

Ouverture de ‘Global Cities and Knowledge Management - 2’

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Abstract

World cities are boosted by Nation-States to encourage and control the innovation processes, developing specific attractiveness factors for companies focused on knowledge production. The role of world cities as a knowledge hub is linked to the one of knowledge production-city, since in global cities there are high-knowledge producers, consumers and workers.

It is possible to identify three models of global urban development, each one differing from the other for the degree of knowledge production and intangible consumption attracted and promoted within the city: the model of no-knowledge production; the model of low-knowledge production and the model of high-knowledge production.

Keywords: Global Cities; Knowledge Management; Global Competition; Networks

1. Overture

With globalization, local markets protected by entry barriers become marginal for business growth. In global corporations time-based competition and market-space management are critical, as they transform the traditional company in dynamic and vital structures. Global companies, besides create the conditions for the development of large urban areas focused on knowledge economy (global cities) and opposed to urban areas without advanced policies for the development of intangible consumption and knowledge production.

In fact, in global economy dominated by intangibles, socio-economic growth of nations and populations is no longer driven by the development of industrial production located in the suburbs of cities geographically dispersed. Today, the primacy of knowledge economy presupposes the dominance of intangibles, and of global economies of scale. Cities polarized on intangibles therefore promote high levels of quality of life and excellent profiles of intangible jobs. Global cities assume a leading role in the global economy, becoming large urban areas as centers for innovation and development of the knowledge economy. World cities growth

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policies are directed to satisfy the needs expressed by large global networks, which on one hand are active in knowledge production and the other express a strong demand of intangible consumption.

World cities are boosted by Nation-States to encourage and control the innovation processes, developing specific attractiveness factors for companies focused on knowledge production. These attractive factors are connected to agglomeration economies, generated by synergies and interdependencies (in terms of relational capital) between corporate structures with high levels of knowledge production and other external activities of knowledge economy, i.e. higher education, research carried out by universities, financial intermediation services, facilities offered by local public institutions, security of electronic networks, accessibility to other global hubs, life quality of residential areas, efficiency of transportation networks, etc.

In fact, the role of world cities as a consumer hub is linked to the one of knowledge production-city, since in global cities there are the high-knowledge workers. These workers constitute the key production factor in de-materialized economies and at the same time represent the higher segment of intangible consumption demand. The role of knowledge-production hub of world cities and the perception of better quality of life associated with these global cities are therefore a catalyst and an accelerator of intangible consumption offered by the metropolis itself. In this way the city as a knowledge production hub becomes globally attractive, and therefore more competitive, compared to no-knowledge oriented cities.

Global networks' management needs overcome the traditional governance model of the Nation-State, emphasizing the centrality of institutional relations with local branches for their global strategies, promoting integration and exchange of knowledge.

In today's geopolitical world, the challenge of globalization is to become a very competitive knowledge-based economy, capable of sustainable economic development, accompanied by a growth in employment and social cohesion.

Globalization creates new social and economic relationships and the dynamic choices of global networks oppose the various Nation-States one against the other, in markets increasingly open and permeable to communication. The global networks are indeed the engine of socio-economic globalization, compete in open competition spaces (enhancing and exploiting corporate intangible assets as corporate culture, information systems and corporate identity) and dispose of extensive and sophisticated information, often more detailed and updated than those known by Nation-States governments.

In modern economy, global cities are more and more important and become high level poles of the knowledge economy.

The world city, metropolis of vast dimensions and already very active in the global economic scenario and strongly supported by Nation-States, thus appear to play a leading role in the socio-economic growth of Nations because they take the form of first class global poles granting the growth of territories and populations.

The global cities therefore aggregate, on the one hand companies knowledge-based (i.e. knowledge-intensive) and the other masses of individuals who require sophisticated levels of intangible consumption. In other words, the large metropolitan areas of the de-materialized economy, assume the role of aggregation

pole for knowledge producers (knowledge hub) and for consumers with high levels of intangible consumption needs (consumer hub).

The concentration processes of world cities is due to the aggregation of those companies centers that are strongly oriented to knowledge production, with a predominance of de-materialized production processes. In turn these global corporations aggregate and polarize increasing amounts of population (resident and gravitating) expressing a consumption demand very sensitive to the characteristics of intangible products and services ranging from: working facilities and opportunities, entertainment and urban welfare, socializing, variety of products and services, work and private safety, housing facilities.

2. The Three Models of Metropolis Global Development

More generally, the competitive position of global cities becomes a strategic asset that is reflected in the different models of metropolis development.

A first model of urban development for cities facing globalization is related to *no-knowledge production*, that is based on the renounce to attract large global networks. This is the case of many European cities (like Manchester, Sheffield Milan, Turin) in the transition from traditional heavy industries to a knowledge economy. In this sense the Italian case seems even emblematic representing a model of non-development and that we can call 'cities with a real estate drift'.

Another model for the development of global cities can be seen in the model of *low-knowledge production* which identifies a development model that can often be related to a 'global village town'. Global markets determine social and economic new boundaries even for the governance of the cities, with profound changes to relations in time and space. In global markets, the new governance of the cities makes it necessary to consider time as a competitive factor (time-based competition), and to abandon decisions related to closed spaces, that coincide with limited physical and administrative contexts (a country, a region, a city, etc.) (market-space competition).

Specifically, the development model of low-knowledge production, with growth policies related to a 'global village town' model shows a transition condition expressing the need to define a new consensus based on a knowledge economy and on a planning capacity for intangibles growth, without the dimensional constraints typical of industrial economies.

Finally, the *high-knowledge production model* (world cities) assumes a key role for knowledge economy, which constitutes the identity of the city itself, for the knowledge production expressed by the existing corporations, and for the intangible consumption expressed by the inhabitants (residents and gravitating).

World cities are the hubs of a global 'network' of large metropolis, which are designed and equipped to host leading corporations, or better, the capital-intensive structures of companies that are strongly knowledge-production based.

The location choices expressed by the 'global strategic management' of large knowledge-production-based corporations (the headquarters of multinational, high-tech companies, departments of global companies with advanced planning, R&D, marketing, etc.) mark the success of the urban development of world cities, because

knowledge-production-based activities follow imitation patterns, concentrating in specific sites.

In summary, the big corporations, usually organized in a network, choose world cities as the location for their strategic coordination structures (global business units) and for the units that coordinate the long-term competitive advantages of knowledge production (for example, the corporate lobbying structures designed to protect innovation). On the other hand, activities linked directly to the operations of the networks tend to be positioned in disseminated areas where relocation is inexpensive.

With globalization, large networks management policies require complex assessments of performance, which require the coordination of strategic estimates (degree of coherence between corporate objectives and results) and of operational estimates (degree of coherence on organizational interdependencies).

Globalization, open markets, organizational restructuring, mergers and acquisitions, the diffusion of digital technologies and the convergence of communication technologies, on the whole have contributed to substantially change corporations organization. Furthermore, the complexity and uncertainty that characterize today's 'time competitive' markets are fostering the developing of a growing number of organizations-profit and non-profit, public and private-that help corporate management (in the headquarters and in decentralized organizations) in their efforts to constantly adapt to the competitive environment. In this mutation process, which causes a rapid change in network relationships and determines new ways for acquisition and transfer of specific skills, many organizations are involved, among which management consulting firms, organizations for the economic development of Nation-States and above all (with an increased role in the last 10-15 years of economic globalization) the organizations of the economic promotion of 'world cities' designed to meet the needs of global networks.

In global markets, new economic trends characterize the development of corporations. Therefore corporations, in achieving their goals, use flexible strategies (where strategy is no more considered superior to tactic), dynamic, primary oriented to competition (market-driven management). Flexible strategies, in summary, emphasize the discontinuity factors of the economic system, specifically enhancing all the elements of non-loyalty behavior. In this 'non-linear approach' to profit, corporate strategy development is integrated with new managerial economics concepts (vision, mission, global networking) which consider strategy in a complex and dynamic competitive dimension, where local results are melted with global performances and profit policies of corporations are linked to the development policies of world cities.

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