

Arts, Antiques, and Craft Businesses Locational Choice: The Case of George Town, Penang

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ABSTRACT

Creative industries have been identified as a new engine of growth in the Historic City of George Town. Based on the Pillars of Creativity framework, the main contribution of this study is to profile the arts, antiques, and crafts businesses in George Town and identify factors that shape the locational choices of creative industry firms in the city. Interviews with the owners of thirty arts, antiques, and crafts businesses in George Town revealed that human capital, technology, tolerance, education, amenities and infrastructure, and governance are the factors considered in locating creative industries in a city. Out of these six, this study identified tolerance and governance as being the more dominant and influential factors.

Keywords: Creative industry, culture, city, location, New Economy

1. INTRODUCTION

Cities worldwide have experienced economic downturns triggered by the global financial crisis, in-migration and de-industrialization. There is now concern over whether the traditional economic foundations of many cities can continue to support city inhabitants (Cohen, 2011). Alternative strategies for generating economic growth are sought. One approach policy makers have resolved to incorporate is the concept of the creative city (Pratt, 2008). The creative city concept encourages citizens to think, plan, and act with imagination and creativity to harness new opportunities in dealing with the city environment and addressing urban problems (Sasaki, 2010).

Penang State accounts for roughly 6% of Malaysia's population, but contributed 8% of Malaysia's economy in 2010 (Chan, 2010). Penang is thus one of the top three most developed states in Malaysia.

George Town, the capital and largest city of Penang State (702,000 population) is situated in the northern part of Peninsular Malaysia. Centuries of immigration and colonisation have shaped the development of George Town as a military, trading, financial and administrative base, and to date George Town retains many of its colonial era buildings and heritage ambiance. In 2008, George Town was listed as a UNESCO World Historic City for its outstanding architectural and cultural townscape. In 2010, George Town was ranked as the most liveable city in Malaysia, eighth most liveable in Asia and the 62nd in the world by ECA International (www.ECA-international.com).

The creative city concept and creative industries are expected to enhance the economic and socio-cultural landscape of George Town. This is consistent with efforts to preserve and conserve George Town's living cultural diversities following its inscription in the UNESCO World Heritage List in 2008 (Badarulzaman & Ahmad, 2007).

Over the next few decades, George Town aims to attract and retain human capital needed to evolve into a knowledge-centric economy (Gerke & Evers, 2012). The report *Cities, People and the Economy* published by Khazanah National and the World Bank (Kharas, Zeufack & Majeed, 2010) revealed that George Town is losing its human capital and that the overall state economy is stagnating. There was a need to train and attract skilled workers and new talent, as well as to revitalise the physical and cultural assets in the city to preserve the city's heritage property and attract and retain skilled and creative workers. It is also important for the city to maintain its liveability.

As a historic city making a marked presence globally and being exposed to both global and local forces of social transformations, the validity of the creative city/creative industry concept for George Town warrants further in-depth exploration, particularly of the factors that shape the locational choices of creative industries and businesses in a city. There remains a dearth of research in Penang on the topic of creative cities/creative industries. This study addresses this research gap especially when national blueprints (Kharas, Zuefack & Majeed, 2010) highlight Penang's strategy and aspiration to leverage and harness the city-state's 'creative economy'.

In this study, the following research question is raised: "What are the factors that influence the locational choices of creative industries with specific reference to arts, antiques and crafts businesses in George Town, Penang?" This paper discusses the factors that influence the locational choice of creative industries, specifically the arts, antiques and crafts businesses in the city in George Town, Penang, using the framework of the Pillars of Creativity. The owners were asked to identify factors that influenced their choice of locating their businesses in George Town.

2. LITERATURE REVIEW

2.1 Culture, Creativity, and Locational Choice

The interaction between culture and creativity is a complex one. According to Amabile (2000), three key components related to culture-based creativity are artistic skills (i.e. technical expertise), lateral thinking skills and a conducive environment. Culture-based creativity is based on people's intrinsic values and motivations that are mostly spontaneous, rebellious, and chaotic (Glow et al., 2005). Culture-based creativity requires the abilities to think laterally, be strongly imaginative, to think out of the box and stand out from the crowd. Technical, artistic and craftsmanship skills are necessary to produce culture-based creativity. A conducive social environment is therefore important to encourage creativity through art education, art and culture investments, and citizens' cultural participation. Without creativity, cultural productions such as music, poetry, paintings and literature would cease to exist (Czikszentmihalyi, 1996).

The rise of cultural industries is closely related to creative industries; a phenomenon linked to the dynamics of informational, global and networked-based 'new economy' (Castells, 2000). Culture has played a major role in nurturing creative people to capitalise their imagination and skills in creative businesses, thus contributing to the growth of creative industries in an area. The creative city has a clear vision of liveability, diversity, and economic development as it relates to safety, aesthetic, expressive, and environmental concerns of people who live, work and visit there (Markusen & Gadwa, 2010).

The discussion of the locational choice of creative industries in cities has extended from the concept of 'cluster' or 'agglomeration of firms, industries and factories' as defined by seminal authors such as Alfred Marshall. Marshall (1966) argued that the agglomeration of firms in a single location will generate external economies of scale by ensuring sufficient provision of skills specific to

a particular industry, decreases unemployment and allows for knowledge overflow to adjacent areas which results in local economic development. Urban sociologists like Jane Jacobs enhanced the concept of 'agglomeration forces' by arguing that "the true power of cities comes from the clustering of people, rather than the clustering of firms" (Florida, 2008). Extending this understanding, Richard Florida coined the 'Creative Class' and 'Creative City' concepts. In this study, the Creative Class or creative individuals are defined as creative employees who work in the creative businesses surveyed in this study.

In the choice of locating creative industries, a key point of reference is Florida's work that accentuates 'the power of place' as the ultimate determinant, justifying the clustering of the Creative Class in certain locations, especially in urban areas. Locational choices of creative industries/businesses must be places and spaces that are promising in availability and accessibility of varied forms of job opportunities, lifestyles, social interactions, diversity (i.e. energy, positive vibes), authenticity, uniqueness, and most crucially, 'identity of a place' (Florida, 2004). The section below will link the discourse on locational choice of creative industries to the pillars of creativity.

2.2 Pillars of Creativity: Concept, Approach and Examples

The European Creativity Index (ECI) is a statistical framework that measures the interplay of factors contributing to creativity growth in the European Union. The ECI is inspired by previous indexes of creativity, innovation, and economic performance, but introduces specific elements related to art and culture to incorporate a cultural dimension in the measure of the creative and innovative potential of Europe (KEA European Affairs, 2009).

A focus on the cultural dimension of creativity takes into account several key factors. These include art education, cultural employment,

regulatory and financial support, cultural participation, technology penetration, and economic contribution of creative industries. These factors or indicators can be schematically displayed as the “six pillars of creativity” comprising Human Capital, Openness and Diversity, Social and Cultural Environment, Institutional Environment, Technology, and Creative Output. These indicators are illustrated in Figure 1.

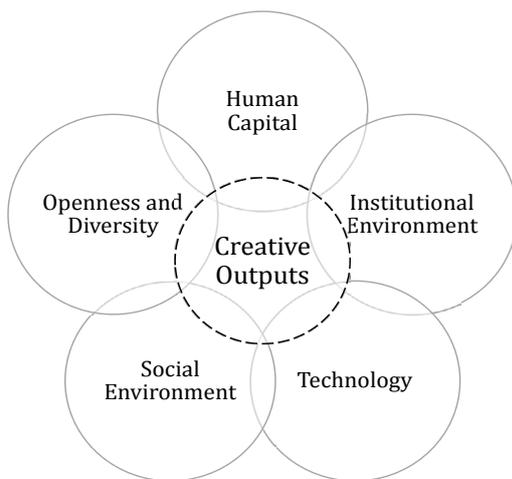


Figure 1. The pillars of creativity

Source: Attali, 2009, p. 5; as cited in Khoo & Badarulzaman, 2011

From a human capital view, it is not material, but skilled talent or human capital that is the dominant factor in production (Hall, 2004). The human capital theory argues that the key to growth is in endowments of highly educated and productive people, and not cost reduction measures. The human capital theory asserts the ability of cities to attract creative people to directly encourage economic growth (Jacobs, 1992). Evidence has shown that human capital is the central force in regional growth and that human capital clustering is the source of regional agglomerations of firms which concentrate to reap the advantages that stem from common labour pools (Glaeser, 1998). Places with a greater number of talented people grow faster and attract more talent (Glendon, 1998). Florida's creative capital theory (2002) supports the contention that creative people power the economic

growth and that such individuals prefer places that are innovative, diverse, and tolerant. His theory differs from the human capital theory in two respects. First, it identifies a type of human capital, creative people, as the key to economic growth. Second, it identifies the underlying factors that shape the locational decisions of these people as discussed in the previous section. Creative capital is initiated by the 'creative class', people whose work involves creating new things and forms. This class may consist scientists and engineers, entertainers, actors, designers, and architects, as well as the 'thought leadership' of modern society: the nonfiction writers, editors, cultural figures, think-tank researchers, analysts, and other opinion-makers (Florida, 2004). Creative class people are expected to think and apply approaches in unique ways to resolve problems, exercise their judgment, and try new ideas and innovations. Such creative-class people look for communities with high-quality experience, an openness to a diversity of pursuits, and an opportunity to validate their identities as creative people (Florida, 2002).

Cities and their surrounding regions must have a social environment that is open to creativity and diversity in all its forms. Open creativity is most sought out by the 'creative class' who pursue a common goal of earning money through creative thinking, designing and producing (Florida, 2004). A creative city also requires creative hard and soft infrastructures. The soft structures include highly skilled and flexible workforce of dynamic thinkers, creators, and implementers. The power of imagination fuelling a creative city must nurture, attract, and sustain talent to mobilize ideas, talents and creative organizations for generations (Landry, 2006). It incorporates mental infrastructures for using competitive urban tools and networking capacity to address city problems, capitalize on assets and opportunities, and create a conducive environment. It also requires a change in mindset, perception, ambition and will, and strong fundamentals in its cultural depth and wealth (Landry, 2006).

Culture and its social properties are increasingly recognized as a driver of creativity. Creativity cannot exist without a social world through which cultural products and cultural producers are generated. Exposure to arts and culture actually encourages creativity in people. Cultural participation, measured by level of attendance and people's participation in cultural events contributes to the production of new ideas and innovative ways of self-expression. Cultural participation helps people discover their intrinsic resources of talent, ingenuity and aesthetic judgments (Travers & Glaister, 2004). Several policy strategies in the European Union have made a connection between the performance of cultural and creative sectors, and cultural participation, to general societal progress (DCMS, 2010). A cultural environment such as concert venues, book stores, art museums, galleries, street art and cinemas are vital in the development of a creative society. Such a cultural milieu provides an inspiring ground for debate, discourse, idea development, and networking. Galleries, museums and performances are the places where the creative sides of people flourished. A cultural environment encourages people to act differently, think outside the box, and transmit ideas to generate new things (Travers & Glaister, 2004).

The creative industry is understood in the context of information and communication technologies (ICT) and digitalization. Issues arise when the city's or state's economic profits are returned to the controllers of technological distribution systems, rather than to the original producers of the cultural products or services. The technological products available to individuals have turned many of them into creators. People in a highly networked world use personal computers, digital cameras or cell phones as a new form of creative expression. Artists drive technology to new levels of sophistication in musical composition, choreography, theatre design, and architecture. Technology also produces creative activities such as computer animation, digital graphics and sound synthesis (KEA European Affairs, 2009).

There is a symbiotic and indirect relationship between creative industries and the education sector through the sharing of human capital. The education system as a whole needs an overhaul so that students acquire higher order knowledge and skills to create, discover, innovate, solve problems, and self-assess (Landry, 2006). A knowledge-based economy is based on competitive advantage factors such as an integrated labor force, education, technology and investment strategies as exemplified by Japan, Singapore, and Finland (Cunningham, 2004). City governments have attempted to advance knowledge-based economy models, to prioritize innovation and R&D driven industries, intensive re-skilling and re-educating the population. Creative industries such as arts and entertainment are relevant to the broad R&D field supported by ICT infrastructures or 'enabling technologies' such as multimedia, broadcasting and 3D. Establishing institutions for higher education however may not be enough to meet a creative city milieu, as it requires a variety of firms, cultural institutions, diverse services, and adequate residential stock for support (Musterd, 2004).

The culture and creative industries in Europe have been the drivers of creativity and economic growth (Howkins, 2001). Studies show that those firms which spend more on creative inputs are more likely to produce innovative products, and those firms which have linkages with creative industries offer more diverse and better quality products (Bakhshi et al., 2008). Inspired by such development, other cities have been outdoing one another to achieve the status of a Creative City. Creative place-making for example is also considered as a creative output (Markusen & Gadwa, 2010). This initiative involve public, private, non-profit, and community sectors coming together to shape the physical and social character of their neighborhoods, town, city, or region around the arts and cultural activities. Creative place-making animates both public and private spaces in an area, rejuvenates structures and streetscapes, improves local business activi-

ties, increases public safety and brings diverse people together to inspire creativity (Markusen & Gadwa, 2010).

2.3 Conditions for being a Creative City

Broadly, the conditions for cities to qualify as creative cities can be summarized as follows:

- (1) The availability of flexible, creative and dynamic labor force as a basis for economic restructuring including the service sector, culture, consumption, high-tech firms and media sector;
- (2) The availability of a place, space, urban structure and creative ecosystem that meets current consumption behaviors such as arts and cultural places, learning space and such;
- (3) Embrace of a diversity of ideas, expressions, talents and cultures in a community/society to nurture creativity and innovation. (Musterd, 2004; Memphis Manifesto, n.d.; Drake, 2003)

These conditions are instrumental in the birth of a creative city and will form the three categories of Place Indicators that will be discussed in the subsequent sections. It is interesting to explore whether such conditions exist and the extent to which they contribute to the growth of creative industries in George Town in Penang, Malaysia.

3. METHODOLOGY

This study employed a mixed method approach by using a standard survey questionnaire and interviews to collect data to answer the research question raised in the introduction. The study area is the Historic City of George Town which is also known as the Core Zone covering an area of 109.38 hectares. It is bounded by the Straits of Malacca on the north-eastern cape of Penang Island, Love Lane to the north-west and Gat Lebu Melayu and Jalan Dr Lim Chwee Leong to the south-west corner. The Historic City of George Town is renowned for both its tangible and intangible cultural heritage which

comprises of historic buildings, traditions and local cultures that are attractive and appealing, especially to the Creative Class. The site was chosen due to its historical, social, and cultural attributes.

This study used the 13-sector classification of creative industries by the UK's Department of Culture, Media, and Sports (2010): advertising, architecture, arts and antique markets, crafts, design, designer fashion, film and video, interactive leisure software, music, television and radio, performing arts, publishing, and software. The latest statistical release by the DCMS (2015) has reorganized these sectors into nine (9) categories: (1) advertising and marketing, (2) architecture, (3) crafts, (4) design (product, graphic and fashion design), (5) film, TV, video, radio and photography, (6) IT, software and computer services, (7) publishing, (8) museum, galleries and libraries; and (9) music, and performing and visual arts. At the time when this study was conducted, only the earlier 13-sector category was available, justifying its use for this study. A simple inventory survey via observation was first conducted to identify the location and quantity of business enterprises for each of the 13 categories as illustrated in Table 1.

Table 1. Total number of creative businesses by sector in the Core Zone

Creative business sector	Quantity	%
Advertising	2	1.79
Architecture	3	2.68
Arts and Antique Markets	43	38.39
Crafts	23	20.54
Design	5	4.46
Designer Fashion	18	16.07
Film and Video	2	1.79
Interactive Leisure Software	3	2.68
Performing Arts	1	0.89
Publishing	4	3.57
Software	8	7.14
<i>Total</i>	<i>112</i>	<i>100.00</i>

Given that the sectors on 'arts and antique markets' (43 units) and 'crafts' (23 units) have the most businesses, they are the key respondents for this study. Tables 2 and 3 show the breakdown and number of creative businesses for these categories.

Table 2. Breakdown of creative businesses for arts and antique markets in the Core Zone

Arts and antique markets	Number of businesses
Antique Jewellery	28
Paintings	2
Sculpture	5
Furniture	6
Maps	1
Drawings	1
Prints	0
<i>Total population</i>	43

Table 3. Breakdown of creative businesses for crafts in the Core Zone

Crafts	Number of businesses
Textiles	13
Ceramics	1
Wood	2
Metal	3
Glass	3
Graphic	0
Leather crafts	1
<i>Total population</i>	23

Broadly, the arts and antique markets in George Town include antique jewelry, paintings, sculpture, furniture, maps, drawings, and plans. These enterprises are located along Jalan Masjid Kapitan Keling, Lebuah Acheh, Lebuah Chulia and Lebuah Pantai. Crafts sector firms, producing textiles, ceramics, wood, metal, glass, and leather goods are largely located along Lebuah Chulia, Lebuah Armenian and Jalan Masjid Kapitan Keling.

Subsequently, samples were drawn from each category as shown in Table 4.

Table 4. Population and sample size

Type of creative industry	Population	Sample size
Arts & Antique Market	43	20
Crafts	23	10
<i>Total</i>	66	30

Thirty respondents participated in the study. They are business owners of arts and antique shops and crafts shops. The questionnaire items were designed based on the concept of the Six Pillars of Creativity and the conditions to be a creative city.

The survey consisted of five main sections as follows: (1) Profile of creative business owner, (2) Profile of creative business, (3) Core Zone as a location of choice, (4) Quality of place indicator for George Town, and (5) the future of George Town as a Creative City. Items were ranked by respondents based on a 5-point Likert Scale where '1 = Strongly Disagree' and '5 = Strongly Agree'. Reliability tests were conducted.

Follow-up interviews were conducted with selected creative business owners to get more in-depth understanding and insights regarding their choice of locating their businesses in the Core Zone. Guided by an interview protocol with open-ended questions, each interview lasted between 30 minutes to an hour.

4. RESULTS AND ANALYSIS

4.1 Profile of Respondents

The demographics of the creative business owners are given in Table 5.

From the survey, males comprised 87% of the business owners. The majority of the respondents are aged between 45 and 64 (43%). Most owners are Chinese (43%) followed by Indians (40%). The majority of respondents (63%) are merely equipped with SPM (O-levels) qualification if not lower.

Table 5. Profile of creative business owners

Item	Freq.	%	Arts & antiques	Crafts
<i>Gender</i>				
Male	26	87	18	8
Female	4	13	2	2
<i>Age group</i>				
18-24	1	3	0	1
25-34	6	20	4	2
35-44	8	27	5	3
45-64	13	43	10	3
65+	2	7	1	1
<i>Ethnicity</i>				
Malay	3	10	3	0
Chinese	13	43	5	8
Indian	12	40	10	2
Others	2	7	2	0
<i>Education Level</i>				
SPM & lower	19	63	11	8
STPM/ Matriculation	3	10	3	0
Diploma	7	23	5	2
Bachelor degree	1	3	1	0

Profiles of the creative businesses were presented in Table 6. Most of the businesses (63.3%) were established before 2008 and played an instrumental role in George Town's award of UNESCO World Heritage List. For their human capital/skills requirement, the key skills required were design skills (36.7%), management skills (20%), promotion skills (20%) and accounting skills (10%). Generally, employees in these sectors worked between 5 to 9 hours daily. The highest average working hours for these businesses was 7 hours (43%) followed by 8 hours (26%) and then 6 hours (17%). For average monthly earnings, half of the creative businesses reported that they earned between RM1001-2000 (US\$226-452), followed by those who generated RM2001-3000 (US\$452-678) per month (30%).

4.2 Factors Influencing Locational Choice

From the findings, all of the respondents asserted that since their business commenced, George

Table 6. Profile of creative businesses

Item	Freq.	%	Arts & antiques	Crafts
<i>Year established</i>				
1993 - 1997	3	10	2	1
1998 - 2002	7	23	4	3
2003 - 2007	9	30	5	4
2008 - 2012	11	37	9	2
<i>Skills required</i>				
Accounting	3	10	2	1
Communication	1	3	1	0
Craftsmanship	1	3	0	1
Designing	11	37	6	5
Management	6	20	4	2
Promoting	6	20	6	0
Repairing	1	4	0	1
<i>Average working hours</i>				
5 hours	2	7	1	1
6 hours	5	17	5	0
7 hours	13	43	8	5
8 hours	8	26	5	3
9 hours	2	7	1	1
<i>Average monthly earnings</i>				
Below RM500 (US\$113)	1	3	1	0
RM501 - 1000 (US\$113 - 226)	2	7	0	2
RM1001 - 2000 (US\$226 - 452)	15	50	11	4
RM2001 - 3000 (US\$452 - 678)	9	30	5	4
RM3001 - 4000 (US\$678 - 904)	1	3	1	0
Above RM4000 (US\$904)	2	7	2	0

Town has always been their first choice of location and there was no question whatsoever about relocating elsewhere. The responses from the business owners on the factors that influenced them to locate in George Town are shown in detail in Table 7.

For the 'human capital' factor, 'quantity of creative talent required' obtained the lowest mean value (2.93) while the item 'quality of creative

talent required' obtained the highest mean, 4.00. This illustrates that quality and *not* quantity is more important in the success and operation of creative businesses. An average of 3.67 business owners opined that it is due to the excellent quality and competency of creative workforce driving Penang's economic development that they have chosen to locate their businesses there.

Subsequently, business owners were asked whether 'technology' has in any way influenced them to locate their businesses in the study area.

The item asking whether state-of-the-art technology required by their type of business was a major factor in their location choice was given a mean value of 2.97. This value is rather low since most arts and antique and crafts businesses do not require advanced technology in the production of their goods and services.

The 'tolerance' factor scored 4.27 supporting the statement that George Town is a place that is open and tolerant. An equally high mean score of 4.23 showed that the respondents agreed that

Table 7. Factors influencing creative businesses to locate in George Town

Factors	SD	Mean
<i>Human Capital</i>		
Quantity of creative talent required for business	1.29	2.93
Quality of creative talent required for business	0.79	4.00
Availability of similar type of creative talent has influenced decision to locate business in George Town	1.03	3.00
Excellent quality and competency of creative workforce to spearhead and drive Penang's economic development	0.80	3.67
<i>Technology</i>		
Well-equipped with state-of-the-art technology required for my type of business	0.94	2.87
<i>Tolerance</i>		
A place that is open, tolerant and welcomes the entry of culturally diversified people	0.52	4.27
High openness of Penang residents towards new ideas, lifestyles and cultures	0.52	4.27
High level of tolerance and acceptance of Penang residents towards diverse demographic groups	0.57	4.23
<i>Education</i>		
Availability and accessibility to public/private institutions of higher learning in Penang	0.72	3.03
Excellent quality of public/private institutions of higher learning in Penang	0.64	3.00
<i>Amenities and Infrastructure</i>		
Excellent availability and quality of transportation	0.76	3.33
Excellent availability and quality of public amenities	0.81	3.40
Excellent availability and quality of open spaces	0.86	2.13
Excellent availability and quality of health care services	0.73	3.23
Affordable and quality housing	0.77	2.97
Low crimes, high safety	0.73	3.47
<i>Governance</i>		
Excellent availability and quality of elected and unelected leadership	0.65	4.17
Participatory and urban democracy	0.74	4.07

their location of choice was strongly related to high level of tolerance and acceptance of Penang residents towards diverse demographic groups.

Respondents agreed that the availability and access to public and private institutions of higher learning in Penang has influenced their decision to position their businesses in the study area, giving it a mean value of 3.03. The excellent quality of public and private institutions of higher learning in Penang played a strong role in their decision (mean value=3.00). Compared to other factors, education was not as significant as expected.

'Amenities and infrastructure' is another factor that was raised in the questionnaire (mean value=3.47). Business owners felt comfortable enough to start and continue their business in the study area because they felt that crime was low and safety high in Penang. Respondents were also influenced by the availability and quality of public amenities when deciding on their business location (mean=3.40). However, factors like 'housing affordability' (2.97) and

'availability and quality of open spaces' (2.13) scored less favorably.

Business owners were also asked the extent upon which 'governance' influenced their decisions. A high average value of 4.17 translates to mean that excellent availability and quality of elected and unelected leadership in Penang has influenced their decision in locating in George Town. The participatory and urban democracy in Penang State has also contributed (mean =4.07).

As for ascertaining the 'quality of place' as shown in Table 8, the first indicator was through the question of "What is there in Penang?" The statement that 'Penang is a combination of built and natural environment renders Penang as the place to be!' had the highest mean value (4.17). The next indicator was "Who is there in Penang?" whose high mean (4.40) reflected that respondents agreed Penang has diverse people, lifestyles, and cultures. Last, for "What's going on in Penang?" (mean=4.27), the business owners appeared to agree that Penang has a vibrant street

Table 8. Quality of place indicators for Penang

Quality of place indicator	SD	Mean
<i>What's there in Penang?</i>		
A combination of built and natural environment renders Penang as the place to be	0.38	4.17
Penang has the proper setting for the pursuit of creative lives	0.64	3.93
Penang has a 'creative climate' to spur creativity	0.65	3.70
<i>Who's there in Penang?</i>		
Penang is celebrated for its culturally diverse people, lifestyles and culture	0.50	4.40
A place for interaction where anyone can make a life in a community	0.89	3.97
A 'world-class people climate' to attract other creative talent here	1.01	3.77
<i>What's going on in Penang?</i>		
Penang has a vibrant street life	0.58	4.27
Penang has a great ensemble of built heritage, vis-à-vis its status as a UNESCO Historic City	0.48	4.20
Penang has a wealth and cultural heritage vis-à-vis its status as a UNESCO Historic City	0.48	4.20
Penang has a 'built climate' to attract other companies/industries to locate and agglomerate here	0.58	4.07

life with a continuous flow of tourists and locals alike appreciating the tangible and intangible cultural heritage of George Town. The preceding statement that Penang has a great ensemble of built heritage, wealth, and cultural heritage vis-à-vis its status as a UNESCO World Historic City also received a high score (4.20).

5. DISCUSSION

The factors that represent the pillars of creativity are discussed in the context of George Town, with a focus on the arts and antiques and craft businesses which represent a creative industry sub sector in George Town. It is important to understand the locational decision of creative businesses in George Town.

For human capital, greater effort should be spent on increasing the quantity of human capital to deliver more creative arts, antiques, and crafts products from George Town. Simultaneously, the quality of human capital should also be improved although the findings show that the quality of creative workers measured higher than the other factors. Specific skills required by the arts and antique, and crafts businesses include accounting, communication, craftsmanship, design, management, marketing, and repair skills. Since culture plays an integral role in nurturing the “creative dimensions of human capital” (Attali, 2009, p. 6), a high quality and competent creative workforce integrated with the George Town culture may well spearhead the future economic development of Penang. To sustain and further develop the industry, the availability of similar types of creative talent are fundamental to create the clustering force that will attract other creative talents or creative businesses to co-locate in the same area.

The technology factor has irreversibly transformed the global cultural scenario. Technology is perceived as an indicator that affects culture

and creativity growth as it unleashes individual creative potential (Attali, 2009). In the case of George Town, technology was not considered as a key factor in the location of creative businesses in George Town. Creativity in George Town’s creative business apparently came from quality individual skills and innovation rather than dependence on technological advances.

A high tolerance factor presents a low barrier that encourages an assimilation of outsiders into the city to spur the development of creative ideas (Florida, 2004). The interview results revealed that the creative business owners in George Town supported the notion that their city is a place that is open, tolerant, and welcomes culturally diversified people. A Penang resident is usually open to new ideas, lifestyles, and cultures, and has a high level of tolerance and acceptance towards diverse demographic groups. Amongst all the factors, tolerance charted the highest making it a critical factor of locational choice for the business owners of arts, antiques and craft businesses in George Town.

The factor of education is analyzed under the pillar of institutional environment in George Town. The extent to which George Town will successfully transform itself into a Creative City depends greatly upon the transparency, accountability, and competency of the institutional environment that exists in Penang. The accessibility of public and private institutions of higher learning and the quality of these educational institutes are important factors, as according to the business owners. However, it is generally accepted by the business owners that creativity develops in many ways, not merely by formal education.

In amenities and infrastructure, decent social environment and cultural infrastructure are vital pre-requisites for creating and developing a creative society and ultimately a creative

city (Attali, 2009). Generally, creative spaces and places are influenced by the availability of appropriate cultural and arts-related spaces and places. The availability of concert venues, performance halls, theatres, art galleries, and libraries may stimulate and generate creative activities and thinking. An earlier inventory report (Tan et al., 1999) found that there was excellent availability and quality of transportation, public amenities, and health care services in Penang. However, the business owners hinted that the infrastructure that encourages creativity lacks the necessary maintenance and fall short in its performance. Detailed analysis of the infrastructure needs should be conducted to enhance the cultural infrastructure of George Town. This will attract investors and tourists alike.

Finally, in the governance category, it was found that the excellent availability and quality of elected and unelected leadership, public participation, and urban democracy all played a significant role in the business owner's location of choice. The business owners also agreed that a concerted effort should be made to legitimize the status of George Town as a Creative City. A new policy framework that incorporates, integrates and re-positions the element of 'creativity' and 'culture' at the heart of the governance planning and policy-making (Kharas, Zeufack & Majeed, 2010) is necessary. The main objective is to allow George Town to attract creative talent to work, live, and play while creating an environment synergistic force for creative and innovative ideas to develop and flourish.

6. CONCLUSIONS

Culture as a source of creativity is a way of portraying how culture plays a significant role in molding one's creative side, and allowing different ways of expressing such creative talents. Creativity sets off such talents allowing for

culture-based creativity that highlights certain characteristics which include inventive thinking, spontaneous actions, imaginative and expressive ideas, inquisitiveness and such. Encouraging imagination within a society leads to the formation of a creative city that creates an environment requiring people to think and plan creatively to solve urban problems in an area. The continuous application of creativity in daily lives supports the formation of creative industries. These industries focus on activities of designing and thinking creatively while at the same time giving impact on everyday lives. Recently, the development of creative industries has become a new preposition for George Town. In order to improve the vibrancy, productivity and livability of cities, George Town sees the need to play its respective role that includes attracting and retaining creative, innovative and knowledgeable workers in this World Historic City area.

In this study, a survey and interviews were conducted with thirty owners of arts, antiques and crafts business as a subset of creative industry in George Town. The results highlighted that six factors of the pillar of creativity are instrumental in influencing their business location in George Town, namely human capital, technology, tolerance, education, amenities and infrastructure and governance. This paper also looked at the 'quality of place' indicators that shaped the above decisions. Improvements on George Town's overall climate and setting as suggested by these creative business owners should be given attention, especially on how Penang can further create a 'creative' as well as a 'world-class people' climate to spur creativity and attract other creative talent to the state. Together with the city's heritage management body (i.e. George Town World Heritage Incorporated), strategies and policies should be formed to increase the growth of creative businesses in George Town and towards the overall growth and ultimate transformation of George Town as a Creative City.

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