



Improvement of city competitiveness by re-mixing of inner strengths

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INTRODUCTION

Globalization – high mobility of capital, goods, people, ideas and knowledge

↙ **City development strategies concentrated on attraction of investment, multinational companies, international events and highly educated workforce.**

Globalization – less mobile and more rooted in local environment and relations.

↘ **City development strategies based on inner city strengths and possibilities – inner social networks, living conditions and innovation.**



- **This paper will try to give a new way of looking on city development strategies for the improvement of its competitiveness on regional and global scale.**
- **It will elaborate the possibilities of reuse of the existing inner strengths of local production, creativity and innovations in the city.**
- **The aim of paper is to give new way of looking on city development, which might be more suitable for contemporary challenging times.**

IMPROVEMENT OF CITY COMPETITIVENESS IN GLOBALIZATION MARKED BY MOBILITY

Perception of globalization as highly mobile

- **Term globalization** - reflect technological advances that made it easier and quicker to do international transactions and financial flows, movement of people (labor) and knowledge (technology) across international borders (IMF).
- Remarkable development in computing power and communications capacity:
 - It induced high mobility of capital across national borders, in order to reduce costs and improve market access (IMF).
 - Companies internationalized their production process, dissipated it to the foreign countries with potentials for more efficient production (World Bank).
- Deregulation of labour market in globalization:
 - induces migration of high skilled workforce and immigrants.
 - Global elite (Castells,2000) of managers, creative and high skill workforce are seen as individuals that move around freely building portfolio careers rather than looking for steady jobs (Williams, 2009).
 - On the other hand, globalization is manifested through international migration, especially transnational migration (Vertovec, 2004)



“Hyper globalization” theses predict a “borderless world” of global homogeneity, world of disembedded production and consumption chains, placeless capital, homeless subjects, world where all socialites are formed within context of global flows (Robertson 1992).

IMPROVEMENT OF CITY COMPETITIVENESS IN GLOBALIZATION MARKED BY MOBILITY

Strategies for city competitiveness based on attraction of global capital

1. Strategies for attraction of global companies and investment

- Modern communications have made it far easier to manage dispersed business operations from centrally located headquarters that have access to a wide range of vital producer services.
- The importance of the cities in the global urban hierarchy in the theory has been measured, between other, by the concentration of headquarters of important international corporations (Sassen, 2001, Hall, 1966, Borja and Castells, 1997).
- Cities around the world tried to improve their global competitiveness by creating attractive ambience for international companies - by developing attractive international business centers in their cities, enhancing business capabilities and services, creating open market and labour conditions.
- It is questionable whether the attraction of international headquarters improves the city competitiveness or the arrival of international companies is the consequence of cities global position improvement.

2. Strategies for attraction of global events

- The mobility of tourist and travelers and the rise of importance of tourism
- The main aim is attracting attention to city and creating a good image of the city (Stahre).
- *The promise of world wide exposure and economic gain has made hosting these major and regularly scheduled cultural and sporting events a lucrative goal for aspiring cities around the worlds (Short and others, 2000).*
- Next event in the next city averts attention to another city.

IMPROVEMENT OF CITY COMPETITIVENESS IN GLOBALIZATION MARKED BY MOBILITY

Strategies for city competitiveness based on attraction of global capital

3. Strategies for attraction of workforce

- Increasing economic integration is accepted that creates a global labour market.
- In that global market top cities are magnets for the skilled workforce, on a permanent or transient basis (Perrons, 2009).
- *Human resources play the most important element of city development and wealth, especially highly skilled, and for demographic reasons, all highly-developed economies are relying on immigrant labour.*
- Strategies for attraction of workforce and keeping of the existing range from **creating lucrative tax environment, work environment and network to creation of attractive high-quality of life.**
- That skilled people influence cities competitiveness is easy to prove, but is the city competitiveness enough to attract needed labour is questionable.

4. Strategies for attraction of creativity

- Richard Florida :
 - leading element of contemporary city competitiveness is the creative industry.
 - capitalism is moving from a system defined by large companies to a more people-driven
 - all cities should compete for creative people, 'the creative class'.
- To be able to attract dynamic and mobile individuals of 'the creative class', cities need to offer **attractive living conditions, e.g. urban buzz, varied cultural life, diversity and tolerance.**
- But the magnetism of large global cities for creative workforce cannot be created in small cities, or in all big cities.

IMPROVEMENT OF CITY COMPETITIVENESS BASED ON THE INNER CITY STRENGTHS

Perception of globalization as more rooted

Most recent research show that globalization is not characterized by high mobility and that global capital is more connected to local social networks and resources than to global flows, that city competitiveness in globalization, even for the high ranked cities in global urban hierarchy, is more result of the long determined path development based on existing inner city competitive elements and resources than on the short term attraction of global capital.

Rootedness of companies:

- Headquarters relocation to new cities, and even more to new countries, is still relatively rare decision.
- It is present in only about 20% of multinational companies.
- Usually choice of companies with the aim of exploitation of new markets and network benefits.
- The percentage is higher within large companies, and it decreases in medium and especially small companies.
- For the medium and small companies local social and business ties and networks are more important for development than positioning in major competitive cities.

Rootedness of people

- Individualization of migration process, with migration becoming an instrument for personal employment responsibility.
- Mobility is privilege of small group of people -3% of the world's population are international migrants (UNDESA, 2005).
- Rootless professionals are mostly young and male, while others prefer steady connection with family.
- The most recent research of Musterd and Murie show that people choose places to live by the personal links they have in those places.
- More people move within their own countries than internationally.



IMPROVEMENT OF CITY COMPETITIVENESS BASED ON THE INNER CITY STRENGTHS

Improvement of city competitiveness as a result of growth of its inner strengths

Instead of competing for the part of the global capital city compete for the development ratio and its wealth.

- Top global cities of today tend to be the old global cities reinvented – New York, Los Angeles, London, Paris, Tokyo, Hong Kong.
- The emergence of new top level global cities (Singapore, Beijing, Sao Paulo...) are result of the expansion of global market.

When the cities which managed to improve their competitiveness on global level are examined the results indicate that their advancement was result of cities reliance on their development paths and reinvention and re-mixing of their potentials (Musterd and Murie, 2010).

The way how cities improved their competitiveness, based on the inner strength, differ.:

- Amsterdam - stable trajectory of development towards creative knowledge city, stable strategies and urban development.
- Munich - developing its existing competitive industry and complementing it with R&D connected to their recognizable sectors.
- Helsinki and Stockholm - creation of innovation and IT industry.
- Helsinki - creation of new skilled workforce and in the period of 30 years rose a level of high educated people from 6% to 30%.



IMPROVEMENT OF CITY COMPETITIVENESS BASED ON THE INNER CITY STRENGTHS

Strategies for improvement of city competitiveness based on re-mix of inner strengths

Strategies for improvement of cities production

Jan Jacobs (1984) - import-replacement theory - successful economy of cities is based on replacement of imports with the local productions.

Improve of cities production can be achieved in different ways:

- government and tax support of preferred production
- Following of the existing production path in the city and further development of its strengths
- creation of competitive innovative production from the scratch, changing production specialization.

Ability to stay or become competitive globally is connected to innovation (Jacobs, 1984).

- Create development –production clusters.
 - Alan Scott - transfer of ideas in production happens when there is spatial proximity and specialization.
 - Clusters save on transportation costs, create pools of specialized workers valuable to firms, exchange information and knowledge.
 - To ensure the production innovation a strong cooperation between R&D and production is preferable.



IMPROVEMENT OF CITY COMPETITIVENESS BASED ON THE INNER CITY STRENGTHS

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2. Strategies for improvement of cities companies

- In order to have a successful economy and be competitive, cities need to be innovative.
- Prosperity or stagnation of cities is based on their ability to continue the import/export cycle, on their resources, and capacity to come up with innovative response.

Production networks

- Scott (2006) - if city wants to create successful development strategy in global knowledge economy, it needs to combine creativity with local production system.
- Production networks of complementary and specialised producers generate exchanging of information and knowledge and opportunity for economic development.



IMPROVEMENT OF CITY COMPETITIVENESS BASED ON THE INNER CITY STRENGTHS

Strategies for improvement of city competitiveness based on re-mix of inner strengths

Jan Jacobs (1984) - cities are the main players in the world economy, not nation states.



the position of a city in urban networks affects its region and nation.

- Medium-sized cities have not been excluded from the competition for a position in urban networks.

- Smaller cities are in some types of creativity, knowledge and innovation, more productive than large urban agglomerations.
 - Have a higher share of innovating, knowledge intensive firms.
 - Cooperation and co-development of innovations is higher between enterprises.
 - Large cities tend to have more radical innovation and smaller cities higher implementation of technological innovations.



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CONCLUSION

- The global economical crises, the fall in available free capital has drastically decreased movement of capital, primarily foreign investment, travel .
- Strategies for improvement of cities competitiveness abased on the attraction of the foreign capital and skilled workforce cannot be adequate.
- *Cities in a need to counteract recession and induce development have to turn to themselves, aiming to create more resilient communities and resilient cities.*
- The aim of this paper was to bring attention to another perception of globalization, and emphasizes another approach to strategies for cities development, strategies which will more use inner cities strengths and potentials, re-mix them to correspond to contemporary needs in globalized world.
- This approach is not the only possible, but one more alternative for cities.





Thank you for your attention!

