



ISLAND DYNAMICS

# The Promise and Perils of the Island City of George Town (Penang) as a Creative City

Suet Leng Khoo

Department of Development Planning and Management, Universiti Sains Malaysia  
[slkhoo@usm.my](mailto:slkhoo@usm.my)

Narimah Samat

Department of Geography, Universiti Sains Malaysia  
[narimah@usm.my](mailto:narimah@usm.my)

Nurwati Badarulzaman

Department of Urban & Regional Planning, Universiti Sains Malaysia  
[nurwati@usm.my](mailto:nurwati@usm.my)

Sharifah Rohayah Sheikh Dawood

Department of Geography, Universiti Sains Malaysia  
[sdawood@usm.my](mailto:sdawood@usm.my)

**Abstract:** The peripheral and semi-peripheral roles of islands are being challenged and contested as contemporary island cities assume positions as engines of growth and become centres of progress for driving economic development. Notably, island cities around the globe have become instrumental in shaping and influencing the dynamics of urban development as cities now compete with each other to strategically position themselves in today's competitive global economy that leverages creativity and innovation. Particularly in a creative economy, the availability, quantity, and quality of unique cultures; creative talents; and creative/cultural industries within a city are differentiating and determining factors that can boost a city's position and subsequently spur economic growth and progress. Against this backdrop, this paper explores the position of the island city of George Town (Penang) en route to becoming a Creative City. This paper highlights the island's urban dynamics as well as discusses the promise and perils of transforming George Town into a Creative City in its own right.

**Keywords:** Creative City, creative economy, creative industries, George Town (Penang), island cities, urban development

© 2015 Island Dynamics, Denmark - <http://www.urbanislandstudies.org>



This work is licensed under the Creative Commons Attribution 3.0 Unported License. To view a copy of this license, visit <http://creativecommons.org/licenses/by/3.0/>

# The Promise and Perils of the Island City of George Town (Penang) as a Creative City

## 1. Introduction

The peripheral and semi-peripheral roles of islands are being challenged and contested as contemporary island cities begin to assume the position as catalysts of growth and economic development. This new lease on life lends credence to the fact that some islands are historically and by contemporary standards 'urban' in nature. This has inadvertently resulted in a paradoxical relationship between island and urban studies literature. Island literature, to some extent, plays down the role of islands as small, insular, and remote (Baldacchino, 2006: 6) whilst urban studies literature highlights and accentuates the functionalities of urban areas, be they island or mainland, as the drivers of progress and economic growth (Goh, 2009: 36). Consideration of the 'urban' or 'city' dimension in relation to an island approach has given new meaning to the discourse and dialectics of these two fields. Noticeably, island cities around the globe such as Singapore, Hong Kong, and Macau have become instrumental in shaping and influencing the dynamism of urban development as cities now rival each other to position themselves strategically in the global economy.

To this end, a growing body of literature in urban development has heralded the rise of creative industries, creative economies, and the formation of Creative Cities. In a Creative City, the key determinant is the availability of the Creative Class to conceive creative ideas and innovations to drive progress and economic development (Florida, 2002; 2004; 2008; Landry, 2009). Thus, the availability, quantity, and quality of unique cultures; creative talents; and creative/cultural industries within a city are differentiating and determining factors that can raise a city's status and subsequently stimulate economic growth. Against this background, this paper explores the position of the island city of George Town (Penang State) en route to becoming a Creative City. This paper will highlight the island's urban dynamics as well as discuss the promise and perils of transforming George Town into a Creative City in its own right.

To give an overview, this paper is composed of five sections. After the introduction, a review of related literature on island studies and urban studies will be presented, followed by a brief account of the methodology. The subsequent section will discuss the key findings pertaining to Penang's promise and perils in becoming a Creative City before finally concluding the paper with some practical policy implications.

## 2. Literature review

### *Island studies literature: from infancy to current stage of maturity*

The study of islands and the study of urban areas, though two separate discourses, can in some ways be perceived as complementary and supplementary to each other. Though not as popular and well-received as its counterpart in urban studies, island studies literature is gradually gaining popularity and making a name for itself in the scholarly world (Mountz, 2014; Hay, 2013; Fletcher, 2011). Island studies and the 'islandness' connotation have often been shrouded in dichotomous and two extreme views. Arguably, islands are celebrated by some and abhorred by others, thus giving rise to opposing labels such as "paradise and prison" or both "heaven and hell" – which point to the fact that islands are indeed paradoxical spaces and places

(Baldacchino, 2006: 6). Yet islands are places that are intriguing, captivating, and appealing to many with their mystique, heritage, ecology, and charms (Karides, 2013), for example the islands of Greece and island states such as Fiji, Malta, and Trinidad and Tobago. Both warm-water and cold-water islands have also capitalized on eco-tourism and heritage tourism to survive although managing these sites can be challenging (e.g. Bade, 2010; Grydehøj, 2010; Ronström, 2008; Ioannides, Apostolopoulos, & Sönmez, 2001). Other examples include attempts to mobilize industrial development policies to stimulate island economy, such as the case of canned tuna production in American Samoa (Campling & Havice, 2007: 209).

However, at the same time, Small Island Developing States (SIDS) in particular are open and exposed to inescapable economic and climate change vulnerabilities due to their small size and relative remoteness (Briguglio *et al.*, 2010; Turvey, 2007; UN-OHRLLS, 2011). The vulnerabilities of SIDS poses challenges for policy makers working with the economic viability and everyday sustainability of islands and islanders. Discourse in island studies is shedding new light and providing new leases on life by exploring the possibilities of transforming an island's vulnerabilities into opportunities (Haskins, 2012). As a quest to integrate island studies into mainstream developmental agendas, scholars have argued that the time has come to revisit and refocus the notions of islands by paralleling their roles and functions with their mainland counterparts. As succinctly put by influential island scholar Baldacchino (2008: 48), it is now time for islands to "fight back" against their mainland contenders.

#### *Creative Cities, urban development, and globalization*

On the urban studies spectrum, however, many islands globally are themselves urban in nature, hence the term 'island cities', introduced to island studies scholarship by Grydehøj (2014b). Some sterling examples of successful and prosperous island cities are Singapore and Hong Kong. The very fact that the word 'city' appears and is tagged within the term 'island city' provokes scholars to explore the urban dynamism of islands as well. This is particularly pertinent when nations and societies are undergoing structural transformation as their economic bases gradually shift from agriculture to manufacturing and now move towards becoming post-industrial societies and knowledge-based economies. These changes have necessitated the rise of a creative economy that harnesses creative industries. More specifically, urban areas and cities strive and aspire to be Creative Cities given the clustering force and agglomeration patterns of creative people, better known as the 'Creative Class', who are inclined to congregate and concentrate in urban settings. The clustering of the Creative Class in specific urban locations is viewed as a catalyst for growth to spur urban development. This proposition is not new in urban development literature. During the 1970s, Jane Jacobs (1972) gave due recognition to cities as key engines of economic growth. This contention was later supported and extended by seminal Creative Cities theorists like Florida (2002; 2004; 2008) and Landry (2009), who capitalize upon and celebrate cities' tangible and intangible assets. In particular, the element of creativity has moved to the foreground to aid in innovating products and services to spur growth and local economic development. "Creativity, knowledge and innovation" are key elements that give a nation, an economy, a city, and an individual a competitive edge in today's global economy (Porter, 1990).

Exploring globalization literature, some scholars argue that forces of economic globalization such as technological advancements and economic liberalization have caused the demise of

geography. Thomas Friedman's (2006) highly contentious 'flat world' theory argues that geography has been made irrelevant. However, other scholars counter this by contending that the world is far from being flat. Rather, the dynamics of globalization have created a new economic order with a new form of international division of labor (Urry, 2014; Beck, 1992). Instead of creating a more level and presumably equitable distribution between winners and losers, haves and have nots, the global environment we live in today is arguably undergoing an uneven process of development. According to Richard Florida (2008), the world today is "spiky" in nature, where the spikes are urban areas in which the Creative Class chooses to agglomerate and locate. For Florida, the spikes created by the Creative Class in urban areas are not entirely bad. He argues that merging the vibrancy of urban settings with the creativity of the Creative Class is an ideal (and perhaps ultimate) strategy to stimulate and boost local economic development. The urban space and place functions as an ideal magnet for attracting the Creative Class and other like-minded creative talent. In turn, urban milieus that are well supported by physical amenities, ancillary infrastructure, and so on will be ideal platforms for the birth of new creative inventions and innovations.

In the same vein, sociologists like Saskia Sassen (2007) also acknowledge that the birth of the 'global city', which coincidentally shares many attributes with the post-industrial Creative City, has redistributed capital, investment, and talent in a whole new way. Debunking the 'flat world' theory, Sassen contends that globalization has created a landscape of unevenness with new concentrations of capital and new territorial centralization, thus in a way advancing similar views as Florida's spiky world.

### *Striking a middle ground*

Clearly, the call by island studies experts like Baldacchino (2008: 37) is for a "re-centering of focus from mainland to island, away from the discourse of conquest of mainlanders, giving voice and platform for the expression of island narratives." But as contested by urban studies scholars above, urban dynamism that hinges on 'clustering force', 'agglomeration', and 'concentration' of industries and talents in the urban locale rarely debates whether a place or space is in fact situated on an island or mainland. For instance, island cities such as Abu Dhabi, Amsterdam, Guangzhou, Lagos, Mumbai, New York City, St Petersburg, and Xiamen are sterling examples of successful socio-economic and cultural hubs (Grydehøj *et al.* 2015). These competitive island cities suffice to debunk the rigid assumption of islands as peripheral and marginal in nature. Thus, a middle ground approach to position both sets of literature is very much warranted. In this paper specifically, we argue that islands should neither be threatened by vulnerabilities nor sidelined from economic opportunities due to their small size. This paper will attempt to explore the island city-state of Penang's promise as well as tease out the perils that challenge Penang in its quest to become a Creative City.

### **3. Methodology**

This study utilized solely secondary data to illustrate the promise and perils that George Town encounters en route to becoming a Creative City. Based on content analysis, a critical analysis and selection of key themes and sub-themes related to George Town's promise and perils were extracted to establish the key contentions in this study. The justification for content analysis is that there is an existing body of readily available government blueprints pertaining to the growth and future direction of Penang State. For instance, Penang State Government's

research arm, Penang Institute, plays a fundamental role in undertaking research focused on Penang. The *Penang Monthly* publication (formerly known as *Penang Economic Monthly*) highlights topical and key issues about Penang. Similarly, Khazanah Nasional has published an important report about Penang entitled *Cities, People & the Economy: A Study on Positioning Penang, Kuala Lumpur* and several other key publications. Materials from previous presentations, seminars, and conference proceedings formed the key elements analyzed for this paper. In this study, content analysis is deemed appropriate given that this technique is particularly useful for research questions addressing a large volume of fragmented text with contents that are difficult to casually observe or document (Neuman, 2011: 363). As mentioned above, numerous reports (Majeed, 2011) and previous publications (Khoo & Nurwati, 2011) have been undertaken vis-à-vis George Town's growth and development, but no concerted effort is underway to piece everything together, especially in the context of exploring George Town's capabilities as a Creative City. Though development blueprints have indicated that Penang State aspires to leverage the creative economy and transformation to become a Creative City, it is difficult to observe and document this. Thus, content analysis is deemed timely for this study.

The subsequent section will discuss the key findings from this study.

#### **4. Findings and discussion**

##### *Profiling Penang and its way forward*

Penang State is one of 13 states in Malaysia. The state is divided into two parts, namely Penang Island, which is approximately 285 km<sup>2</sup>, and the mainland Seberang Perai, which is about 760 km<sup>2</sup>. At this point, extending an assertive label to this state can prove challenging given the many meanings and interpretations attached to the word 'Penang'. Firstly, the label Penang can be perceived as referring to the State itself or in the second and often more formal situation, it is referred to as comprising both the island and the mainland. Such ambiguity in island and jurisdictional nomenclature in other geographical contexts as well (Picornell, 2014). Understanding Penang State as a whole, covering both island and mainland, however, is vague and fraught with uncertainty given the invisible divide and disconnect between the island and the mainland. Thirdly, the most frequent and popular comprehension of Penang is simply as a direct reference to Penang Island *per se*, oftentimes disregarding mainland Seberang Perai as inferior and less attractive for development. In this paper, discussion focuses on the future of island cities with specific reference to Penang Island itself. Concerns are directed towards understanding Penang Island's emerging or diminishing role and function as a Creative City.

The island's highly urbanized profile is testament to its rapid industrialization and modernization. Undeniably, the island state's modernization and economic success is to a large extent shaped and influenced by its past historical and Western colonial legacy. As depicted in George Town's Special Area Plan (SGP, 2013: A4-2), "Melaka and George Town: Historic Cities of the Straits of Malacca represent exceptional examples of multi-cultural trading towns in East and Southeast Asia, forged from the mercantile and civilization exchanges of Malay, Chinese, Indian and European cultures." Alongside Singapore, Penang Island is arguably among the most urbanized island-city-states in the region. Over 82% of Penangites live in urban areas, and the island city is strategically located on the northwest

side of Peninsular Malaysia. Due to the aftermath of colonialism, the western belt of Peninsular Malaysia became Malaysia's most developed and advanced region, thereby causing regional imbalances between the eastern and western coasts of the peninsula. Penang State as a whole has a population of 1.6 million, with 738,500 living on the island and the remaining 872,600 in mainland Seberang Perai (Penang Institute, n.d.). Penang's more developed status is also illustrated by the state's GDP per capita. In 2010 (current prices), Penang's GDP per capita of US\$10,371 far surpassed that of Malaysia as a whole (US\$8,373) (World Bank database, cited in Penang Monthly, 2013). Though indicators of urbanization and GDP per capita are tell-tale signs of the level of development for a particular city or nation, to qualify as a city with holistic development, other factors such as a city's endowment in terms of cultural assets, innovativeness, and creativity ought to be considered as well. This paper explores the situation of Penang Island from this perspective.

As forces of economic globalization set all entities and processes into competition mode, there has occurred an obvious shift whereby nations no longer compete merely against one another. Instead, the competition game is amongst cities (Begg, 1999). Arguably, "to get growth right, we must get our cities right" (SERI, 2011: 4). To this end, Penang State acknowledges the need for the city-state of George Town (Penang) to 'differentiate' itself from other Asian cities by transforming into a Creative City that thrives on its creative economy (Kharas, Zeufack, & Majeed, 2010: 90). However, according to *Penang Economic Monthly* (January 2010), Penang's economic structure still relies predominantly on manufacturing instead of services (Chan, 2010). Ironically, when compared to the overall Malaysian scenario, Penang remains in the secondary sector (manufacturing) stage whilst Malaysia has shifted to the tertiary sector (services). Without a doubt, the Penang case refutes Clark-Fisher's 3-sector model (Fisher, 1933; 1935; 1939; cited in Elfring, 1988: 15), which suggests a linear transition from the first sector (agriculture) to the second sector (manufacturing) and ultimately to third sector (services) as a nation develops. Although Penang's case might not follow this path, other economic indicators and statistics have shown that Penang's current position is far from being less developed. In fact, economists have reported that Penang's economic position outperforms that of Malaysia as a whole (Chan, 2010: 14). Though contributing only 6% of Malaysia's population, Chan (2010) highlights that Penang contributes 8% of the nation's economy. As such, he contends that we should not delve too deeply into the economic phases of a country when attempting to determine its level of development.

Having said that, we still cannot deny that forces of economic globalization have inadvertently necessitated stiffer competition and hastened the emergence of a knowledge-based economy that leverages creativity and innovation. This in turn requires cities like George Town to restructure, transform, and lift their economic bases to become high value-added, creative, and innovative (Evers, 2011: 36-38). In this regard, George Town can no longer rest on its laurels and rely on a strong manufacturing base. Instead, as highlighted in a World Bank study commissioned by Malaysia's Khazanah Nasional Berhad, it is time now for Penang as a state and George Town as its capital city to further enhance their competitive edge. The key strategy is to differentiate themselves from other cities by developing their own unique comparative advantage, such as cultivating an economy based on 'creativity.' This was succinctly captured in the report as quoted below:

The differentiation can be turned into a strategic advantage through a deliberate branding that focuses attention on the ‘creative economy’ and ‘conviviality’ aspects of life, coupled with a strong technological economic foundation. The cultural vibrancy that delights professionals and skilled workers, along with natural and culinary attractions, provide a local identity that will shape the contours of economic development (Kharas, Zeufack, & Majeed, 2010: 90).

Contextualizing Penang’s position against the above backdrop, the next section of this paper will first discuss the promise and potentials for this island city to become a Creative City before deliberating upon the city’s perils in this challenging transformation process.

### ***The promise***

#### ***Past colonial legacy shapes future prosperity***

Inevitably, George Town and Penang State’s future is intrinsically linked to and shaped by its historical legacy. As a former British colony and part of the Straits Settlement (alongside Singapore and Malacca), Penang has enjoyed many developmental benefits and privileges. Penang enjoyed free port status until 1969, enabling it to foster international ties with resource-endowed nations like Burma, Thailand, and Indonesia within the Asian region as well as European markets (Goh & Ooi, 2010: x). Since the late 19th Century, George Town has functioned as the commercial and financial hub of the Northern Region. Other ancillary amenities and infrastructure boasted by Penang State include advanced road networks, an international airport, railway systems, and port facilities (i.e. Penang Port Commission). In one way or another, the island’s past colonial ties and the availability of supporting amenities make it a viable and attractive site for investment and other economic activities such as those promoted by the creative economy. Broadly speaking, Penang Island’s unique and distinctive link to its colonial past shapes and provides endowment for a promising future.

#### ***A highly developed state with a substantial middle class***

Ever since the 1820s, Penang’s economy has been deemed healthier than that of other states in Peninsular Malaysia (Goh & Ooi, 2010: x). Penang’s higher GDP per capita attests to its rising middle class. According to Kharas (2010), the ‘middle class’, also known as the ‘consumer class’, is indeed an economic driver whereby this category’s income elasticity for consumer durables and services is greater than one. According to a global definition, the middle class consists of households with daily expenditures ranging from US\$10 and US\$100 per person (Kharas, 2010). Studies have shown that a new wave of emerging middle class is growing rapidly, especially in the Asia-Pacific region. For instance, Asia-Pacific middle class numbers will rise from 28% in 2009 to 66% in 2030. Concurrently, Asia-Pacific’s share of world spending will also rise from 23% (2009) to reach 59% in 2030 (Kharas, 2010). Similarly, strategy consultants at Morgan Stanley Smith Barney have acknowledged this shift in global consumer spending, arguing that the relatively young populations of Asian developing and emerging economies will spur productivity and at the same time form the market and consumers for products and services relative to their counterparts in developed markets (Kerschner & Huq, 2011: 1). Penang is now witnessing the rise of the middle class, which in one way or another influences the emergence and sustainability of the state’s creative economy.

### *Regional engine of economic growth*

Besides exuding urban dynamism, a city when analyzed from a regional perspective can exhibit key traits as a catalyst and engine of regional growth. In this case, Penang's strategic location endows the state with bountiful regional opportunities (see also Majeed, 2011). Currently, Penang State is the most developed state in the Northern Region of Peninsular Malaysia. Penang's regional involvements and contributions are vital for the state in terms of the 1) Northern Corridor Economic Region (NCER) (NCER, n.d.), 2) Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), and 3) Bay of Bengal (Majeed, 2011). The NCER's main aim is to spur economic growth and raise levels of income in Northern Peninsular Malaysia in order to transform the area into a world-class economic region by the year 2025. The NCER is comprised of the northern states of Perlis, Kedah, Penang, and northern Perak (districts of Hulu Perak, Kerian, Kuala Kangsar, and Larut Matang-Selama), spanning over 17,816 km<sup>2</sup>. Four key areas have been earmarked to be harnessed, namely agriculture, manufacturing, tourism, and logistics.

### *Modern infrastructure and amenities*

As one of the most developed states in Malaysia, Penang also boasts more advanced infrastructure and other supporting amenities. Scholars such as Porter (1990) have illustrated how supporting amenities are crucial in making an industry or location attractive and competitive. Despite being an island, Penang has its own international airport as well as a seaport managed by the Penang Port Commission. Although the state's free port status was revoked in 1969, Penang remains a vibrant port serving ships that ply this major sea route. By the same token, the island city of Penang has a network of excellent road systems, highways, and expressways. The Jelutong Expressway is a main conduit that connects the inner city of George Town to its surrounding suburbs and hinterlands. The island's linkage to mainland Peninsular Malaysia is enabled by two bridges. The first Penang Bridge (13.5 km) connects Gelugor (on the island) to Seberang Perai on the mainland. The Second Bridge, also known as the Sultan Abdul Halim Muadzam Shah Bridge, is 24 km in length. It opened on 1 March 2014 and is the longest bridge in South-East Asia.

In the state's quest to bridge the digital divide, an 'Internet Access For All' initiative was launched by the State Government in 2009. This pioneering effort is another first in Malaysia, with the aim of providing free wireless internet to Penangites in public areas like commercial centers and recreational nodes. At the time of writing, more than 1550 hotspots have been established in 13 Parliamentary and 40 State constituencies around Penang (Penang State Government, n.d.). The availability of such modern infrastructure and amenities in Penang may serve to attract creative talent in the form of technology-savvy and highly mobile individuals.

### *Leveraging global accolades, branding, and cultural assets*

Penang State has earned many international accolades. These accolades have strategically placed the state on the world map and in the global economy. This is particularly the case for the island city of Penang *per se*. The most highly regarded accolade must be George Town's inscription into UNESCO's World Heritage List on 7 July 2008. Fulfilling three out of ten of UNESCO's Outstanding Universal Values, George Town can take pride in the island's tangible heritage (i.e. historic shophouses) as well as intangible heritage such as the island's cultural vibrancy and diversity. In addition, George Town's wealth of cultural assets such as

gastronomy has earned the city considerable global recognition. For instance, *The Guardian's* journalist John Brunton has acclaimed George Town to be the city with the Best Street Food in Asia. To this end, recent studies have illustrated how the island city's gastronomic prowess can be harnessed to facilitate its transformation into a Creative City (Khoo & Badaruzaman, 2014a; Khoo & Badaruzaman, 2014b).

### *Knowledge and education hub*

Penang State is also a knowledge and education hub, with a range of public and private universities, colleges, and schools. The state is home to one of Malaysia's most prestigious research universities, Universiti Sains Malaysia. There are also numerous private learning institutions and colleges, such as Disted College, Kolej Damansara Utama, Penang Medical College, and even open and distance learning institutions such as Wawasan Open University. In the Free Trade Zone area, the Penang Skills Development Centre trains and produces skilled and semi-skilled manpower for Penang's industries. There are also popular and high-quality international schools on the island, catering to locals and expatriates alike. Examples of well-known international schools in Penang are the Prince of Wales International School, Dalat International School, and a recent addition, the private 'global preschool' Odyssey Macalister (opened in 2014).

### ***The perils***

#### *Secondary city*

Although vibrant, the city of George Town nevertheless assumes a secondary city or second city metropolitan area status. George Town still assumes a backseat to and lingers as a pale shadow behind Kuala Lumpur, Malaysia's capital and primary city. A good indicator would be the percentage of urban population in Malaysia vis-à-vis that of Kuala Lumpur and George Town respectively. A bigger urban population catchment proves advantageous in terms of manpower supply and also serves as a potential market for goods and services. Data provided by Penang Institute reveals that 72% of the Malaysia's population of 28,401,017 reside in urban areas. Kuala Lumpur itself has a population of 5,470,00 whilst George Town has approximately a quarter of that figure, totaling 1,253,748 persons (MacDonald, 2012). However, the prevailing pessimism about George Town's secondary role could subside given the trend toward urban scholars championing secondary cities and arguing that the strength of secondary cities ought to be harnessed (LaSalle, 2012; Yu, 2009). When deliberating upon whether secondary cities play a "competitive or complementary" role, scholars acknowledge that secondary cities possess many untapped resources, provided they are utilized efficiently and effectively (MacDonald, 2012). Besides rivaling Kuala Lumpur, George Town is encountering stiff competition from other emerging Malaysian cities such as Ipoh and Johor Baru. Yet stiffer competition awaits from cities within the ASEAN region and further afield such as Singapore, Bangkok, Jakarta, and Shenzhen (Malaysia, 2010).

#### *Is livability real for Penang?*

The notion of livability is intrinsically linked to elements of creativity and the making of a creative city, as recognized by both international (Florida, 2002; 2004; 2008; Landry, 2009) and local (Oon & Khoo, 2014) scholars. The basic tenet of Creative City thinking argues that livability is a crucial factor and that livability influences the locational choices of the Creative Class (Florida, 2002; 2004). However, an in-depth review of secondary resources reveals

that the livability scorecard for Penang in general and George Town in particular is not promising (Chan, 2011: 8-15). With reference to the three pillars (economic, social, environmental) of sustainable development, Penang is not performing well. The island city of Penang is reportedly fraught with issues related to climate change, environmental degradation, and chronic traffic problems, which plague everyone residing on the island (Majeed, 2011). Island cities might thus struggle to harness “the island lure” (Baldacchino, 2012), the popular impression that islands boast high quality of life, which proves attractive to the Creative Class and skilled immigrants (Baldacchino, 2010).

### *Brain drain*

Another critical issue in Malaysia is brain drain (Toh, 2010: 16; Lim & Yap, 2014). Globalization has facilitated easy movements of goods, services, capital, and now skills. Although this issue is not unique to Malaysia, its economic ramifications are alarming, especially for developing nations like Malaysia, which aspires to become a high-income nation by 2020. In today’s competitive environment, losing highly skilled, innovative, and creative talent is akin to losing the edge and ability to compete. The brain drain has contributed to Malaysia being caught in the middle-income trap and being entwined in a production chain with low value added (Malaysia, 2010: 3). The exodus of skilled talent out of Malaysia is worrying. As of 2013, the emigration of skilled Malaysians above the age of 25 was 308,833 (Lim & Yap, 2014: 35). The top-five destination countries that attract Malaysian talent are our closest neighbor Singapore, followed by Australia, USA, United Kingdom, and Canada. In the Penang context, the ‘flight of talent’ is also a great cause for concern (Majeed, 2011). Obviously, the ‘fuel’ for a creative economy is the element of creativity and a ready pool of creative talent. The absence or short supply of this endowment suggests a bleak future for attempts to realize Penang State’s aspiration to be a Creative City that leverages its creative industries.

### *Affordability issues*

As Penang and George Town develop, issues of affordability begin to set in, especially in terms of affordable housing. Underlying factors such as an emerging professional class, real estate speculation, and an enormous hike in the high-end market have singularly or collectively aggravated the issue. In addition, stagnant or minimal increases in salaries make it almost impossible for local Penangites to claim ownership of their own homes (Chua, 2011: 32-33). Local studies have also confirmed that housing affordability is a major problem, especially for Penang Island, which, as an island, possesses limited developable land (Oon & Khoo, 2014: 38-39). This has caused contestations over space by various stakeholders seeking to maximize profits to suit individual interests. Issues of affordability and rising costs of living are particularly challenging for a developed island city like Penang, where development agendas and priorities need to address the clash between conservation of the city’s UNESCO Heritage Site vis-à-vis aspirations to up the ante of development and modernism of the island-city-state in today’s globalized world.

## **5. Conclusions and implications**

This study counters Baldacchino’s (2008: 48) contention that “islands have to fight” back against their mainlander counterparts. The reverse is true in the island-city-state of Penang, in which mainland Seberang Perai is viewed as the Cinderella component of Penang State. Here, obviously, Penang Island, despite its ‘islandness’, has reigned supreme. In fact, a recent

publication by Penang Institute even sympathetically suggested that mainland Seberang Perai is suffering from an “adopted child syndrome” (Goh, 2012: 7), viewed as the backwater when compared to its island counterpart. Although there are hopeful signs for reinventing the mainland’s identity so that it comes to more closely resemble that of the island, Penang Island’s centrality still dominates and assumes superiority, reversing traditional conceptions of center and periphery (Grydehøj, 2014a). However, it is not the aim of this paper to deliberate upon Penang Island’s dominance vis-à-vis mainland Seberang Perai. Rather, this paper has shed light on the fact that island cities can also assume the core and central role and are not bound to perceive themselves – or be perceived – as holding peripheral or marginalized positions. As illustrated by Penang Island *per se*, the island-city-state’s tangible and intangible creative as well as cultural assets are valuable endowments.

However, besides bearing all of these promising attributes, Penang’s route to becoming a fully fledged Creative City remains fraught with challenges. Issues pertaining to re-strategizing Penang’s position in terms of enhancing the island state’s livability are critical elements that need to be dealt with immediately before the policy statements and aspirations in government blueprints can be realized to transform the island city into a Creative City.

### Acknowledgments

The authors wish to thank Universiti Sains Malaysia for funding this project through Research University Grant (Grant No: 1001/PSOSIAL/816189).

### References

1. Bade, D. (2010) ‘Issues and Tensions in Island Heritage Management: A Case Study of Motuihe Island, New Zealand’, *Island Studies Journal*, 5(1), 25-42.
2. Baldacchino, G. (2012) ‘The Lure of the Island: A Spatial Analysis of Power Relations’, *Journal of Marine and Island Cultures*, 1(2), 55-62.
3. Baldacchino, G. (2010) ‘Island Brands and ‘the Island’ as a Brand: Insights from Immigrant Entrepreneurs on Prince Edward Island’, *International Journal of Entrepreneurship and Small Business*, 9(4), 378-393.
4. Baldacchino, G. (2008) ‘Studying Islands: On Whose Terms? Some Epistemological and Methodological Challenges to the Pursuit of Island Studies’, *Island Studies Journal*, 3(1), 37-56.
5. Baldacchino, G. (2006) ‘Islands, Island Studies, Island Studies Journal’, *Island Studies Journal*, 1(1), 3-18.
6. Beck, U. (1992) *Risk Society: Towards a New Modernity*. London: Sage.
7. Begg, I. (1999) ‘Cities and Competitiveness’, *Urban Studies*, 36(5-6), 795-809.
8. Briguglio, L. (1995) ‘Small Island Developing States and Their Economic Vulnerabilities’, *World Development*, 23(9), 1615-1632.

9. Briguglio, L., *et al.* (eds) (2010). *Profiling Vulnerability and Resilience: A Manual for Small States*. London: Commonwealth Secretariat.
10. Campling, L., & E. Havice (2007) 'Industrial Development in an Island Economy: US Trade Policy and Canned Tuna Production in American Samoa', *Island Studies Journal*, 2(2), 209-228.
11. Chan, H.C. (2011) 'Making a City Liveable: The Secret is Economic Growth from Below', *Penang Economic Monthly*, 8(11), 8-15.
12. Chan, H.C. (2010) 'Think People, Not Place', *Penang Economic Monthly*, 1(10), 12-19.
13. Chua, R. (2011) 'Addressing the Housing Issue', *Penang Economic Monthly*, 8(11), 32-34.
14. Elfring, T. (1988) *Service Sector Employment in Advanced Economies*. Avebury: Gower.
15. Evers, H.D. (2011) 'Penang as a Knowledge Hub', *Penang Economic Monthly*, 11(6), 36-39.
16. Fletcher, L. (2011) "'...Some Distance to Go": A Critical Survey of Island Studies', *New Literatures Review*, 47-48, 17-34.
17. Florida, R. (2008) *Who's Your City? How The Creative Economy is Making Where to Live the Most Important Decision of Your Life*. New York: Basic.
18. Florida, R. (2004) *Cities and the Creative Class*. New York: Routledge.
19. Florida, R. (2002) *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life*. New York: Basic.
20. Friedman, T.L. (2006) *The World Is Flat*. London: Penguin.
21. Goh, B.L. (2009) 'George Town as an Engine of Growth', *Penang Economic Monthly*, October-December, 36-38.
22. Goh, B.L., & K.B. Ooi (2010) 'Introduction: Political Masters and Master Plans' in K.B. Ooi & B.L. Goh (eds) *Pilot Studies for a New Penang*. Singapore: Institute of Southeast Asian Studies, pp. xx-xxx.
23. Goh, B.L. (2012) 'Seberang Perai: The Adopted Child Matures', *Penang Monthly*, 2(12), 6-15.
24. Grydehøj, A., *et al.* (2015) 'Returning from the Horizon: Introducing Urban Island Studies', *Urban Island Studies*, 1(1), 1-19.
25. Grydehøj, A. (2014a) 'Constructing a Centre on the Periphery: Urbanization and Urban Design in the Island City of Nuuk, Greenland', *Island Studies Journal*, 9(2), 205-222.

26. Grydehøj, A. (2014b) 'Guest Editorial Introduction: Understanding Island Cities', *Island Studies Journal*, 9(2), 183-190.
27. Grydehøj, A. (2010) 'Uninherited Heritage: Tradition and Heritage Production in Shetland, Åland and Svalbard', *International Journal of Heritage Studies*, 16(1-2), 77-89.
28. Haskins, J. (2012) 'Building Resilience in Small Island Economies: From Vulnerabilities to Opportunities', CTA Policy Brief No. 8. AJ Wageningen: Technical Centre for Agricultural and Rural Cooperation (ACP-EU).
29. Hay, P. (2013) 'What the Sea Portends: A Reconsideration of Contested Island Tropes', *Island Studies Journal*, 8(2), 209-232.
30. Ioannides, D., Y. Apostolopoulos, & S.F. Sönmez (2001) *Mediterranean Islands and Sustainable Tourism Development: Practices, Management and Policies*. London: Continuum.
31. Jacobs, J. (1972) *Economy of Cities*. London: Penguin.
32. Karides, M. (2013) 'Riding the Globalization Wave (1974-2004): Islandness and Strategies of Economic Development in Two Post-colonial States', *Island Studies Journal*, 8(2), 299-320.
33. Kerschner, E.W., & N. Huq (2011) *Asian Affluence: The Emerging 21st Century Middle Class*. Morgan Stanley Smith Barney.
34. Kharas, H. (2010) 'The Emerging Middle Class in Developing Countries' (Powerpoint Slides, 15 March), Brookings Global Economy and Development, Brookings Institution: Wolfensohn Center for Development.
35. Kharas, H., A. Zeufack, & H. Majeed (2010) *Cities, People & the Economy: A Study on Positioning Penang*. Kuala Lumpur: Khazanah Nasional Berhad.
36. Khoo, S.L., & N. Badarulzaman (2014a) 'Factors Determining George Town as a City of Gastronomy', *Tourism Planning & Development*, 11(4), 371-386.
37. Khoo, S.L., & N. Badarulzaman (2014b) 'Branding George Town World Heritage Site as City of Gastronomy: Prospects of Creative Cities Strategy in Penang', *International Journal of Culture, Tourism and Hospitality Research*, 8(3), 322-332.
38. Khoo, S.L., & N. Badarulzaman (2011) 'Planning George Town as a Creative City: A Conceptual Framework'. Paper presented at 5th Conference on Built Environment in Developing Countries: Rehumanizing the Built Environment, 6-7 December, Penang.
39. Landry, C. (2009) *The Creative City: A Toolkit for Urban Innovators* (2nd ed.). London: Comedia Earthscan.

40. LaSalle, J.L. (2012) 'A New World of Cities: Redefining the Real Estate Investment Map', *World Winning Cities: Global Foresight Series*, January.
41. Lim, K.H., & J. Yap (2014) 'Exporting Grey Matter: What is the Brain Drain Costing Us?', *Penang Monthly*, 6(14), 34-40).
42. MacMadonald, S. (2012) 'Secondary Cities are an Untapped Resource', *Penang Monthly*, 21 June. Available at: <http://penangmonthly.com/secondary-cities-are-an-untapped-resource>. Accessed 15 October 2014.
43. Majeed, H.A. (2011) *The George Town Conurbation Plan Presentation*. Malaysia: Khazanah Nasional.
44. Malaysia (2010) *Tenth Malaysia Plan 2011-2015*. Putrajaya: The Economic Planning Unit, Prime Minister's Department.
45. Mountz, A. (2014) 'Political Geography II: Islands and Archipelagos', *Progress in Human Geography*, forthcoming.
46. Neuman, W.L. (2011) *Social Research Methods: Qualitative and Quantitative Approaches* (7th ed.). Boston: Pearson.
47. Northern Corridor Economic Region (NCER) (n.d.) 'NCER website'. Available at [http://www.koridorutara.com.my/wwa\\_3\\_about.html](http://www.koridorutara.com.my/wwa_3_about.html). Accessed 10 October 2014.
48. Oon, C.K.E., & S.L. Khoo (2014) 'Issues and Challenges of a Liveable and Creative City: The Case of Penang, Malaysia', *GEOGRAFIA: Online Malaysian Journal of Society and Space*, 10(3), 33-43.
49. Penang Institute (n.d.) 'Population of Penang'. Available at: <http://penanginstitute.org/v3/resources/data-centre/122-population>. Accessed 16 December 2014.
50. *Penang Monthly* (2013) 'Penang Economic Outlook 2013: SWOT – An analysis of Penang's Economy. Strengths, Weaknesses, Opportunities and Threats (SWOT)', *Penang Monthly*, January 15. Available at <http://penangmonthly.com/penang-economic-outlook-2013-swot-an-analysis-of-penangs-economy>. Accessed on 10 October 2014.
51. Penang State Government (n.d.) 'Penang Free Wifi: Connect with Wireless@Penang website'. Available at <http://www.penangfreewifi.com.my/index.php>. Accessed on 14 October 2014.
52. Picornell, M. (2014) 'Insular Identity and Urban Contexts: Representations of the Local in the Construction of an Image of Palma (Mallorca, Balearic Islands)', *Island Studies Journal*, 9(2), 223-238.
53. Porter, M.E. (1990) *The Competitive Advantage of Nations*. New York: The Free Press.
- Khoo, S.L., et al. (2015) 'The Promise and Perils of the Island City of George Town (Penang) as a Creative City', *Urban Island Studies*, 1(1), 20-34.

54. Ronström, O. (2008) 'A Different Land: Heritage Production in the island of Gotland', *Shima*, 2(2), 1-18.
55. Sassen, S. (2007) 'Cities in a World Economy' in J.T. Roberts & A.B. Hite (eds). *The Globalization and Development Reader*. Oxford: Blackwell, pp. 195-215.
56. Socio-Economic and Environmental Research Institute (SERI) (2011) *Penang Economic Outlook 2011*. Penang: Socio-Economic and Environmental Research Institute (SERI).
57. State Government of Penang (SGP) (2013) *George Town Historic Cities of the Straits of Malacca: Special Area Plan*. Penang: State Government of Penang.
58. Toh, K.W. (2010) 'The Serious Brain Drain Problem', *Penang Economic Monthly*, 8(10), 16-19.
59. Turvey, R. (2007) 'Vulnerability Assessment of Developing Countries: The Case of Small-island Developing States', *Development Policy Review*, 25(2), 243-264.
60. United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) (2011) *Small Island Developing States: Small Islands Big(ger) Stakes*. New York: United Nations.
61. Urry, J. (2014) *Offshoring*. London: John Wiley & Sons.
62. Yu, Z (2009) 'To Construct Jinzhou as a Secondary Provincial Center City: Another Alternative of the Regional Economic Development Model in Liaoning Province', *Asian Social Science*, 5(8), 52-59.