

## **Executive Summary of “Does Place Contribute to Creativity, Entrepreneurship and Innovation?”<sup>1</sup>**

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This paper addresses a number of questions raised by the growing debate over the value and possibility of spawning ‘creative cities’ that attract ‘the creative class’ and nurture the creative process. The premises framing the debate are that: 1) urban economic development now depends largely on novel combinations of knowledge and ideas, 2) certain occupations specialize in this task, 3) people in these occupations are drawn to areas providing opportunities for social and cultural interaction, and 4) the same places that help fulfill creative personal lives also energize productive lives. Although the academic debate has raised doubts regarding the veracity of these claims, the opposing sides have failed to produce strong empirical evidence to either support or refute them.

We begin by testing whether a concentration of creative occupations in a place (i.e., urban or rural county) is actually related to growth, taking into account statistical factors that may confound the true contribution of the creative class. We find that the initial share of employment in the creative class in 1990, and its growth over the decade are strongly associated with growth in employment. A structural equation model used in the rural sample confirms that growth in the creative class is a powerful predictor of employment growth, while employment growth does not predict creative class growth,

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<sup>1</sup> The views expressed here are those of the authors, and may not be attributed to the Economic Research Service, the U.S. Department of Agriculture, or the University of Tennessee.

reinforcing the claim that “jobs follow creative people.” The analysis also identifies local quality of life attributes that tend to attract the creative class.

However, the tautology of defining creative places as areas with high concentrations of creative workers is unproductive in moving the debate forward, and empirically dubious. We find that some places highly dependent on large government institutions or teaching colleges have high concentrations of the creative class but slow rates of employment growth and new firm formation. Something other than a creative ethos attracts creative workers to these places.

We utilize the location of artists in an attempt to construct a more robust indicator of creative places. Artist location behavior provides an objective means for overcoming the junk science tag that has stuck to creative class proponents who “merely know a creative city when they see it.” Our hypothesis is that a relative surplus of artists in a place is a reliable indicator of “creative milieu,” an amorphous collection of associative structures and social networks, which has eluded empirical analysis.

A strong association between a relative surplus of artists and growth in the creative class other than artists confirms that creative people are attracted to creative places. This weak definition of creative milieu applies in both urban and rural counties. However, a strong definition of creative milieu in which creative places are also associated with faster rates of new firm formation and employment growth can only be confirmed in the rural county sample. These rural results are compelling as they provide the first explanation of differences in regional performance based on a proxy for *quality* of place as opposed to the conventional analysis of *quantities* in a place, such as human capital, R&D expenditures, or physical infrastructure.

The results for the metro sample are suggestive of a strong creative milieu but are not estimated with enough precision to meet conventional standards of reliability. We conclude with a discussion of research needed to answer definitively whether place makes an independent contribution to entrepreneurship and innovation throughout the US.