in both case studies with access to the consumers and growing CCIs market seen as key.

Caves (2000) highlights the fact that CCIs can be characterised by a 'winner takes all' attitude where only a few CCIs products become successful overtaking the market. This characteristic is particularly manifest in Taiwan where an 'elite culture' permeates the way policy makers provide subsidies and funds to CCIs products that have already proved successful in the market. As a result, CCIs workers who have yet to pass through the market examination hardly receive any public funding under this system.

The education system, another important element of the socio-cultural context, also demonstrates limitations in supporting the development of CCIs. Human capital and talent are important to local creativity, innovation and economic development and are linked to urban competitiveness (Scott, 2006, 2004). With an education system that does not support talent sufficiently, shortages in the CCIs labour market (including human capital quality and salary) and in indigenous cultural and literary aesthetics have become important constraints, limiting the growth of local CCIs markets necessary to support CCIs clusters development.

Policy makers believe that one way to address the limited capacity of the local CCIs market is to support the establishment of cultural and arts facilities and infrastructure. This policy has been popular in East Asian cities as it is seen as both positively encouraging CCIs consumption while generating economic profits. This policy addresses the fact that CCIs workers in East Asian cities, tend to be scattered around the city (Kong, 2005, 2007), thus rendering their access to potential customers more difficult. By establishing cultural and arts facilities in some specific locations, policy makers hope to offer a place where not only users can come across CCIs products but also where CCIs clusters can emerge (Flew, 2010). However, both our case studies started as production clusters and faced initial

challenges with regards to access to consumption (Chung, 2012). The entrepreneurial approach put in place by policy makers to solve some of these challenges resulted in economic profits, increased branding and, in the case of HuaShan, increased CCIs consumption. However, one of the drawbacks of this new dynamic was a disconnection and lack of support to nascent CCIs.

9.4.3. The constraints of the political regime

Several political aspects have impacted the development of CCIs clusters in Taiwan as demonstrated by our two case studies. They are summarised in Table 9.6.

First, CCIs clusters usually use public policy to form a place's 'image' to achieve some of their political objectives such as the Creative City in Hong Kong or Media 21 in Singapore (see chapter 4). CCIs clusters policies are recognised as one of the effective policy strategies that can contribute and influence election results within a short time. Therefore, the adoption of a cluster approach is often linked to the results of a political election, which means the result of the election is interrelated with the implementation of new policies (Table 9.6). This trend can be seen in Taiwan, where main turning points in the adoption of new policy rationales related to CCIs clusters development were concurrent with election times. For example, after the announcement of the 'Challenge 2008', in several occasions, policymakers changed the direction of the policy or added different ideas based on the political party in power. Consequently, CCIs clusters initiatives tend to lack time to come to fruition.

Table 9.6	Political aspects and their effects
Elements	Effects
Election / Regime	Policy consistency issue
	Toward an approach that could support a prompt policy result
	Longer market examination
	A long period for achieving the expected policy effect
Policy content	Missing objective of CCIs cluster policy
	Economics-based results from CCIs activities dismissed by an overwhelming focus on commercial profits
Fundamental limits	The limits of applicable data brought out as a critical issue in order to formulate an effective CCIs cluster policy.
	Lack the data to estimate the potential and possible CCIs development direction for policy formulation.

Second, a gap of public survey and statistical data on the CCIs exists in Taiwan; this has consequences in terms of policy formulation. Indeed, a shortage of relevant data on CCIs consumption, production and market usually results in misinformed and inappropriate CCIs clusters policies. Since 2001, some data about CCIs such as consumption and production have been recorded in detail per-household. However, there is no specific or individual statistical data that reflects cultural consumption per-person to support policy formulation. In 2004, the public sector began recording data on the output and number of companies/enterprises by CCIs sectors in each city as well as the number of activities or exhibitions held every year. However, these data are not specific, sufficient or detailed enough to reflect consumers' demand and preferences and to estimate potential development directions for CCIs clusters. For example, neither in HuaShan nor in NanKang, are consumers' preferences, frequencies of purchases, etc. recorded anywhere in terms of

statistical data. This reveals a delay between policy implementation and monitoring and results in an inappropriate policy direction. Therefore, there is an urgent need for relevant CCIs survey and data to support policy formulation and implementation.

9.5. Policy learning and adaptation process

As discussed in chapter 4, the purpose of policy transfers is to reduce the risk of policy failure. However, the examination of our two case studies revealed a series of issues related to the lack of completeness and appropriateness of the information available to policy makers when implementing CCIs clusters policies imported from the West. These incomplete transfer processes have resulted in what Rose (1993, 2005) calls a policy transfer failure.

Indeed, during the CCIs policies formulation process, policymakers did not have enough information to understand the content and the definition of CCIs. This misunderstanding wrongly led policymakers into adopting a traditional business cluster approach, inadequate to support CCIs' development. In addition, the difference in the cultural political framework between Taiwan and the UK was ignored. In the UK, the Department for Culture, Media and Sport has been driving CCIs policies formulation and implementation since the introduction of the new CCIs terminology in 1998. In Taiwan, only in 2010, was the Ministry of Culture created and put in charge of driving CCIs policies. As a result, before 2010, CCIs clusters policies were treated as traditional cluster policies. Therefore, without understanding CCIs correctly and having enough information about the policy they were borrowing in terms of its underlying political framework, policy makers implemented cluster initiatives with policy rationales and governance arrangements oriented towards too much economic focus. As discussed, this resulted in implementation challenges.

The discussion about policy transfer in chapter 4 mentioned the 'soft' and the 'hard' forms of policy transfer (Benson and Jordan, 2011). In the case of Taiwan, the policy transfer has concentrated on the soft form in terms of ideas and concepts, much easier to copy from one place to another. When the policy transfer occurred in Taiwan around 2000, it came with much relevant policy discourse and content, such as the creative economy and the creative industries. However, hard forms of policy transfer such as 'policy instruments, institutions and programmes' are harder to imitate (Benson and Jordan, 2011, p.370). As such, while the UK creative industries policy toolkit (British Council, 2010) and related policy documents provided a complete policy framework as well as guidelines on research and evaluation, these elements were not transferred to Taiwan. This may explain the lack of data produced on CCIs in Taiwan as well as the lack of policy monitoring.

As discussed, the difference in local contexts between Western and East Asian cities made it difficult for the CCIs clusters policies to be implemented in Taiwan. When the interest in the CCIs emerged in Western cities at the end of the 1990s, CCIs were characterised by a mature and developed industry structure as demonstrated in the DCMS' Creative Industries Mapping Document published in 2001 (DCMS, 2001). In contrast, in Taiwan, CCIs emerged in order to support industrial transformation and economic restructuring, which means that the entire urban economy was not yet maturely developed. This explains why most CCIs clusters policies have had a top-down nature and aimed for economic development rather than emerging naturally from the market and local consumer demand. Moreover, the indigenous local contexts (i.e. social, cultural and economic conditions) that support CCIs clusters development in Western cities are under different conditions than in East Asian cities. In Western cities, CCIs consumption and market had been developed before CCIs clusters policies interventions; thus, most of the policy strategies aimed at

strengthening the existing CCIs (see DCMS, 2001). On the other hand, in Taiwan, public policy has not had enough time to be able to support the education of art, literature and cultural appreciation. This is why, in East Asian cities, the purpose of CCIs clusters policies interventions was to 'drive' and 'encourage' the development of CCIs and their emergence, notably by the construction of cultural infrastructure and facilities to enhance cultural consumption.

9.6. Conclusion

This chapter brought together the findings from our three analytical chapters and compared our two case studies based on the three analytical axis of this thesis: policy rationales, governance approach and the local context (socio-economic contexts, socio-cultural contexts and political regime). At the end, this chapter also provided a discussion about the nature of the policy transfer underlying our two case studies.

Both cluster initiatives started with specific policy rationales and governance approaches (an economic-based top-down approach for NanKang and a social-cultural bottom-up and then top-down approach for HuaShan). However, these policy rationales have changed over time to reflect changes in global policy discourse and national policy direction resulting in these cluster initiatives being used to achieve multiple objectives, i.e. economic and industrial, tourism and planning. As a result, much uncertainty remains regarding CCIs clusters policies and the best way to achieve them in Taiwan. This is a common situation in many East Asian cities.

Our two case studies suggest that, more and more, the public sector in Taiwan only engages with policy formulation and cross-sectoral cooperation and collaboration to support the cluster, leaving the private sector in charge of the cluster management and

operation under an entrepreneurial approach. However, this has resulted in an over-emphasis on commercial gain and profit, even though the private sector is still under the control of the public sector. This raises question on the appropriate level of public-private cooperation and collaboration to drive such initiative.

As evident throughout our analytical chapters, the local context in Taiwan has critically affected CCIs clusters development. The socio-economic structure, CCIs consumption and market have not yet developed enough to support CCIs development. This is reinforced by limits in the socio-cultural context in terms of CCIs education, value chain and spatial location. Under these conditions, CCIs clusters policies have been frequently used as one of the effective policy strategies that could provide short-term results for political election purposes. In addition, the entrepreneurial approach is considered an effective approach to help fill the gap between the market (consumers) and CCIs products by increasing market accessibility. However, these policies cannot rapidly solve the underdevelopment state of CCIs consumption completely which leads to delays or ineffectiveness in their implementation.

Finally, the transfer of CCIs clusters policies from Western to East Asian cities is marked by gaps in terms of information, completeness and appropriateness. Therefore, in addition to have been better understood by policy makers, these policies should have been adjusted to take into account political and governance constraints and differences in socioeconomic and cultural contexts between Western and East Asian cities.

Chapter 10 Conclusion

10.1. Introduction

This research aimed to understand the effect of CCIs cluster policy on CCIs development in East Asia, taking into account the effects of local social, cultural and economic contexts. Building and combining conceptual and analytical understanding around the notion of CCIs, CCIs cluster and CCIs cluster policy in the literature, this thesis has explored and compared in depth two CCIs cluster case studies in Taipei Taiwan. This final chapter aims to: 1) answer the research questions of this thesis; 2) consider the academic contributions and limitations of this research; 3) highlight the implications of our findings with regards to the implementation of CCIs cluster policy in East Asian cities; 4) suggest further avenues for research.

10.2. Research Findings

This thesis aims to answer the following main research question: 'To what extent can CCIs clusters policy support the development of the cultural and creative industries under the specific local context of Eastern Asian cities?' To be able to answer this, the thesis addressed the three following research sub-questions:

1. What types of CCI clusters policy initiatives have been implemented in terms of their rationales and why?

2. How have the CCI clusters policy rationales implemented matched the dynamic and functioning of the CCIs?

3. To what extent, do the types of governance approach associated with these CCI cluster policies affect the development of these clusters? What are the roles of public and private sectors and how do they cooperate and collaborate with each other, under which forms and how does it impact the development of the cluster and the CCIs?

4. To what extent does the local context affect the development of the CCIs development and how does this correlate with the success of the CCI clusters policy implementation? In what way, if it is not, could the local context be better taken into account within future CCI cluster policies?

This section answers these sub-questions in turn and concludes by answering our main question.

10.2.1. Answering Research Question 1

What types of CCIs clusters policy initiatives have been implemented in terms of their rationales and why?

Because of the urban development stage of Taiwan, many initial CCIs cluster initiatives were driven by policy makers through a top-down approach and based on an economic-orientation policy rationale (incorporating strong planning elements) inspired by discourse of economic profits – like the NanKang case. However, some initiatives emerged through more organic roots in a bottom-up form driven by social and planning rationales like HuaShan. However, owing to the interest in CCIs and their economic profits, some of these bottom-up cases have also been recuperated by the public sector later on and shifted to top-down initiatives – this was the case for HuaShan. Current CCI clusters policy and their

policy rationales have started to take into account the impacts of the Taiwan underdeveloped CCIs consumption and market by operating under the banner of public-private partnerships (inspired by an entrepreneurial approach) to try to bridge the gap between production and consumption.

More specifically, the HuaShan Cultural and Creative Park emerged in the 1990s at a time when the Taiwan government was trying fostered urban redevelopment through socio-cultural and planning initiatives to deal with the economic decline of some urban areas after the post-industrial transformation. These initiatives emphasised historical preservation and local community redevelopment through arts and cultural activities (individual artists, arts groups and NGOs). In this early stage, the HuaShan cluster was based on local communities that used arts and culture to achieve historical preservation and local redevelopment. In the 2000s, the introduction in Taiwan of Western economic policy discourses such as the 'Creative City' (Landry, 2000) and the UK CCIs terminology (DCMS 1998, 2001) triggered changes in the cluster which was taken over by policymakers in order to develop a more entrepreneurial cluster oriented towards CCIs consumption, entertainment and leisure.

In contrast, the NanKang Software Industrial Park is an example of a top-down economic cluster initiative used for supporting ICTs-based industry (i.e. software industry) through planning. The policy rationales adopted in this case focused on economic development, inspired by Western policy discourses such as the knowledge economy, creativity and innovation, branding and mixed-use in the 1990s. In the 2000s, the adoption of the CCIs policy discourse incited policymakers to enlarge the industries to locate in the cluster to include CCIs industries, i.e. design, media and animation for a wider economic effect. As for Hua-Shan, the cluster is today operated under an entrepreneurial approach.

These examples demonstrate that CCIs clusters tend to be used for multifaceted policy rationales to support urban competitiveness, and become as noted by Jayne (2005) platform for sectoral integration and policy coherence.

10.2.2. Answering Research Question 2.

How have the CCIs clusters policy rationales implemented matched CCIs dynamic and functioning?

The examination of our two case studies highlights that the policy rationales put in place by policy makers challenged the CCIs dynamic and functional nature. This can be explained by a misunderstanding and insufficient information about what the CCIs are and how they operate, leading to an amalgamation with industries such as manufacturing and ICTs. This amalgamation led to a neglect of the real CCIs dynamic in each cluster in addition to a lack of consideration of the local contexts and caused difficulties in the development of each cluster despite some policy adjustments.

The initial organic and bottom-up nature of the HuaShan Cultural and Creative Park provided policymakers with suggestions on how a cluster could be developed by building on the dynamic and functionality of the CCIs. During the social-planning initiatives period, the cluster emerged in response to the needs of local CCIs actors -such as artists, designers, dancers, performers and painters - for a place providing spaces with low rent, flexibility and historical meaning. As demonstrated in the literature, CCIs actors and activities tend to automatically locate in places with such spatial conditions and incentives. However, one of the challenges of these agglomerations in an underdeveloped CCIs market was a lack of connection with customers. The shift to a more consumption and more entrepreneurial approach to the cluster development has had some advantages as the

private sector operator has helped increased access to the market and echoed more easily the rapid changing socio-economic activities. However, the entrepreneurial approach and the new policy expectations have negatively impacted the original production dynamic of the cluster by putting too much weight on economic profits leading to unaffordable rent and a less creative atmosphere for some CCIs actors.

The NanKang Software Industrial Park offers insights on the capacity of a traditional business cluster approach to match the dynamic and functionality of the CCIs. Some of the elements of the traditional cluster approach - such as reducing production costs, promoting networking and generating a branding effect by agglomerating activities along the same value chain - had positive impacts on some companies. However, this approach had weaknesses as it was unable to address some more crucial needs of the CCIs in Taiwan such as a easing access to the market, and a long-term incubation support (through low rents notably). As such, this case study demonstrates the strong correlation between the state of the local market, the development of CCIs and the success of CCIs clusters policy. This emphasises the requirement for CCIs cluster policies to be more attuned with the local dynamic and functionality of the CCIs by undertaking a proper assessment of these elements prior to policy formulation.

10.2.3. Answering Research Question 3

To what extent have the types of governance approaches associated with these CCIs cluster policies affected the development of these clusters? What have been the roles of the public and private sectors and how have they cooperated and collaborated with each other, under which forms, and how has it impacted the development of each cluster and their CCIs?

The two cases studies reveal the extent to which governance approaches affect the implementation of CCIs cluster policies and illustrate the various roles that public and private sectors' actors can undertake and the cooperation forms put in place between them to underpin such initiatives. Bottom-up governance approaches reflect the real needs of CCIs. However, the need for funding and incubation and the overall challenge of operating in an underdeveloped may call for public intervention to support such clusters in Taiwan. However, such intervention need careful consideration both in terms of its nature and form as even an entrepreneurial approach can become problematic in balancing commercial profits and CCIs promotion.

The case of HuaShan Cultural and Creative Park demonstrated the influence of both bottom-up and top-down governance approaches on the development of CCIs clusters. The bottom-up governance approach rightly provided the requirements for the emergence of CCI clusters, such as low rent, performance space and networking. However, this private initiative was insufficient to deal with the need for financial support and better access to the market. The implementation of an entrepreneurial approach, based on Western experiences, through a public-private partnership was deemed an effective strategy to deal with these issues. In this instance, the private sector took in charge the operation of the cluster with some contractual oversight by the public sector in terms of overall content and policy objectives of the cluster i.e. types of CCIs, some free rent and facilitation strategy in terms of access to the market. However, the commercial focus of the private operator and the minimal contractual requirements imposed by the public sector resulted in an inefficient effect on CCIs incubation during the contractual period.

The case of the NanKang Software Industrial Park illustrates the effect of a top-down governance approach on the development of CCIs clusters. This top-down governance

approach was strongly affected by the 'command economy' style of Taiwan national policies in driving manufacturing and ICT clusters in the industrial era. As a result, the policy focused on providing incentives such as subsidies and funds to support production but omitted to take into account the consumption side so critical to CCIs development. Like in the case of HuaShan, a governance approach based on a public-private partnership was put in place. Various private actors were put in charge of the cluster development, operation and management with the public sector playing a role of administrative support with a correspondence office in the cluster. Without a supportive local market and consumption, the effect of the cluster was however not as positive as expected especially for nascent companies. Furthermore, as for Hua-Shan, the private agency involved in the operation of the cluster inevitably pursued commercial profits by increasing rent prices, rendering industrial incubation difficult.

10.2.4. Answering the Research Question 4

To what extent does the local context affect the development of the CCIs development and how does this correlate with the success of CCIs clusters policy implementation? In what way, if it is not, could the local context be better taken into account within future CCIs cluster policies?

Our case studies have shown how the strong interaction between the socio-economic, cultural and institutional context, the development of the CCIs and their clusters determine the success of policy implementation and policy achievements in Taiwan. The particular characteristics of the CCIs in terms of the determining role of consumers in the creative value chain have actually enlarge the effects of the local contexts on the development of

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CCIs and CCIs clusters policies in Taiwan. Indeed, the lack of support of the Taiwan education system in fostering disciplines relevant to the arts and culture has limited the development of both local CCIs production (shortage of creative workers) and consumption (lack of aesthetic values). This phenomenon has been reinforced by the low disposable income also limiting local cultural consumption until recently as well as the lack of clear policy framework to drive CCIs development at the national level until 2010. This, in turn, has impacted negatively the development of CCIs and challenged the implementation of CCIs cluster initiatives. This difference in the local context between Western and Eastern Asian cities at the time when CCIs cluster policies were adopted has generated different expectations with regards to the function and role that these policies had to play in developing the CCIs. Taking into account the state of socio-economic, cultural and urban development of Taiwan, the role and function of the cluster is no longer to encourage CCIs production but to stimulate the underdevelopment of CCIs consumption and market. This was evident in our two case studies.

The case of HuaShan Cultural and Creative Park revealed the impact of the local contexts on an emerging cluster in terms of the gap between local CCIs consumption and production. When the Hua-Shan cluster emerged at the end of the 1990s, by regrouping various creative producers, the demand for CCIs was still low due to the limited disposable income and the cultural and institutional constraints mentioned above. This drove policy makers to adopt an entrepreneurial approach (public-private partnership) and shifted the cluster's activities towards cultural consumption in order for the cluster to remain in development and grow.

The case of NanKang Software Industrial Park demonstrates the effect of the local context on a top-down economic cluster aiming to foster CCIs production, in, again, limiting

available talent, CCIs demand and the necessary policy coordination required for such top-down initiative. As a result, the 'command economy' approach adopted by the Taiwan government has failed to provide the necessary long-term subsidies and funding necessary to support nascent CCIs production develop and access their market in such conditions. In addition, the public sector did not provide enough guidelines/regulation to avoid some of the negative impacts of adopting a public-private partnership in operating the cluster – i.e. the pursuit of too much economic profits impeding potential CCIs incubation.

10.2.5. Answering the Main Research Question

To what extent can CCIs clusters policy support the development of the cultural and creative industries under the specific local context of Eastern Asian cities?

Four main elements emerged from our findings with regards to answering our main research question. **Firstly**, CCIs cluster policies in Taiwan like in many East Asian cities have been influenced by a commercial and flagship approach with the objective of deriving economic profits from commercial, entertainment and consumption activities. In addition, these approaches have been adopted to counteract weaknesses in CCIs marketing and the characteristics underdevelopment of CCIs local consumption and market in East Asian cities. Finally, policymakers also use cluster policies to present significant political achievements during election time. For these reasons, CCIs cluster policy has become a popular policy strategy in East Asian cities.

Secondly, the effectiveness of CCIs cluster policies is very much dependent on wider local contextual elements such as the existence of a local demand for CCIs production and a certain level of cultural consumption and expenses in East Asian cities. This demand was very low in the 1990s and is starting to grow more since the 2000s. As such, in contrast to

Western cities, Eastern Asian cities did not benefit from a mature and supporting local CCIs consumption when CCIs cluster policies started to be implemented and this local consumption still needs time to develop and grow. Consequently, instead of being supported by the local context, CCIs cluster policies were used to develop and grown local CCIs consumption and market to encourage CCIs development. This is why, in East Asian cities, CCIs cluster policies tend to combine economic rationales with planning rationales in terms of the construction of CCIs infrastructures, facilities and equipment.

Thirdly, the underdevelopment of the local context in terms of aesthetic literacy, understanding of CCIs values, creativity and innovation and intellectual property has seriously limited the development of CCIs, and as a result, the policy rationales and governance approach adopted to drive CCIs cluster policies. Indeed, the economic policy purpose of attracting international investment and talents used to drive some top-down CCIs cluster initiatives in Taiwan did not take into account this local contexts and the way CCIs develop naturally. This resulted in difficulties for these policies to match the existing CCIs dynamic and functionality in Taiwan. As highlighted by Caves (2000), the emergence of CCIs depends very much on bottom-up initiative where CCIs consumer demand meets its market – this tends to happen in very scattered locations in East Asian cities. In contrast, top-down CCIs cluster initiatives tended to concentrate CCIs production activities in one location and provided them with some financial aids and some supporting legislation and direction through an entrepreneurial approach. In line with this, CCIs clusters in Eastern Asian cities play a role which has less to do with production function but more to do with short term incubation acting as gatekeepers. Nevertheless, this varies according to the degree of integration of consumption function to the cluster and to the extent that there is already some form of agglomeration prior to the implementation of the policy as

demonstrated by the differences in our two case studies.

Fourth, an important element to consider in answering our main research question relates to the issue of policy transfer. Indeed, like other East Asian cities, the CCIs cluster policies implemented in Taipei were strongly influenced by Western experiences and discourses. As such, this research has addressed the extent of policy adaptation of these policies to the Taiwan context offering some insights for other East Asian cities. As suggested by Keane (2009) and Kong (2009), the challenges in the implementation of CCIs cluster policies in East Asian cities are linked to an insufficient indigenous local context to support both CCIs production and consumption. In line with this, the function and role of CCIs clusters in East Asia is not critically to support CCIs production but much more to serve as inspiration and cultivation of the local CCIs market and consumption. Moreover, these policies require a better governance integration between and across levels of government to take into account local CCIs characteristics and a better policy integration between economic, cultural and planning rationales to address some of the conflicting dynamics supporting CCIs development. Finally, there is an urgent need for data gathering and policy monitoring to design and implement informed policies.

It is important to note that Western cities have also experienced challenges in implementing CCIs cluster policies with regards to the role of policy-makers, social-networking and local communities and the changes in CCIs clusters under rapid socio-economic changes as highlighted in the literature (Moss, 2002; Pratt, 2009; Mommaas, 2004; Evans, 2009). An interesting contribution of this thesis relates to the discussion on the function that CCIs clusters can play in positively affecting the local context in terms of driving CCIs development through the end of the creative value chain - i.e. the consumer and market - in cities and countries in East Asia where the local context is underdeveloped.

10.3.1 Limitations

As every research, this thesis has some limitations. Given its focus, this research has not presented a detailed discussion on how the cluster could work and contribute to CCIs production but has focused more on how external effects such as the socio-economic and socio-cultural contexts affect cluster development. In addition, while it aims to draw insights for cities in Eastern Asia, the empirical research has only provided a detailed analysis of CCIs development and cluster policy implementation in Taiwan and relies on other research to draw its wider insights. Finally, another limitation lies in the analysis of the long term effects of CCIs cluster policies. This research has examined two CCIs cluster policy initiatives that developed from the 1990s onwards. However, these initiatives have been strongly affected by changes in policies which took place in the 2000s. As most of the empirical fieldwork was conducted from 2007 to 2009, measuring the long term effects of these changes has been difficult and more research will be needed to evaluate the long term impacts of these policies.

10.4. Policy Implications and Suggestions for Future Research

This research has clear policy implications for CCIs clusters policies in Taiwan and provides some insights for similar policies in East Asia. The examination of CCIs cluster policies in Taiwan with regards to their multifaceted policy rationales (planning, economic and social aspects), their governance arrangements (between public actors and public and private actors) and the effects of local context would suggest that despite its challenges adopting an entrepreneurial and public-private partnership approach to drive these initiatives may result in some positive outcomes by encouraging CCIs development while the local consumption and market are still immature.

However, there is a need for better communication between stakeholders, particularly between CCIs private actors (individual artists, NGOs and corporations) and other private actors contracted to manage the cluster (real estate development agencies, for example). As such, a form of independent public-private organisation should be established to facilitate these relationships and the dialogue between the national and local governments and the various CCIs clusters. For example, in Korea, the Korea Culture & Content Agency (KOCCA) has been recognised as an efficient public and private partnership that has contributed successfully in supporting the introduction of Korean CCIs to other countries' markets (Yim, 2002; Kong, et al. 2006; Cho, 2007). This agency role is to coordinate public and private sectors' actors, support local CCIs products and brands in accessing international market, nurture local talents, and formulate and implement relevant policies to support CCIs research and development (Yim, 2002; KOCCA[1]). This organisation is considered as a critical in making CCIs development successful in South Korea (Kong, et al. 2006; Cho, 2007) as it ensures consistency and sustainability in CCIs policies by allowing them to not be affected by changes in government such as elections. This sustainability in policy support has given enough time to CCIs to grow their market and to incubate new-born CCIs entrepreneurs. In addition, members of the KOCCA organisation include representatives from industries, academia and the public sector who cooperate and communicate to reflect the needs of CCIs as they evolve and solve any issues emerging during policy implementation. In particular, the organisation is characterised by a very powerful and flexible support from the public sector welcoming the private sector and

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[1] http://www.kocca.or.kr

academic research into the policy formulation process. This supportive system does encourage Korean CCIs to enter the global market with force. In addition, the objectives of CCIs national policies are very clear in giving an overall strategic support to KOCCA. As such, in the South Korean CCIs' ecosystem, the national government clearly assigns or shares more power with the private sector in terms of policy implementation, formulation and negotiation ensuring prompt reaction to any change in the market and as such allowing CCIs to meet these changing market requirements.

Similar organisations and/or agencies to KOCCA can be found in Australia - the ARC Centre of Excellence for Creative Industries and Innovation - and in Hong Kong – Create Hong Kong; both are semi-public bodies created to support CCIs with a more private initiative component to bypass some of the constraint from public sector settings in order to ensure stability in providing funding and support to CCIs. In comparison, as discussed previously, current CCIs clusters institutional setting in Taiwan and, as a consequence, the development of CCIs is still much more controlled by the public sector with a more limited role attributed to the private sector, limiting the capacity of CCIs to respond promptly and adequately to changes in the market. This why organisations sich as the KOCCA, ARC or Create Hong Kong could be used as template for CCIs cluster development in the Taiwanese context.

Furthermore, there is a need to establish better coordination between the central and local level of governments to clarify their respective responsibilities and objectives to make the policy implementation process more effective and to enhance the functioning of public and private partnerships for CCIs incubation. Additionally, when CCIs cluster policies are considered as main drivers of local development, it is important that they have clear purposes and are supported by appropriate data collection to monitor their policy

achievements over time.

Finally, the two case studies explored in this thesis and the analytical framework use to analyse them have provided a contextualised understanding of the correlation between local context, CCIs development and CCIs cluster policy implementation in a major East Asian city like Taipei. Our findings suggest the need for a new understanding of the role of CCIs cluster in contributing to CCIs development in East Asia. However, this would need to be tested and corroborated by other case study analysis. The use of the case study and qualitative research methods - in addition to the analysis of the experience of governance in regards to the actors and their partnership - provided an interpretation that can reflect the impacts of the socio-cultural, socio-economic and political contexts. A comparison of CCIs cluster policies implemented in different cities with similar local context or policy development process seems a relevant avenue for future research - especially given the increasing number of CCIs cluster policies emerging in Eastern Asia.

Appendix

Topic Schedules and Questionnaire

Outline of Focus on Semi-Structured Interview Themes and Questions with three groups of actors (interviewees)

1. Aim:

To know the information and data which I cannot get from the secondary data or from published public documents. Also, acquire potential developmental ideas for the future vision of industries, policy direction and, additionally, the viewpoint of scholars.

2. Interview time:

Individual semi-structured interview: around 60 minutes

3. Interview place:

Taipei city (or the public space chosen by the interviewees)

4. Interviewees:

Scheduled group 1 ： CCIs workers (30 interviewees)

- Nan-Kang Software Industrial Park : companies
- Hua-Shan Cultural Park : companies, the individual workers
- The relevant participants : NGO, Foundation organization

Scheduled group 2 ：The public sectors (10 interviewees)

- Local government : Taipei city government (Department of Cultural Affairs, Department of Urban Development, Department of Economic Development, Economic Development Commission)
- National government : Council of Cultural Affairs; Council of Economic Planning; Industrial Development Bureau, Ministry of Economic Affairs: Council for Economic Planning

Scheduled group 3 ：Academics (5 interviewees)

Relating to the commission of both local and national government, the prospective interviewees will focus on the related background of cultural and creative industries.

5.　Interview questions design

Groups	Outcome
CCIs workers	1. To know whether the industrial cluster generate from the policy or the workers themselves in Taipei? 2. To know what is the role of the cluster for Cultural and Creative Industries, and in what extent they depends on policy strategy. 3. To know what is the viewpoint from an industrial angle on policy promoting industry development. 4. To know the reasons why industries choose a specific place to locate.
Public sectors	1. To know what the function of policy strategy is on the practicing Cultural and Creative Industries. 2. To know the policy how public sectors act out their role in applying urban planning strategies through Cultural and Creative Industries. 3. To know what effect the development of the industries by policy strategies has on cultural policy and urban planning. 4. To know how to promote the industries by policy. And, what are the related activities applied to increase advantage. 5. To know the urban planning law on how to direct spatial development and affect Cultural and Creative Industries.
Academic researchers[1]	1. To know the planning objective and institution for applying Cultural and Creative Industries and urban spatial development strategies 2. To know what is the appropriate index of urban competition in Taipei city.

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[1] This group is chosen due to the planning institute in Taiwan commonly using scholars to participate in the processes of policy decision. Therefore, conducting an interview with scholars is important.

6. Interview questionnaire

Topic Schedules

These topic schedules were designed according to the three themes of this research. Three different topic schedules below (No1-No3) were produced for the interviews with three different types of actors, i.e. the Government, CCIs (individual worker, business owners and community organisations & NGOs), and the academics (a part of policymaking).

Schedule group (No.1)	for CCIs worker

1. Introduction

Give a brief introduction of my thesis and an explanation as to why the questions will be asked. Advise that this interview will be only for my PhD and all information given will be treated in confidence. Request permission to record the interview

2. View on CCIs and your business

   • Can you tell me when did you start your work and the current operation situation (specifying the types of CCIs)?

   • Could you please share your own thinking on the general background of CCIs' development in Taiwan, and how this background relates to your business (market)?

   • Could you tell me the difficulties or limits that occur when you are running your business (or work)? In your opinion, what are the main reasons that cause these problems?

3. About the CCIs' development and management in Taipei

   3.1 Running a business of CCIs in Taipei
   • How long have you run your business, and why/ when did you start to run your business in Taipei?

   • Which characteristics (eg. natural resources, industrial background or historical factors…) of the location made you decide to run a business in Taipei?

   • What are the challenges in the development of CCIs in Taipei?

   3.2 Location choice on the sites (Hua-Shan/ Nan-Kang)

- What made you decide to start your work/job/interest on CCIs?

- For what reason and when did you start to run your business here (Hua-Shan/ Nan-Kang)?

- What is the effect and benefit of running a business here? (please specifically mention the location, policy and industrial requirement aspects)

- Does this location have any effect on the running of your business? And in what extent of its effect?

4. Views on CCIs cluster

- What is the meaning of cluster for you? Do you think the cluster is needed for your business?

- What does the function of the CCIs cluster have on CCIs development? Does this effect happen in Taipei?

- In your opinion, what hardware (infrastructure) and software (policy, social institution and customs) needs be provided in the CCIs cluster?

- What do you think if there are any constraints of the cluster to the CCIs' development? Is it possible to avoid these and how?

5. Views on CCIs cluster policy

- Do you get any support from the public sectors? In what way (subsidies/ tax reductions)?

- Does current policy affect or relate to you? In what way? Does it benefit or limit your business development? (control)

- Have you participated in any form of decision making processes? In what way? Does it work?

- In terms of policies, what do you think are the most important for you?

6. Partnership and collaboration

- What is your view on the main actors here for this clusters' operation (development)?

- Are any government or business sectors involved in your business? Why?

- How does your business become involved? Is it a formal or informal approach?

- Do you think these partnerships have a negative or positive impact on you?

- What do you think about the role of the cluster in relation to the form of partnership and collaboration?

7. Final thoughts

Is there anything else you wish to add?

END OF INTERVIEW

1. Introduction

Give a brief introduction of my thesis and an explanation as to why the questions will be asked. Advise that this interview will be only for my PhD and all information given will be treated in confidence. Request permission to record the interview

2. The role of your office in relation to CCI cluster sites

    • What affairs are you responsible for in relation to CCIs development (eg. Implementation, funding farmers, CCIs policy formulation)?

    • What is the objective of the CCIs cluster policy at your level (to identify the national and local level, thus it is used as basis of the continuing questions)?

3. Views on CCIs

    • What is the meaning of CCIs, particularly in your departments?

    • What is your office's action and policy related to CCIs? For what purpose?

    • What do you think about the current challenges of CCIs and the CCIs cluster development?

4. Views on CCIs cluster

    • What is your opinion of CCI cluster? Why is the cluster concept adopted for CCIs?

    • Are there any CCIs cluster in the city? Is there any approach that government needs to adopt to be involved in those CCIs?

    • How is the current policy support (or being involved) in these clusters?

    • What are the main concepts of CCIs cluster policy and approach in Taiwan? How is the policy being formed?

    • What is the policy expectation of the clusters to the CCIs?

Hua-Shan / Nan-Kang

5. Views on CCIs cluster policy

- What is your office's main focus in current CCI cluster policy?

- Does your office have a clear vision for CCIs' development under the clusters approach (implementation)? What is that?

- In your view, why do you think the policy can enable the CCIs cluster to promote CCIs? And what are the barriers from local contexts to the current CCIs cluster policy?

- What is the current working model of public sectors? How does the administration work (particularly at the inner level and cross levels)

- In your view, what can be done to improve current policy in terms of contributing to an enhancement of the CCIs' development?

6. Views on the actors

- What is your view on the main actors here?

- Is there any positive effect to the CCIs cluster' development that is contributed from specific actors? Why?

- What kind of private actors are involved in the policymaking process? How are they involved in the CCIs cluster and its policy?

- Do you think current policy positively integrates the different actors?

- What are the CCIs cluster policy effects on the actors (the consumers, the CCI workers, and the private sectors)?

7. Views on cooperation and partnership

- How does your office enforce the CCIs' development to fit in with the policy expectation (vice versa)?

- Does your office provide clear mechanisms or legislation to cooperate with the private sectors? What are these? Are there any challenges and difficulties?

- Why was the cooperation / partnership model selected? What is the main purpose?

- Do you need any cooperation with other levels of government? How do you negotiate to build a cooperative model? Any difficulties?

8. View of challenges and constraints

- What are the current issues on CCIs cluster policy? What is the main issue for the development of CCIs?

9.   Final thoughts

Is there anything else you wish to add?

END OF INTERVIEW

1. Introduction

Give a brief introduction of my thesis and an explanation as to why the questions will be asked. Advise that this interview will be only for my PhD and all information given will be treated in confidence. Request permission to record the interview

2. About the interviewee

- What is the position you present on the CCIs cluster policymaking process?
- What is your background?

3. Views on CCI and its development in Taipei (local contexts)

- In your understanding, what do the CCIs mean to the policymaker?
- What is the current situation of the CCIs' development in Taipei?
- Please tell me the development process of CCIs in Taiwan? (the emergence, changes, limitation and potential aspects)
- What are the advantages and constraints of CCIs development in Taipei?(As compared to the other Eastern Asian cities)
- What is the effect from the other Eastern Asian cities on Taiwan?

4. Views on CCIs cluster policy

- What is the initial purpose for adopting the CCIs cluster into policy?
- Why do the policymakers adopt the clusters approach for developing CCIs, and why?
- What do you think about the current CCIs cluster policy? What are the key issues?
- Does this contribute to the CCIs ? Please give specific examples?
- In your view, what are the barriers between the CCIs cluster policy implementation and the development requirement of CCIs?
- In your view, what can be done to improve current policy to ensure its contribution to the CCIs?

5. Views on partnership and collaboration

   5.1 public and private sectors

   • Do you know the current public and private relationship in the CCIs cluster policy (Hua-Shan and Nan-Kang)?

   • What do you think about the contribution and effect of this form of partnership?

   • Why are these partnerships adopted? Are there any other suggestions?

   • In the CCIs cluster policy, is there any form of cooperation being addressed?

   5.2 The levels government

   • What do you think about the cooperation model in the levels of governments?

   • What are the roles and differences in the local and national governments?

   • Are there any conflicts or gaps, particularly on implementation, caused by the cooperation of different levels of government?

6. Views on policy impacts

   • What do you think about the governance approach on the two cases?

   • Do you think current policy brings about a positive impact rather than constraining the CCIs?

7. Final thoughts

Is there anything else you wish to add?

END OF INTERVIEW

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