

Internal migration of the creative class: The case of the emerging cyber industry in the southern periphery of Israel

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Theoretical framework

There is considerable difficulty for medium-sized cities, such as Beersheba - the 'capital' of the southern periphery of Israel, to cope with the benefits offered by the bigger and more central cities to a young 'technologist'. This leads to difficulties in building the critical mass of knowledge workers necessary to promote the cyber hub the city is attempting to create.

The common notion that the talents are a key factor for innovation led to the development of a large body of knowledge deals with the residential preferences of this population. Human capital in the knowledge age is one of the main keys for regional development. Therefore, talented people are considered by many to be the 'engines' behind regional growth. This notion has led to a large body of knowledge in attempt to identify the residential preferences of the so-called Creative Class - the people who are necessary for creation of innovation (Florida, 2002; Lawton, Murphy & Redmond, 2013; Frenkel, Bendit & Kaplan, 2013).

Large metropolitan centers have numerous advantages that attract firms and people with high level of human capital (Porter, 1998; Florida, 2002, Pratt, 2008; Scott, 2008). Feijten, Hooimeijer and Mulder (2008) found that city centers attract young singles with a high level of human capital, because they can give them a greater range of options to express their abilities. According to Florida (2010), today a successful career depends on gaining a foothold in a deep labor market that offers a wide variety of employment opportunities. Choosing an economically vibrant place of residence offers protection against uncertainties such as the risk of downsizing or dismissal. In addition to the employment aspects, Florida and Mellander (2011) noted that large cities allow people with a high level of human capital the opportunity to meet new people and connect with them. They contend that such possibilities even outweigh economic considerations. Frenkel, Bendit and Kaplan (2013) documented that knowledge workers

living in the suburbs usually have a family-oriented lifestyle, whereas employees who live in the centers of metropolitan areas are usually single and are more interested in sports, cultural events and leisure time activities.

The knowledge-based urban development (KBUD) model (Yigitcanlar, O'Connor & Westerman, 2008) and the model of an innovation ecosystem (Rabelo & Bernus, 2015) underscore the need to attract those with technological talent (Lepori, Seeber & Bonaccorsi, 2015; Marin & Verdier, 2012; Sleuwaegen & Boiardi, 2014). Various studies have tried to determine whether talent clusters could develop in peripheral regions. They emphasize the importance of soft institutions such as social capital that might compensate for the distance from the centers of knowledge and innovation. These institutions can reduce uncertainty among those considering living in a peripheral area (Fitjar & Rodríguez-Pose, 2011). A small region has an advantage in developing social capital because relationships of trust between equals with a common language and background can create stronger relationships (Beugelsdijk & Van Schaik, 2005; Fukuyama, 1999; Whiteley, 2000; Woodhouse, 2006).

Contribution

The underlying hypothesis of this study is that giving direct incentives to private companies is not a sufficient condition for their success - it is necessary to develop an attractive urban scene that will meet the lifestyle expectations of the Creative Class. The study focused on the factors that most strongly influence the residential location choice of 'technological' young adults, regarding the spatial dimension of core-periphery. This research uniquely focuses on the period of young adulthood, since this is the critical age for migration. The research also links between the internal migration in a spatial context of core-periphery and the creative class theory. Another aspect of the research deals with enhancing the willingness to migrate to the periphery through the establishment of a homogeneous neighborhood of 'people like me'.

Case study

Beersheba is the largest city in Israel's southern periphery, also known as the Negev region. Despite the fact that the Negev is 60% of the land area of Israel, less than 14% of the population lives there (Israeli Central Bureau of Statistics, 2015). The Negev

is under developed compared to the Tel Aviv metropolitan area (OECD, 2016). The strongest socio-economic groups live in homogeneous suburban communities. This city, which has a population of 200,000 residents (Israeli Central Bureau of Statistics, 2015), ranks 5 out of 10 on the socio-economic scale of the Israeli Central Bureau of Statistics. In terms of planning and visually, "The city is characterized by low density, large and neglected open spaces, lack of lively streets and considerable urban sprawl" (Avni et al., 2016, p. 1). In the last decade, the city has improved considerably, but still finds it difficult to compete with major centers such as Tel Aviv (Razin & Shachar, 2016). Apart from the career opportunities, Tel Aviv has a vibrant culture and is open, innovative and heavily involved in globalization (Alfasi & Fenster, 2005; Chorev & Anderson, 2006), unlike Beersheba, which has been slow to develop (Dahan, 2011).

In order to help the city-region to catch up, the Israeli government has been investing great efforts in recent years to cluster the cyber activity in Beersheba. The government plan includes (among other things) incentives for cyber private companies relocating their R&D to the city, establishment of a designated university institute and support for start-ups dealing with the defense of the cyberspace. Although the great resources invested, these efforts face many challenges mainly due to the necessary to convince young talented people (mainly technologically wise) to relocate from the core to the periphery, which is against the typical movement of this group from the periphery to the big city.

Empirical approach

We use a behavioral approach and rely on data that include: a) questionnaires, b) data from the Social Survey. We surveyed two groups of technology oriented Young Adults (1) from the core (2) from the periphery, and a third group which constitutes a representative sample of the general Israeli population to serve as a control group. We will present in the conference insights about two key questions. What are the residential preferences of Young adults dealing with technology, and which policy measures should be taken to influence the Creative Class to relocate to the periphery and by that generate regional growth?

Previous study that we conducted among students in the city of Beersheba, shows that out of 15 factors presented to participants, only five were found to

influence significantly the student's residential decision. The "classic" factors - "work" and "cost of living" were the two leading factors. However, two additional factors, related to the Creative Class theory, stood out as well – "a desire to live next to 'people like me'" and "proximity to recreation and leisure centers". Focusing on the same geographical region as before, in the current study we conduct in-depth examination of the factors associated with the Creative Class theory in order to get a broader picture about the residential preferences of technologically talents.