

Global Positioning

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Introduction

Michigan's economic future must incorporate three major elements: the knowledge economy, globalization, and network society. The knowledge economy captures the significance of science and technology as a driver of the economy, and the need for an educated workforce to facilitate economic growth. As structural change progresses in terms of what is made and how products and services are delivered, there is also a geographical restructuring with production systems fragmented to locate in the lowest cost and most advantageous areas. This globalization of production affects people and places as they now compete across the world rather than locally. The third phenomenon, network society, reflects the impact of information and communication technologies (ICT) on how people live, work, and interact. To be successful, cities must reach out internationally to attract the business enterprises of the 21st Century.

In today's global economy, the city-region is the proven principal functional unit that must be the primary focus of policy and strategic attention.¹

Each city and its region must invest in their own unique strategy for attracting business and investment from abroad and be recognized as a unique location for international businesses. To be successful, strategies must build on the particular advantages of each city.

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The policies and strategic processes outlined here are based on the ALERT model, which frames complex policy formulation activities in the context of the global economy and network society.² The ALERT model asks planners and communities to raise their Awareness of changing geographic (Layers) and technological (E-Business) forces and to positively and creatively react (Responsiveness) through information, collaboration and relational planning (Talk). The range of E-Business options is presented in Table 1. The principal elements of the model consist of five activities or components that need to be led by stakeholders

of Michigan's cities. The ALERT model was employed to identify core features and issues for the global positioning of Michigan's cities.

Analysis of the global positioning possibilities for Michigan's cities focuses on three dimensions: Competitiveness, investment, and branding. In addition, we note the importance of mindset for communities as they approach development strategies for their future. This policy brief will note our findings as well as policy actions for cities and regions to consider.

Compete

There is not a specific formula for a city to be globally competitive. There are many elements to consider, and firms look at a bundle of attributes for each location when making investment decisions. Also, each firm has different needs, so a city may not be competitive for one firm or industry, but may be perfect for a different business.

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Global competition at the national and city/region level is widely analyzed, with many indices using a variety of measures to capture relative standings.³ The points below identify some of the common attributes widely accepted as important for competitive cities.

- **Human resources** encompass the skills, education, and training of the local workforce, as well as its attitudes and organization. Factors to consider include labor costs and benefits, unemployment, current and future labor supply, and the nature of industrial relations.
- **Productivity** relates the cost of production with output, noting that high-cost cities can also be very productive. Focusing on costs alone without including output may cause highly productive states like Michigan to seem less desirable than they are.
- **Knowledge and innovation** are highly valued in an information-based economy, so access to research and development (R&D), education, and having an

entrepreneurial mindset combine to make a city attractive to a global investor. Measures would include education levels of the population, scale and scope of government, private and university R&D, and the environment for startup firms.

- **Regulatory environment** varies by industry, but clear policies and guidance through permissions can change perceptions and attract investors.

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- **Infrastructure** is the physical foundation on which an urban economy is built. The quality of road, rail, and air connections, as well as water and waste systems will influence a firm seeking a Michigan location for an enterprise that operates globally.
- **Amenity and quality of life issues** are important for workers and firms, especially in knowledge industries. Cities that offer strong amenity conditions (environment, entertainment, education, cultural resources, etc.) and reasonable housing and living costs will be globally competitive.

There has never been a better time for Michigan cities to compete.

Action

In addition to recognizing the need to be seen as a global entity, there has never been a better time for Michigan cities to compete, due to recent downward pressure on the U.S. dollar that makes U.S. exports very competitive. Given the need and opportunity to develop the competitiveness of Michigan cities, a number of actions may be considered:

- Be globally aware/think globally. Cities need to adopt a global mindset and develop awareness about economic trends, especially those factors associated with investment. Actions may include creating staff positions with responsibility for tracking key firms and industries, developing networks to assist firms, and even establishing a special office for global projects.
- Seek advice from local globally competitive firms to learn about trends and issues. Actions may include creating an advisory panel for the city on foreign direct investment (FDI), or more broadly, on global matters. Michigan cities house many international firms and this expertise should be captured to develop awareness and strategies.

- Assist local firms to export, especially as the U.S. dollar now gives a strong advantage to U.S.-based producers. Seek the advice of current exporters to learn more about how the city can facilitate an export orientation.
- Review internal processes for attracting international firms and investors and develop strategies to better serve potential investors. Does the city have staff with responsibilities for responding to global firm requests or targeting potential investors?
- Benchmark against competitor cities to identify strengths and challenges, and be in a position to respond to potential investors. To strengthen city capacity for global competition, review best practices by cities worldwide to inform local policy.

Invest

The conventional terminology for attracting business from outside the United States is foreign direct investment, or FDI. Among the benefits of FDI for Michigan's cities are the creation of jobs, use of new production technologies, more efficient and effective business-process approaches, and improved management as a result of fresh perspectives and innovative mindsets. Additionally, host cities can gain access to new business networks to enhance marketing, sales, and procurement.

There are 3,760 business operations in Michigan from outside the United States. The largest numbers of international operations are from Germany, Japan, the United Kingdom, Canada, and the Netherlands. In all, forty countries have invested in Michigan's diverse industrial and service sectors. The state's major export markets are Canada, Mexico, Germany, Japan, and China.

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Action

Given the importance of FDI and interest by Michigan cities in developing a globally oriented and linked economy, a number of potential actions emerged through our analysis. Some action items for cities to consider include the following:

- Develop the capacity to attract and manage foreign investment through specialized staff and marketing. Establish processes for handling inquiries and initiating contact with prospective firms, and create a data and intelligence gathering function to track trends for firms and industries.
- Target firms and industries from countries that already have a presence in Michigan, as familiarity can be a good marketing advantage. Target countries in the short- to

Table 1: The “Business” of Electronic-Driven Economic Development and Network Linkages

| Production Functions | Consumption (E-Commerce) Functions | Amenity and Quality of Life Factors |
|---|--|---|
| Science & Technology-driven Research & Development (C) | Online Procurement: B2B & B2G (D) | Social, Cultural and Institutional Activities (C & D) |
| Commercialization of Products & Services (C) | Online Retailing: B2C & G2C (D) | Natural Environmental Attributes (C) |
| Business & Producer Services (C) & Manufactured Products (D) Gov't Producer Services (C&D), e.g., regs, taxes, info, etc. | Value-Added Complementarities between Electronic (clicks) & Physical (bricks) Channels (C & D) | Quality Education, Human Capital Capacity Building and Talent Development (C & D) |

medium-term should include Germany, the U.K., France, the Netherlands, Italy, Ireland, the United Arab Emirates (Dubai and Abu Dhabi), Japan, Singapore, Taiwan, Hong Kong, and South Korea.

- Identify local stakeholders able to offer advice and inform policy, and establish regular contact with local resources able to assist with global marketing. Cities in Michigan have many resources to consult, as they have international firms’ already present, as well as educational institutions with experience in global culture and language.
- Smaller cities should consider partnering together to market their location- and investment-attraction strategies.
- Create a place-specific strategy to handle foreign investment

Brand

One of the challenges of a global economy is that cities and regions must develop an identity in a crowded marketplace. Also, the shift in interest away from countries to cities and regions means that the number of competitors is far greater now than in the past. This stage of the analysis focused on two related elements of city branding: Identity and Web presence. In a global marketplace for location and investment, the Web is an essential tool in any city’s planning to be globally competitive. The websites of Michigan’s cities were analyzed for brand identity and content associated with global business and investment.

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In general, Michigan’s cities tended to have only a limited Web presence, and therefore represent a limited window for the rest of the world to see the benefits of a Michigan location. The Web

is very much under-utilized by cities as a marketing strategy or source of interaction with potential investors. Among the findings of our study were the lack of global awareness and international content on websites, which signals a lack of familiarity or interest by Michigan cities in global business. In all but two cases, there was no foreign language content, and only one site provided access to a free online translation interface. It was often difficult to quickly find economic development information and contacts on websites, giving the incorrect impression that there was a lack of interest in these activities from Michigan cities.

Developing awareness of Michigan cities and their economic advantages is an important step in becoming globally competitive.

Action

Developing awareness of Michigan cities and their economic advantages is an important step in becoming globally competitive.

- Promote an identity for each city based on core strengths that can be supported with hard facts about economic advantage. With so many cities engaged in economic development, it is important to consider ways to brand locations and make them stand out from competitors.
- The Web is the world’s window on Michigan’s cities, so it is essential to see a city’s website as a valuable asset. Cities should develop portals or sites that feature economic development and global competition assets.
- Create multiple portals for different audiences, to better reach the specific interests of citizens, visitors, investors, etc.
- Consider non-English language content to signal awareness to potential investors and visitors. In a world where English is the leading language of business, it is important to show

an openness to the rest of the world through websites that feature translation or offer summaries of city characteristics and benefits in multiple languages. Foreign-language content will also allow a city's website to be picked up by non-English search engines.

Mindset

An essential element of the global positioning process is the mindset that policy makers, stakeholders, and citizens bring to the task. New ways of thinking about our economic futures that encompass holistic views of our communities and comprehensive strategies for economic development are part of a changed mindset that we must all adopt. The changed mindset should embody the characteristics and behavioral traits of intelligent development, which captures the major characteristics of globally competitive cities and regions. Thinking intelligently about economic development identifies a number of crucial factors, so that intelligent development:²

- Recognizes locally unique value-added content and the competitive advantage a city can gain through its assets.
- Builds on the goal of universal digital infrastructure roll-out and continuous modernization of infrastructure.
- Uses the best locally applicable strategic planning practices and benchmarking. The city does not copy others, so much as tailors a unique strategy to serve its needs.

It is essential for stakeholders to have a global mindset.

- Invests in places and regions principally for wealth creation, higher wage employment, and improved quality of life via human capital development and enterprise culture development.
- Develops a community and region holistically and equitably while recognizing the supportive development role of amenity factors and quality of life functions.
- Draws on contemporary research, theory, and methods as cities partner with business and educational institutions to identify and learn about their global advantage.

The necessary mindset change to adopt intelligent development practices will take a great deal of time and effort to be realized. It took a long time for Michigan and its cities and regions to get to their present state of development and relatively competitive position. In turn, there should be every expectation that it will also take a great deal of time to change mindsets sufficiently to realize the kinds of futures that will be desired and intended. It may be a long process, but it is one that we must start today.

Conclusion

The actions outlined here have been derived from extensive scanning of the global economy in search of cities adopting innovative and effective practices for global competitiveness. From these cases, we have selected and organized policies, strategies, and tactics that merit attention and reflection. However, these practices and benchmarks from elsewhere should not be copied and re-potted directly into the Michigan core city-region context. Rather, we anticipate that cities will use development examples from elsewhere as inspiration based on how other places have constructed their own unique pathways to global competitiveness.

A global mindset should prepare us to capture the benefits of the many forces shaping urban development in Michigan, and at the same time alert us to the costs and disadvantages that need to be minimized.

In developing strategies for Michigan's cities to be globally competitive, it is essential for stakeholders to have a global mindset. By this, we mean an orientation that links the local and global, and fosters a world view that recognizes the forces shaping economic change and growth. A global mindset should prepare us to capture the benefits of the many forces shaping urban development in Michigan, and at the same time alert us to the costs and disadvantages that need to be minimized. What is required from cities is sustained and creative engagement supported by the will and ongoing commitment to have their city prosper in the new realities of the global economy.

Notes

- 1 Scott, A. J. (Ed.). (2001). *Global City-Regions: Trends, Theory, Policy*; Oxford: Oxford University Press.
- 2 Corey, K. E., & Wilson, M. I. (2006). *Urban and Regional Technology Planning: Planning Practice in the Global Knowledge Economy*, London and New York: Routledge.
- 3 For example:
World Economic Forum. 2006/2007. *The Global Competitiveness Report*. Geneva. Retrieved July 12, 2007, from <http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>
U.K. Competitiveness Index 2006. Retrieved August 7, 2007, from <http://www.hugginsassociates.com>
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technology, economic geography, public policy, and nonprofit organizations. Most recently, Kenneth Corey and Mark Wilson published *Urban and Regional Technology Planning: Planning Practice in the Global Knowledge Economy*, which is a policy and practitioner oriented guide to technology planning.

For nearly thirty years, **Kenneth Corey** has been researching the emerging forces and patterns of post-industrial economic, technology and urbanization functions and policies around the global economy and network society. Kenneth Corey is Professor of Geography and Urban and Regional Planning at Michigan State University. Professor Corey has published six books and monographs, including two with Dr. Mark I. Wilson on information and communications technologies-facilitated development and planning. Since the year 2000, he has been a member of the MSU Digital Divide Research Team and the Knowledge Economy Research Team, funded annually by grants from the U.S. Economic Development Administration to the MSU Center for Community and Economic Development.

Visit <http://ced.msu.edu/> to obtain a copy of the full report summarized in this brief.

About the Series:

The **Urban Policy Research Series** addresses critical urban policy issues facing our State by connecting Michigan's core city mayors and legislative leaders with its finest urban scholars. By supporting of policy research on priority issues identified by mayors themselves, the Policy Research Series mobilizes practical scholarship concerning urgent issues facing Michigan's older central cities. In 2007, with support from the W. K. Kellogg Foundation through the MIHELP consortium, Michigan scholars were invited to propose policy research and analysis projects concerning specific issues identified as of high priority to members of the Urban Core Mayors. Six projects were selected, and researchers were commissioned to conduct the first of what is intended as an annual cycle of targeted policy research.

The resulting policy forums, Policy Briefs, and Research Reports is intended to provide current, credible and practical information for local and state officials as they consider important public policy decisions that will affect Michigan cities. By supporting the development of a growing network of scholars actively researching issues that have practical implications for urban and metropolitan Michigan, the Urban Policy Research Series is also intended to increase the capacity of the higher education community to contribute its unique added value to the ongoing civic discourse that shapes Michigan's local and state policy environment.

About the Partners:

The Urban Policy Research Series is the result of a partnership between elected leaders in local and state government and Michigan's higher education community. Special thanks to Faron Supanich for his leadership in coordinating this project, and Graham L. Pierce for preparing this report for publication.

The **Urban Core Mayors** is a bipartisan, multi-regional group established in 1992 to work together for local and state solutions to common problems facing Michigan's core cities. Urban Core Mayors members include the Mayors of Ann Arbor, Battle Creek, Bay City, Dearborn, Detroit, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Muskegon, Pontiac, and Saginaw.

The **Bipartisan Urban Caucus** is a bicameral, bipartisan network of legislators, established in 1995 by legislators seeking to develop a state policy agenda to support the revitalization of Michigan's core cities.

The **Center for Community and Economic Development** is a Lansing-based unit of Michigan State University's Office of University Outreach and Engagement. Established in 1969 to initiate and support innovative problem-solving strategies to improve the quality of life in distressed communities throughout Michigan, CCED provides a multidisciplinary capacity to respond to the complex, interrelated issues of communities. In fulfilling its mission to engage university resources in support of Michigan communities, CCED has provided assistance and information to the Urban Core Mayors since 1993. For more information visit <http://www.ced.msu.edu/>

The **Michigan Higher Education Land Policy Consortium (MIHELP)** is a public-private, multi-university, inter-disciplinary partnership between Michigan State University, Wayne State University, Grand Valley State University, and Public Sector Consultants, headquartered at MSU's Land Policy Institute. Established in 2005 with generous support from the W. K. Kellogg Foundation, the mission of MIHELP is to help make Michigan's urban and metropolitan areas vibrant and successful communities by addressing the fundamental research and outreach void in urban and metropolitan issues in the State. For more information

