

Prospect of Penang as a Creative City: A Conceptual Discussion

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ABSTRACT

Due to global competition among emerging cities, Penang is facing threats in maintaining its current position and retaining its talent. Penang has to transform itself for the future of its people and economy. The listing of George Town as a UNESCO World Heritage Site is an impetus to develop Penang into a Creative City where heritage and culture could play an integral role. Strategizing approaches to foster local creative and cultural industries to build branding as a Creative City is critical. This paper discusses the prospects for Penang as a Creative City by examining its internal strengths and weaknesses as well as its external opportunities and threats. Both quantitative and qualitative evidence derived from extensive literature review are tabulated in a SWOT matrix. Results revealed Penang's potential as a Creative City. This paper concludes by arguing that the key to success is cautious planning and implementation to minimize the problems created by a Creative City strategy such as gentrification and the threat of global cultural homogenization.

Keywords: Penang, Prospect, Creative City

1. INTRODUCTION

Penang is the second largest urban conurbation in Malaysia, served by a sea port, the North-South Highway, and an international airport. Penang used to be a successful trading hub for northern Peninsular Malaysia and the Indonesia-Malaysia-Thailand Growth Triangle in the early days, leveraging its position, protection of property rights, low transaction costs, openness and diversity. Kharas, Zeufack, and Majeed (2010) observed that coupled with its present agglomeration of manufacturing and services expertise, Penang is well positioned to become a successful secondary city. However, the primary engines of growth (manufacturing and tourism) in Penang are decelerating. Competition among emerging cities like Hanoi, Chennai, Guangzhou, and Shenzhen is intensifying. In addition to economic issues, Penang faces the challenges of retaining its local talent and attracting national and international investors, entrepreneurs, and workers (Kharas et al., 2010; Poh & Tan, 2012).

The competition among contemporary cities to attract global talent depends very much on the 'livability' of a city, its ability to grow, to retain and to enjoy high standards of living, engage in creative activities, and develop a sense of community (Florida, 2008; Landry, 2006 & 2012). Kavaratzis and Ashworth (2010) stressed that cities and places need to present their distinctiveness in order to stand out in today's increasingly globalized market. This has popularized the concept of 'Place Branding' (Hankinson, 2007). Place branding or place marketing has emerged as a useful planning strategy for creation of differentiation and positive images of a place/city among residents, investors, and visitors (Ashworth & Kavaratzis, 2009; Kavaratzis & Ashworth, 2010).

In planning for sustainability, Penang needs an effective city branding strategy, with a multidimensional approach, to position Penang to take

advantage of the new global trends. Since the inclusion of Penang's capital, George Town, in the UNESCO World Heritage List in 2008 for its living culture, history, architecture, and multiculturalism, urban planners and other stakeholders have begun to study the feasibility of branding Penang as a Creative City to regenerate and boost Penang's development. This could be achieved through increased inward investment and tourism, which are significant dividends from creative community development and reinforced local identity. According to Curtis (2009), the cities and towns that already enjoy a diversity of cultural resources, in particular, World Heritage towns, have the potential for creative sector development. Curtis (2009) used Penang as an example, since it has been able to capitalize on its unique heritage townscape to attract movie production.

The concept of a 'Creative City' is not new. Beginning in October of 2004, UNESCO launched The Creative Cities Network to connect cities which intend to share experiences, ideas, and best practices for cultural, social, and economic development. The Network aims at developing international cooperation among cities and encouraging them to build joint partnerships to contribute towards the development of creative industries (UNESCO, 2007) and declared that the member cities as 'creative hubs' and 'socio-cultural clusters'.

'Creative hubs' that promote socio-economic and cultural development through creative industries. 'Socio-cultural clusters' connecting socio-culturally diverse communities to create a healthy urban environment (UNESCO, n. d.).

Consistent with sustainable urban development, contemporary discourses have highlighted the need to include 'culture' as the fourth dimension alongside politics, society, and economics (AuthentiCity, 2008; Anonymous, 2009; Khoo & Badarulzaman, 2011; Khoo, Badarulzaman, Samat, & Sheikh Dawood, 2014). Penang's diversi-

fied local economy ought to leverage its rich cultural history as a capital city (i.e. George Town). New economic opportunities that hinge on the merits of 'creative economy' and 'cultural economy' should be promoted. Unfortunately, efforts in this direction remain underdeveloped and insufficiently explored by local planners and policy-makers. This paper thus addresses these urgent concerns. The main objective of this paper is to discuss the prospects of developing Penang into a Creative City by examining its internal strengths and weaknesses and external opportunities and threats. Specifically, this paper presents key quantitative and qualitative evidence from the literature in a SWOT matrix for strategic analysis.

As an overview, this paper is divided into five sections. The second section reviews the literature on creative cities and provides a brief background on Penang's creative initiatives. Section three outlines the methodology. This is followed by the discussion in section four. Section five concludes this paper by providing policy suggestions.

2. LITERATURE REVIEW

2.1 Concept of 'Creative City'

The 'Creative City' approach, as a viable urban regeneration strategy, has been advocated by scholars such as Landry, Florida, Jacobs, and Lucas. This concept has drawn worldwide attention, especially among policy makers, local governments, and urban planners. In many European and North American cities, the concept of 'Creative City' is adopted as a strategy or solution for a post-industrial economy and society. A government blueprint 'Creative City Planning Framework' by the City of Toronto (AuthentiCity, 2008, p. 23) defines creative cities:

Creative cities have a strong sense of their identity, their uniqueness and their defining strengths. They have a clear sense of the strengths and attributes that make them unique

on the world stage. And they are able to tell these stories in clear and compelling ways. A creative city demonstrates the characteristics essential to nurture human creativity. It is an open, networked and fluid society that welcomes new people and adjusts easily to new ideas and new immigrant groups; it celebrates diversity, enterprise and responsible risk-taking.

As mentioned in Agenda 21 for *Culture and Sustainable Development Report*, instead of the triangular formula of 'Economy + Social Inclusion + Environment', a fourth pillar of Culture should be incorporated into a new square model for sustainable development policy with Governance at the heart (UCLG, 2008). Assuming culture plays an important role in urban regeneration, the concept of 'Creative Cities' has been thoroughly tested in Europe, United States, and Australia, in response to post-industrialism. In these experiences, the economic contribution of creative industries via income-generation, job creation, and export earnings is remarkable (UNDP & UNCTAD, 2010; WIPO, 2012). Generally, this phenomena is observed in the cities which are well equipped with efficient transport, communications, and social protection infrastructure combined with coordinated public policies that encourage innovation and small businesses in the creative field.

2.2 Definitions of Creative Economy and Creative Industry

Based on United Nation Conference on Trade and Development (UNCTAD) (2008), creative economy is an evolving concept based on creative assets that can generate economic growth. It fosters income generation, job creation, and export earnings while promoting social inclusion, cultural diversity, and human development. Also, it embraces economic, cultural and social aspects interacting with technology, intellectual property and tourism objectives. It is a set of knowledge-based economic activities with a development dimension and crosscutting linkages at the

macro and micro levels to the overall economy. It is also a feasible development option calling for innovation, multidisciplinary policy responses, and inter-ministerial action. At the heart of the creative economy is creative industry.

As creative industry encompasses a vast, heterogeneous scope, this industry is defined by its different focuses on ‘creativity’ from the perspective of stakeholders. Each region aiming to develop creative industry should have a clear overall concept and choose a model that is best suited to its local context. Globally, creative industry is defined using seven models that are widely applicable (CNSLC, 2012). Based on these models, CNSLC has summarized how each model understands, differentiates, and defines the various aspects of creative industries.

The Creative Economy Report 2010 (UNDP & UNCTAD, 2010) attests that creative economy is one of the most rapidly growing sectors. Despite a 12% decline in global trade in 2008, world trade of creative goods and services continued its growth, reaching USD 592 billion, reflecting an annual growth rate of 14% during the period 2002 – 2008. This growth has been expanding, reaching a record USD 624 billion in 2011 (UNDP & UNESCO, 2013). Many developed countries are able to harness their creative capacities to reinvigorate economic growth, employment, and social cohesion. Table 1 shows examples of Creative Cities under the seven thematic networks devised by UNESCO Creative Cities Network. Some Asian countries (i.e. China, Korea, Japan and Thailand) have started to benefit from the dynamism of the global creative economy by promoting their creative industries through a series of well-tailored cross-cutting policies. For examples, through their efforts on creative branding and creative tourism, we are seeing positive effects on employment and income-generating activities as well as neighborhood revitalization (OECD, 2014).

Table 1. Examples of Creative Cities under UNESCO Creative Cities Network

City	Country	Theme
Edinburgh	Scotland	Literature
Iowa City	United States	Literature
Melbourne	Australia	Literature
Bologna	Italy	Music
Ghent	Belgium	Music
Glasgow	Scotland, UK	Music
Seville	Spain	Music
Buenos Aires	Argentina	Design
Montreal	Canada	Design
Berlin	Germany	Design
Kobe	Japan	Design
Nagoya	Japan	Design
Shenzhen	China	Design
Shanghai	China	Design
Aswan	Egypt	Crafts & Folk Art
Kanazawa	Japan	Crafts & Folk Art
Santa Fe	NewMexico, US	Crafts & Folk Art
Popayan	Colombia	Gastronomy
Chengdu	China	Gastronomy
Lyon	France	Media Arts
Bradford	United Kingdom	Film

Source: Creative Economy Report 2010 , UNDP and UNCTAD, 2010

2.3 Critiques and Challenges of ‘Creative City’

Although the ‘Creative City’ is widely promoted as an effective urban regeneration strategy to solve post-industrialism (Atkinson & Easthope, 2009; Leadbeater & Oakley, 1999; Porter, 2000), critiques that challenge this approach cannot be neglected. One of the most common critiques is that creative industries almost carry no boundary (UNDP & UNESCO, 2013). This has driven the development of practical mechanisms that enable the ultimate benefits of creativity to radiate. Further, the term of ‘Creative City’ has been too generally extended to encompass too broad a range for its real meaning. The Ljubljana Institute for Spatial Policies (2011) has reported a tendency for cities to directly adopt this concept without considering its real organizational consequences and practicality in meeting local needs and values. In addition, there is a serious concern from the threat of global cultural homogenization. While global cities strongly promote cultural

industries, some have found that maintaining the fundamentals of local cultural policy is a challenge (Flew, 2005; Khoo et al., 2014).

Another shortcoming of creative city strategy is the danger of gentrification via urban regeneration through creative economy (Khoo et al., 2014; Montgomery, 2005). Hamnett (1991, 2003) described gentrification, in general, as a process where the working class or the indigenous population with lower income is invaded by the middle class or other high-income groups. This transitional process is observed in many creative cities. Local residents, including members of creative class who earn lower income, are displaced from the city by the escalating cost of living. This situation thus validates the criticism that the creative city strategy mainly focuses on attracting new residents (the talented-creative class) without considering the role of existing residents as assets for city branding (Freire, 2009; Kavartzis & Kalandides, 2009; Zenker et al., 2010). According to the Ljubljana Institute for Spatial Policies (2011), local Governments can support the creative spirit by engaging the local population. This can maintain the vibrancy of creative cluster in the city despite gentrification. Florida (2013) conceded the limits of 'Creative Class' paradigm, arguing that talent clustering is less effective in generating trickle-down benefits and its benefits flow disproportionately to more highly-skilled creative workers who earn higher income.

Despite the above criticisms, creative city branding remains a viable strategy for urban regeneration. Given the achievements of the creative strategies of many different countries (CNSLC, 2012; UNCTAD, 2008; UNDP & UNESCO, 2013), the potential of the creative economy is remarkably convincing. With comprehensive planning and well-tailored policies, a creative city can support sustainable development. The abovementioned challenges could be solved when bottom-up initiatives is well supported by practical top-down polices and active participation of local

community at all stages which includes planning, implementation and monitoring.

2.4 Measuring 'Creativity'

Measuring the innovation or creativity of a place is vital in understanding current and potential growth and needs of a place. Gülümser, Baycan-Levent, and Nijkamp (2011, p.1) define 'Creativity Capacity' as "the capability of any region to generate knowledge, and thus to achieve innovation and the diffusion of innovation activity, while ensuring the viability and sustainability of this process". They agreed that the measurement of 'Creativity Capacity' helps to facilitate and orient future policies and investment decisions (of both public and private stakeholders) in developing its creative industries. However, measuring creativity is challenging due to the ubiquitous concept of 'creativity' (Kern & Runge, 2009). As proposed by KEA European Affairs, a European Creativity Index (ECI) that focuses on the social and economic factors which influence creativity in general has been established as a statistical framework for measurement of the interplay of various factors that contribute to the growth of creativity in the European Union. The ECI is composed of 32 indicators related to the development of cultural-based creativity grouped into six sub-indexes, the "six pillars of creativity" (Figure 1).

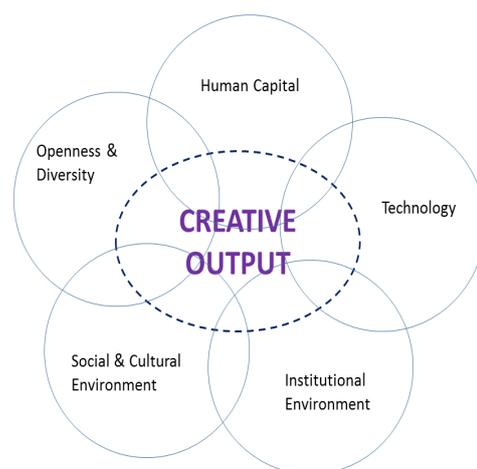


Figure 1. Six Pillars of Creativity (Kern & Runge, 2009, see also Khoo & Badarulzaman, 2011)

In one research paper, Khoo and Badarulzaman (2011) discussed the strengths and challenges of George Town as a Creative City based on the analysis of the six pillars of creativity. Their analysis identified a lack of capacity for each of the six pillars of creativity. Finally, they urged a new policy framework that incorporates, integrates, and re-positions the element of 'creativity' and 'culture' at the centre of the local policy-making. This paper expands their discussion to explore the measurement of the creativity capacity of Penang state as a whole, through a further analysis on these six pillars of creativity, using a SWOT matrix. ECI's six pillars of creativity is adopted to examine both the social and economic factors that contribute to the overall development of creativity towards the creation of differentiation and positive images of Penang state. This will be a prerequisite for qualifying Penang's branding as a Creative City.

2.5 Planning Penang as a Creative City

In 2011 and 2012, Penang was selected by ECA International as the 8th 'Most Livable & Workable City' in Asia (Penang State Tourism Development Office, 2014). Penang has been consistently voted as having the second best street food in the world. Penang is also one of the 30 global Business Process Outsourcing Centre for the future (Lim, 2010). Following George Town's listing as a UNESCO World Heritage City, Penang has noticeably elevated its position internationally. However, in order to compete with other growing cities in today's global market, Penang has to transform itself. Capitalizing on the value of its multiculturalism and the rich collection of historic elements, the city should adopt a creative city strategy for urban regeneration, steering towards a sustainable Penang.

George Town's heritage designation is a new catalyst for Penang's tourism industry. It offers an opportunity for transforming the current tourism industry into 'creative tourism'. The living culture and traditional lifestyles of the local

community are promoted as the main attractions for tourists. Since 2010, an annual month-long festival, the George Town Festival (GTF), has showcased the city's local arts and cultural assets to local and international participants. With its success in hosting world-class performances through cross-cultural collaborations and local community engagements, GTF is now well known as the most vibrant creative arts and cultural festival in Malaysia and perhaps, Southeast Asia (*About George Town Festival*, 2014). Another outstanding creative asset is Penang's street art, flourishing since 2012 when the Lithuanian artist, Ernest Zacharevic, was commissioned to paint a collection of murals within the inner city of George Town.

Based on the Creative Industry Baseline Study 2008 (MDeC, 2008), the creative industries in Malaysia contributed MYR9.4 billion (USD 3.24 billion) to the national GDP, including MYR 1.4 billion (USD 0.48 billion) of export value, and generated 45,301 jobs in 2008 (Hasnul, 2011). The Chief Executive Officer (CEO) of MyCreative Ventures Sdn. Bhd predicted that by year 2020, the GDP contribution by creative industries in Malaysia will increase to MYR 33 billion (USD 11.38 billion), which is 2.2% of the projected GDP (MyCreative Venture Sd. Bhd., 2012). This data indicates that creative industries could play a significant role in developing the economy of the country by generating income and creating more job opportunities. To promote local creative industry activities, the 2010 Budget has allocated a fund of MYR 200 million (USD 68.97 million). This fund is eligible for those directly involved in creative industries. Further, under the Tenth Malaysia Plan (2011 – 2015), the government also initiated the National Creative Industry Grant to accelerate the development and increase the competitiveness of Malaysian creative industries on the international stage (MICCM, 2010). Support from the national creative initiatives is a driving force in the realization of Penang's creative city strategy.

3. METHODOLOGY

This paper is written based on secondary data collected from the literature. Both quantitative and qualitative data are extracted from relevant documents such as government publications/statistics, published survey reports, news articles, related websites, blogs of relevant companies, national/local policy documents, research papers and presentation materials. The quantitative and qualitative evidences collected are categorized and displayed for SWOT analysis according to the European Creativity Index's (ECI) six pillars of creativity. Through SWOT analysis, the overall challenges and possible strategies for branding Penang as a Creative City may be identified by matching the relevant aspects in the matrix and evaluating the internal factors (potential and limitations) as well as the external national or global factors (opportunities and threats).

4. PENANG AS A CREATIVE CITY

4.1 An Overview of Penang

Penang, situated in the northern region of Malaysia, is a state consisting of the island of Penang and mainland of Seberang Perai covering a total area of 1031km² (0.31% of the total area of Malaysia). According to the Department of Statistics, Malaysia (2013), Penang has a total population of 1.647 million people, or 5.5% of Malaysia's total population, making it the third most densely populated state in Malaysia (1563 people per km²). Penang has a large working age population (71.5% 15-64 years old), second after Kuala Lumpur.

Based on Malaysia's Migration Survey Report 2012, Penang and Selangor registered the second highest proportion of migrants (3.5%) over 2011 to 2012 (Department of Statistics, Malaysia, 2013), indicating that it is a favorite destination state for migrants. From the economic perspective, Ooi and Che Yusof (2013) reported that Penang has contributed an average of 8.5% of total Malaysian GDP from 2005 to 2011, but the Depart-

ment of Statistics (2013) reported a slight drop in Penang's share of national GDP (7.0%) in 2012. However, Penang's economy remains vibrant, growing 3.9% in 2011 and 5.0% in 2012, growth was propelled by the manufacturing and services sectors (Department of Statistics, Malaysia, 2013).

With its heterogeneous multi-racial population and well-preserved colonial traditions, Penang is arguably one of the most tolerant and cosmopolitan states in the country. The combination of eastern and western influences as well as the co-existence of modern and heritage elements around the city has made Penang a popular tourist destination. In addition, due to Penang's high standard of living, strong investment opportunities, and diverse, tolerant and multilingual society, Penang is one the favorite locations for global investors.

4.2 Creative Industries in Penang

The inclusion of George Town as a UNESCO World Heritage Site has officially acknowledged the well-preserved historical architecture and living cultural townscape of the city. The diversified multicultural traditions and festivals of different religions and ethnic groups in its cities have made Penang an interesting place which has plenty to offer, from its local crafts, architecture, arts and culture to its exotic mix of local cuisine and famous street food. Adopting Landry's approach, the rich heritage, arts and cultural assets in Penang are the keystones for developing Penang into a Creative City and leveraging its cultural-based creative industries.

4.3 SWOT Analysis

Derived from the data and information (both quantitative and qualitative) gathered from literature review, Penang's strengths, weaknesses, opportunities and threats to become a Creative City are illustrated in Table 2 and 3.

The analysis below shows that Penang has its potential to be developed as a Creative City due to the island-state's existing strengths and

opportunities at each pillar of creativity. The multicultural and multiracial communities offer diverse artistic and cultural legacy that makes the city attractive from the perspective of open-

ness and diversity. The vibrant commercial, industrial, artistic, and cultural activities are supported by state-of-the-art infrastructure and technology offer a good quality of living. In ad-

Table 2. The analysis of Penang's potentials as a creative city

	Strengths	Weaknesses
Openness & Diversity	George Town (GT): UNESCO World Cultural Heritage Site (Khou, 2012) Penang voted as the 8 th Most Livable & Workable City in Asia by ECA International in 2011 & 2012 (Penang State Tourism Development Office, 2014)	Penang's openness & diversity has been widely debated among scholars and political leaders (SERI, 1999)
Institutional Environment	The National Creative Industry Policy (DIKN) was launched in 2011 (MICCM, 2010) Creative Animation Triggers (CAT) was launched to incubate creative multimedia companies & activities (Lee, 2014)	Complicated relations between federal-state-local government during post-2008 (Khou, 2012) Unexploited synergy from civil-society-government-business partnership (Penang Institute, 2013)
Technology	Penang Cybercity (PCC) - a high-tech growth platform for industries (MSC & Penang cybercity, n.d.) Established ICT infrastructures to support local development and transport connectivity (Penang Institute, 2013)	Poor techno-preneurship & lack of resources (i.e. financial, skilled labor) to conduct R&D - strong reliance on multinational companies' technology (Penang Institute, 2013)
Human Capital	Penang Skills Development Center (PSDC) strategise human resources development initiatives (Poh & Tan, 2012) PDC, Ministry of Entrepreneur & Cooperative Development (MECD) & Multimedia Development Corporation (MDeC) implemented Techno-preneur Academy Program (TAP) (NAHERI, 2010) Art-based educational institutions: School of Arts, USM; Equator Academy of Art, The One Academy Penang, Penangpac	Local creative talents leaving Penang for better education opportunities & career prospects (Kharas et. al, 2010) Penang's has shortage of high-end personnel in established sectors (Hutchinson, 2012) Current salaries and lifetime earnings for researchers are less attractive (Yusuf & Nabeshima, 2009, pp. 35-36)
Social/Cultural Environment	Penang registered the 4 th highest mean monthly gross household income among Malaysia's states: MYR 4407 (USD\$1520) in 2009 (PEMANDU, 2010) Penang's awards & recognitions (Penang State Tourism Development Office, 2014): - GT as "World Top 10 Best City to Visit in 2014" - World Top 15 Best Street Art in 2013 - Asia's 10 Greatest Street Food Cities in 2012	Undervaluation of creative ideas/products (MDeC, 2008) Ineffective transportation infrastructure and public transport, growing affordability gap, lack of affordable property for middle-income groups and poor housing quality for lower income groups (Penang Institute, 2013)
Creative Output	Penang New Economic Strategy - creating more innovation-driven entrepreneurs (Lee, 2014) Penang as part of Northern Corridor Economic Region (NCER) (PEMANDU, 2010) & home to 6% of the country's SMEs (Small & Medium Enterprises) (Penang Institute, 2013) Penang's GDP growth rate exceeded the national GDP growth from 1991 to 2005 (NAHERI, 2010)	Weak local innovation system - lack of local demand on 'innovation' & support on high-tech development (Yusuf & Nabeshima, 2009: 35-36) Obstacles to local SMEs: the equity quota requirement on public listed firms; the barriers in obtaining investment & working capital; difficulties in marketing products abroad (Penang Institute, 2013)

(Continued)

Table 2. The analysis of Penang's potentials as a creative city (Continued)

	Opportunities	Threats
Openness & Diversity	<p>Malaysia was ranked 12th in IMD World Competitiveness ranking for 2014</p> <p>Malaysia is ranked 32th for Global Innovation Index 2013 (Cornell University, INSEAD & WIPO, 2013)</p>	<p>Malaysia's censorship on popular cultural content (Foo, 2004; Ahmad Ishak, 2011)</p> <p>Risk of losing local identity due to cultural homogenization (UNESCO, 2009; Khoo, 2012)</p>
Institutional Environment	<p>Nurturing Malaysia's creative content industry as a key project under Economic Transformation Program (ETP) (PEMANDU, 2010)</p> <p>Available funds & grants by government:</p> <ul style="list-style-type: none"> - MyCreative Venture Capital: RM200 millions (USD 68.97millions) - Tabung Kebajikan Penggiat Seni (Artistes Welfare Fund): MYR 3 millions (USD 1.03 millions) (Ministry of Finance, 2010) - National Creative Industry Grant: MYR 120 millions (USD 41.38 millions) (MICCM, 2010) - Content Industry Development Fund: MYR 100 millions (USD 34.48 millions) (MCMC, 2012) - Digital Content Industry Fund: MYR 100 millions (USD 34.48 millions) (Najib, 2014) 	<p>Over-centralization of federal government's power: The states have limited revenue/ responsibilities and they rely on federal funding (Hutchinson, 2012; Penang Institute, 2013)</p>
Technology	<p>The National Broadband Implementation Strategy (NBI)- targeting a national household broadband penetration rate at 75% by 2015 (Malaysian Communications and Multimedia Commission, 2011)</p> <p>Budget 2015: MYR 2.7 billion (USD 0.93 billion) for building new telecommunication towers & laying undersea cables (Najib, 2014)</p>	<p>Malaysia lags in key digital economy indicators (Malaysia's digital position, n.d.)</p> <p>Malaysia ranked at the bottom fifth in 'Desktop Internet Speed' in Google's Study (2012) (Penang Institute, 2013)</p>
Human Capital	<p>Budget 2015 focus on people's economy (Najib, 2014)</p> <p>Globally Recognized Industry & Professional Certification Program: MYR 300 million (USD 103.45 million) (Najib, 2014)</p> <p>Allocation of MYR 50.4 billion (USD 17.38 billion) to develop talented, creative & innovative students (NAHERI, 2010)</p>	<p>Malaysia's brain drain (World Bank, 2011)</p> <p>Malaysian employees are weak in soft skills (Ministry of Finance Malaysia, 2012)</p> <p>Malaysia's gross expenditure on R&D is still very low – only 1.1% of national GDP (The Star Online, 2013)</p>
Social/ Cultural Environment	<p>National Heritage Act (2005) to manage, promote & preserve the heritage and living culture in Penang and Malacca (Khoo, 2012)</p> <p>Malaysia government promoting Malaysia My Second Home Program</p>	<p>Crimes and public safety issues in Malaysia and Penang</p>
Creative Output	<p>Awards for creativity & innovation: National Innovation Award, Prime Minister's Innovation Award, Young Scientist National Award & Cipta 1 Malaysia Award (CIPTA)</p> <p>Malaysian Foundation for Innovation (YIM) identified 260 products - 14 selected for incubation and commercialization</p>	<p>Malaysia unable to develop fast growing markets for knowledge- & innovation-based products/ services (World Bank, 2009, p. 53)</p> <p>Lack of enforcement on Intellectual Property protection in Malaysia (European Commission, 2013)</p>

dition, Penang's multilingual society with a high proportion of workers complements the series of planned initiatives and strategies for the development of creative and innovative human capital. This has drawn in many investors and external workforces, in particular the creative class. These factors have promoted Penang as a creative place to live, to work, to invest in, and to visit.

However, several weaknesses may threaten the process of developing Penang into a creative city. Two major shortcomings are the absence of strong local innovation system, and the lack of local competitive creative firms that could lead the market. Furthermore, inadequate local enforcement of intellectual property protection has also challenged the stakeholders of creative industries. Ineffective partnerships between federal, state, and local governments as well as between civil society, government, and business sector have become a problem for the development process.

4.4 Recommended Strategies and Approaches

The branding of Penang as a Creative City depends on how the city, its people and its economy capitalize on the city's existing strengths and opportunities while ameliorating its weaknesses and minimizing its threats. It requires a multidimensional approach and a continuous process interlinked with all marketing efforts and planning exercises (Kavaratzis & Ashworth, 2010; Kharas et al., 2010). Strategic planning, persistent control and monitoring actions are demanded to develop marketable creative products or services in Penang. Overall, the key for success relies mainly on how the local people can creatively exploit and market the abundant resources which are readily available but overlooked within the cities and the community.

Based on SWOT analysis, potential strategies and planning approaches are recommended for better results of 'Creativity' for all six pillars. For the first pillar, while promoting the *Openness and Diversity* by incorporating 3Ts (Technology, Talent

& Tolerance) as the basis of planning approach, the local government is required to cautiously strategize a series of action items and guidelines to protect the local identity. The city's Outstanding Universal Values, cultures and traditions need to be well-preserved to minimize the threat of cultural homogenization and the loss of local identity. The planning for 3Ts acts as the main approach to attract and retain a creative class by emphasizing openness and tolerance to encourage low entry and common acceptance of new ideas, new products, and new talents.

Next, under the *Institutional Environment*, it is crucial to ensure public awareness of the roles, powers, and functional systems of each ministry, regulator, and funder involved in the creative sectors. This helps to ascertain the outreach of the support and also identify the extent of local monitoring and control. In addition, a one-stop agency that is responsible for overseeing, facilitating, and funding newly emerging creative industries needs to be established to simplify all relevant procedures for practical operation and management. Transparency and accountability of the operational system for creative sectors should be emphasized to maintain the competence of these sectors.

In *Technology*, the SWOT matrix has highlighted the lags in digital economy and limited broadband coverage in the country. Thus, it is essential to accelerate the upgrading process of broadband fiber optic infrastructure in the country in order to widen nationwide coverage and to enhance reliability. Further, collaborative research between public and private stakeholders is necessary to explore the needs of infrastructure and technology for the local creative industries, particularly the high-tech and cutting-edge amenities that are required for creative production, such as multimedia, theatrical performances, and creative content.

For *Human Capital*, keeping track of the supply and demand of creative talents and related stakeholders is a prerequisite. This allows the

monitoring and supervision of performance for each participating stakeholder. Additionally, this helps to connect stakeholders in the creative sector and subsequently fosters partnerships and dissemination of ideas that contribute towards a mutual development direction. To build a local creative talent pool, the existing educational and training avenues as well as support channels that are available in Penang and Malaysia should be promoted among the local communities. More art and cultural-based educational programs, especially hands-on practical training such as mentor-mentee programs and workshops, are necessary to produce more quality local talent in the creative sector and reduce the current dependence on expatriates.

In Penang, the existing *Social and Cultural Environment* provides an inspiring creative ambience which is conducive to the growth of creative industries. However, greater effort is required to foster public recognition and appreciation of local creative assets, particularly the local arts, culture, heritage, and traditions. This could be performed through collaborative engagements among the local communities, private sector, and government institutions via creative initiatives and projects. To support the planning of a Creative City, local social issues such as traffic congestion and crime require serious attention from the government.

Lastly, to develop the local *Creative Output*, the market visibility of the local creative products requires enhancement. Effort should be made to expand the existing market to the global market level through international collaborations such as international conferences, workshops, exhibitions, and competitions. Public and private stakeholders should attempt to garner international support (i.e. consultation or funding) by creating more platforms for local talent to showcase its creative productions. This will help to expand commercialization of new creative products. The

local government should collect data on existing and potential creative establishments or producers for effective monitoring, especially for quality control. To protect the interests of creative producers, the government has to enforce and extend intellectual property laws.

5. CONCLUSION

Existing policies and institutions established for development of creative industries are well-tailored for the transformation of Penang into a Creative City, leveraging its outstanding arts, cultural elements, iconic traditions, and creative talent. To make this happen, two key strategies are recommended:

- (1) Implement plans to address social issues and overcome the challenges of growing the creative industry.
- (2) Maximizing the potential and opportunities by improving the quality and quantity of the local creative capital.

Furthermore, from the marketing point of view, marketing and promotion are crucial in order to develop successful and sustainable creative products in the market. Finally, strategic partnerships between government and industry stakeholders, including the private sector and local communities, should be forged and promoted.

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