

This publication is one of 4 being prepared in 2010 by the British Council. Each of these publications covers a key issue that has been developed within the OPENCities project and illustrates it with practical case studies from the cities that are participating in the project and its research, and other cities considered of interest.

- **Understanding OPENCities.**
- **Leadership and Governance of OPENCities.**
- **Internationalisation of OPENCities.**
- **Managing Diversity in OPENCities.**

Leadership and Governance of OPENCities features case studies from Turin, Vienna, Stuttgart, Hong Kong and London.

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The Role of Leadership and Governance in OPENCities

By **Greg Clark**

This book is one of four being prepared by the British Council OPENCities Project in 2010. A collection presenting the case for city opening and outlining the local and global benefits of city openness as well as examples and case studies showcasing the road-map for city openness and the elements within it. The collection covers:

Understanding OPENCities.

Leadership and Governance of OPENCities.

Internationalisation of OPENCities.

Managing Diversity in OPENCities.

Each report focuses on a key issue that has been developed within the OPENCities project and illustrates it with practical case studies that have been researched to help cities participating in the project to elaborate actions to progress towards openness.

This book deals with the role openness has to do with Leadership and Governance, highlighting lessons that can be learnt from the links between the internationalisation of the population of a city, and the wider internationalisation process.

We ask questions such as:

- How have leaders of international cities recognised the potential benefits of their cities being more open over the long term?
- What role is there for city leaders in making and implementing the case for openness?
- How can city governance arrangements contribute to operationalising openness?
- With regard to openness, what transferable practices have city leadership teams developed in the fields of international knowledge-sharing, multi-level government partnerships and public-private collaboration?

The case studies include:

| City | Internationalisation Case Study |
|-----------|--|
| Turin | Strategic urban planning for new international roles |
| Vienna | Spurring migrant entrepreneurs |
| Stuttgart | Pact for Integration |
| Hong Kong | Asia's World City branding initiative |
| London | Diversity works for London |

Leadership and Governance

By **Peter Finnegan**

“He that would be a leader must also be a bridge”

Welsh proverb

The OpenCities initiative of the British Council is itself an act of leadership in a time of change and challenge. OpenCities is a bridge, a bridge between nations and cultures, a bridge between people and their adopted lands, a bridge between past and future. We stand in a time when the future of humanity depends on our ability to retain the uniqueness of difference yet recognise the value of what we hold in common. OpenCities is more than a slogan, more than a programme, it is a vision of how we can live, work and interact. It is a call to action that involves adopting policies and practices in our cities that encourage migrant populations to locate there, to contribute to local society and economy, and to connect cultures and places globally.

“Leadership and Governance” is the second book in the development of a theoretical framework for OpenCities. It is based upon the rather obvious premise that openness will happen if there is a Civic leadership that promotes the vision of the open city, and can translate that vision into action through governance. Visionary leadership is too often in short supply in a world caught up with

the immediate needs of the here and now, blinded in the headlamps of the latest crisis or challenge. Yet every great challenge can only be met by visionary leadership, by an ability to imagine the future and to set clear objectives that drive change. Napoleon Bonaparte once observed that “a leader is a dealer in hope” and this book tells of cities whose leaders have offered hope in terms of how the agenda of openness can transform lives, communities and economies. In speaking here of leadership we speak not only of civic leaders but also of business, community, educational and migrant leaders.

But to succeed leadership must harness governance to deliver. It is not enough to create a vision and hope that ideals will drive action. Cities that become more open to international populations and to innovation/change, must create systems of Governance that drive actions and programmes. Increasingly urban governance is seen as a shared responsibility between local government and the many stakeholder interests that drive and influence the development of cities. The universities that attract international populations to study

and research; the businesses that recruit their staff internationally; the international companies that choose cities as an extension of their home; the communities that house new arrivals from different cultures; all these, and more must work to develop practical steps that indicate and prove how opening and welcoming the city is to new arrivals.

We live in challenging times. Challenging times are interesting times and times of opportunity. The reality is that the world is becoming more interdependent and smaller. More and more people are moving and settling in cities. Cities are the power houses of economic activity and the places which need innovation. If we are to create a more sustainable and balanced world, we must create sustainable cities that are balanced and engaged with the world. One way of achieving that is to promote openness; to ensure that populations in cities are diverse and multi-cultural; to ensure that cities embrace global connection and innovation. For it is through the arrival in cities of people from other lands and cultures that innovation happens, enrichment of mind and spirit shapes the urban landscape, and we become better able to deal with the challenges of change.

This book is a timely contribution to the debate on openness and a valuable insight into examples of how cities have through leadership and governance become more open. While arising from the OpenCities Project it is relevant to anyone who is involved in urban management and development.

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1. Why OPENCities?

The proposition at the heart of the OPENCities project is that, in many situations, cities can be more successful over the long term if they attract international populations and enable them to make a full contribution to future success. Attracting an international population can benefit various aspects of city life. The attraction of international populations can support many aspects of city life; it:

- Creates a larger critical mass of people to support public infrastructures and private services.
- Attracts specific skill sets that city economies need in leading sectors and in important services functions.
- Fosters economic internationalisation, trade, and specialisation.
- Promotes a creative/cultural cosmopolitan milieu which is attractive for innovators, investors, visitors, and residents.
- Supports entrepreneurship, innovation, and job creation.

Such agendas need to:

- Make the case for internationalisation and openness in the city, and promote its advantages.
- Communicate effectively with citizens and stakeholder organisations, and win their support.
- Translate the agenda into a programme of activities and governance arrangements.
- Implement the programme with efficiency and effectiveness.
- Advocate for support and flexibility from higher levels of government.
- Pursue the agenda with sufficient time and resources to achieve permanent change and increase the quality of interventions.

These activities are the necessary actions of city leadership, though they are seldom discussed or assessed. We identify 'city leadership' as including elected city leaders,

National governments control immigration rules, regulate labour markets, and supervise other key macro level policies. Other policy competences are spread amongst a wide range of governmental bodies and tiers. But when it comes to achieving greater internationalisation and openness in cities, only local government leaders can articulate and co-ordinate an effective agenda.

senior staff officials, and the civic leadership of business, institutions, and non-governmental organisations within the city. Cities are led by teams, not by single individuals.

City leadership is not just about managing a given set of direct responsibilities; it is also about agenda setting, co-ordinating, and influencing the actions of others. City leaders are not just responsible for the management of the city and how it performs today but also for the future of the city.

This book seeks to identify the extent to which agendas for internationalisation and openness have been orchestrated within a select group of case study cities. We examine the extent to which city openness has been operationalised or implemented, and what has been learned from the experience. The intention here is to illustrate key issues and approaches taken, and highlight key themes for future work. We show how some cities have become more open, and what part city leadership and governance has played. This book is intended to act as a stimulus for cities interested in how they might develop an agenda for internationalisation and openness.

1.1 The case for internationalisation and openness. Why do cities want to be open?

In this book we undertake a preliminary review of the experience in five cities of different sizes

and locations – Vienna, Turin, Stuttgart, Hong Kong and London. These cities demonstrate different approaches to leadership and governance, offering distinct lessons for the OPENCities agenda.

In each of these cases, there exists a willingness and a working consensus to become more internationalised and diverse. There is a good level of awareness and agreement that openness and diversity have beneficial effects and should be encouraged.

An important starting point for considering the role of leadership and governance in open cities is how the case for internationalisation and openness has been made.

- Who makes the case for openness?
- Do cities decide to become more open, or is it a consequence of other decisions?
- Are cities compelled to become more open by the arrival of international populations?

We have tried to assess how openness has arisen in each of our case study cities. None of the cities displays a single integrated case for internationalisation of population. Most cities appear to have a mixture of different reasons for wanting to be open, and a range of different roles that international populations play.

'Cases for Openness' can be identified in four areas:

Globalisation, Specialisation, Agglomeration, and Talent Attraction

Population and skills replacement

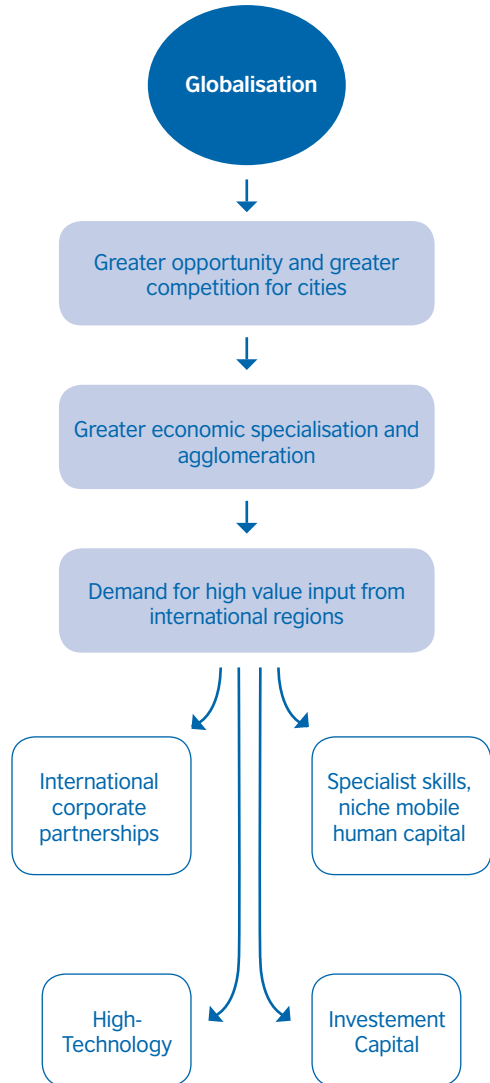
Improvement in managing diversity

Advantages of diversity and cosmopolitanism

Globalisation, Specialisation, Agglomeration, and Talent Attraction.

Globalisation brings opportunities for some cities to break free from a given position within a national economic system, and seek higher value economic roles in a more open international system. To be internationally successful, some cities have to specialise in a limited number of niches and sectors, where they can concentrate on becoming internationally successful. This frequently leads to clusters of specialist firms and institutions, working together to provide a mutually reinforcing competitive platform at a city or regional level. This stimulates the desire to attract additional talented workers from abroad.

This process is simplified in the chart below:



Nations seeking to succeed in knowledge-driven economies need cities that can:

- Build up human capital internally through good education and training.
- Attract and recruit human capital from outside.
- Retain enough human capital and use it fully.

At the same time, an increasingly mobile, and expanding, global population seeks locations that offer the best combination of life chances and opportunities. Becoming an open city which is attractive to this talent is, in this context, a key branch of local and regional policy. The case for openness is made most frequently in cities that are pursuing a strategy of becoming an international hub of knowledge-led industries, such as Zurich.

Population and skills replacement.

Without immigration, many cities in the developed world have demographic trajectories which will not sustain their critical mass of taxes and public finance, economic activities, amenities, and infrastructure. International immigration is a key way to replenish population base in terms of skills shortages and also jobs that do not appeal to local workers. Cape Town is an example of a city that has done this.

This case for openness often occurs in either de-industrialised cities, where net population decline needs to be reversed, or in cities where the need to attract migrants for lower paid jobs is observed. De-industrialising cities

look to replace population base by immigration into districts where industrial workers used to live. There may be tensions within these districts, but they are places where population replacement arrests deeper decline, and sets the stage for future urban regeneration.

Managing diversity better.

Openness is central to the strategy of bringing large scale immigration into cities. When this is managed successfully, it can create an internal environment within the city that celebrates diversity and provides a sense of belonging for citizens of all backgrounds.

This case for openness is often made in cities where there has been immigration over an extended period, and there is now an opportunity to make more of the diversity it has brought. Toronto, with almost half of its population born in a foreign country, is a leading example of this approach.

Advantage of diversity and cosmopolitanism.

Some cities acknowledge that population diversity can bring competitive advantages in cultural, social, or economic realms. Such forward-thinking city governments observe that diversity itself is a spur for quality of life, innovation, creativity, and entrepreneurship. It creates a rich milieu that spawns attractive cultural choices for visitors, immigrants, and domestic populations alike.

Singapore is a leading example of this, identifying the clear links between diversity, culture and international competitiveness. Other cities, such as Berlin and Amsterdam, also recognise the intrinsic benefits of openness, without explicitly equating them with economic competitiveness.

There are no cities that pursue one ‘case for openness’ purely in isolation of others. More often, several different cases co-exist simultaneously. While some cities see cosmopolitanism and diversity-driven creativity as ends in themselves, others see them as means to achieving wider economic or social goals.

1.2 What role is there for city leaders in making and implementing the case for openness?

When compared to issues such as Internationalisation and Managing Diversity (the themes of two other books in this series), Leadership and Governance can be somewhat intangible elements. Our review of city cases from around the world suggests that different strands of ‘leadership and governance’ might usefully be addressed in order to make some more systematic comments about the role of city leadership in open cities.

- The role of city leaders, and wider civic leaders, in promoting diversity and openness in the city by linking it to wider strategies for economic development, internationalisa-

tion, culture and creativity, or population replacement/growth. **The positive leadership agenda for openness.**

- The role of city strategy and policy in setting the right context for openness. **The translation of an openness agenda into tangible policies and strategies operationalised through organisations and programmes.**
- The role of special initiatives to enable immigrants and international populations to participate more in urban governance. **The promotion of more diverse leadership in the city.**
- The role of initiatives that aim to increase political participation of immigrants and international populations. **Fostering political participation and open governance.**

These four elements are observed, but there is clearly a crossover between them and issues of phasing and sequencing become evident. We have tried to identify useful case studies and illustrations of these activities, and have begun to undertake interviews in the cities identified to understand this better.

Why Leadership Matters In City Development.

Many cities seek to become more open as part of their long term development strategy. But in a complex, dynamic, and internationally connected world, it is very important to identify roles and responsibilities for moving complex city development agendas forward.

City development does not usually happen by accident. It is often undertaken by local governments, but is unlike orthodox local public services, where a defined service is delivered to a relatively well-understood population base, within a defined geography.

The core roles of services delivery, representation, and regulation of local environments, differ from city development in the following ways:

- Operating within a market context, many levers of city development are outside the control of local governments. City development operates with far more **uncertain tools and instruments**, and requires wider governmental coordination.
- City development processes usually happen within a wider **geographical space** than local government boundaries; sometimes even beyond the scope of provincial or national governments. Therefore, substantial inter-governmental co-operation may be required.
- The **time frame** in which city development outcomes appear is more akin to business cycles (12-15 years) than to the electoral cycles (3-4 years) of governments.

Given all these factors, it is highly desirable that city development is orchestrated as a co-

ordinated activity between public, private, and institutional sectors, with substantial vertical and horizontal collaboration on the public sector side.

All of these features mean that city development is not wholly under the control of city governments. With effective leadership, the city can influence the behaviour and activities of many other actors.

Promoting city openness is an important aspect of city development. But many of the levers of city openness do not lie with Local Government. They do not usually control:

- Immigration Policies and Incentives
- Labour market regulations
- Activities of Universities
- Major employers
- Key parts of the international infrastructure

And in many cases, city governments do not have complete control over such important aspects as:

- Housing policies
- Education policies
- Cultural policies

City governments cannot control market based processes, but can only seek to influence and persuade:

- Firms to locate or expand within their territory.

- Investors to make investments the city wants to see.
- People to make their home in the city.
- Employers to employ certain people or recognise certain qualifications.

This means that, in respect of city openness, there is a requirement for cities to influence and shape policies, programmes, and processes they do not control. This role is a leadership function.

It may involve the tasks, seen in the chart seen here .

From wider reviews of city leadership we know that successful cities have good leadership, that leadership includes:

- City political leaders (not just one good leader, but often several, and with continuity over time).
- City government officials.
- Business, political, and civic leadership as part of leadership teams.

Critical city leadership functions



Leadership and Governance of OPENCities

- Effective leadership from higher tiers of government.
 - Effective governance and co-ordination between multiple entities.
 - A strong, clear and confident media presence, which influences public opinion.
- In this paper we seek to identify these leadership agendas in terms of:
- The various strategies and governance implications that arise from them.
 - The different leadership contributions that are made to OPENCities.

For the sake of simplicity we are defining our terms as follows:

Leadership: 'Making the case for and setting an agenda for openness: developing long term vision and strategy for an open city which is compelling and influential upon the actions and behaviour of others.'

Governance: 'Translation of such an agenda into programmes, coalitions and organisational arrangements that can deliver the vision and strategy in the long term.'

2. The Case Study Cities, their City Leadership Agendas, and interesting practices.

The next section presents a review of relevant city leadership agendas which illustrate the OPENCities proposition. It also provides background on the cities and outlines practical initiatives they have undertaken to operationalise this agenda. In order to explore how openness can be addressed and enhanced, through good leadership and governance, we have selected the following five case study cities: Turin, Vienna, Stuttgart, Hong Kong and London.

From our review it has emerged that all the selected cities have, to some degree, recognised that being attractive to international populations is increasingly important to their long term economic development and wider success. Over the years, large numbers of foreign immigrants have been absorbed, without any explicit plan for integration.

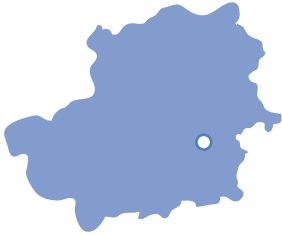
However, the cities are now beginning to apply policies toward immigrant attraction and retention at the local level. In selecting these case studies, we have looked at practical and successful initiatives undertaken at city level, that other cities can learn from.

In assessing the case studies we have investigated:

- How local level leadership and action can make a difference to city openness and/or contribute to changing the openness of cities.
- Different roles and forms of city leadership and how city leadership, governance and programmes contribute to city openness.

The following table provides some elementary indicators of the cities and initiatives analysed:

| City | Population/ million | Percentage of Migrants | Initiative |
|-----------|------------------------|---------------------------|--|
| Turin | 0.9 | 6% | Strategic urban planning for new international roles |
| Vienna | 1.7 | 28% | Spurring migrant entrepreneurs |
| Stuttgart | 0.6 | 38% | Pact for Integration |
| Hong Kong | 7.0 | 43% | Asia's World City branding initiative |
| London | 7.6 | 31% | Diversity Works for London |



Turin

Turin is a major business city of 900,000 people in north-west Italy, and is the capital of the Piedmont region. 2.2 million people live in the wider metropolitan area of 1,100km². After a period of painful de-industrialisation, Turin has sought to assertively reinvent itself as a centre for the new global knowledge economy. Turin is concentrating its innovative powers on penetrating the global networks of advanced services and hi-tech R&D. Biotechnology, agro-food, higher education and ICT are key elements of a strategic plan for economic diversification, a plan pursued with great conviction.

Turin is now far more open and competitive thanks to an infrastructural overhaul directly linked to its successful candidacy

and hosting of the 2006 Olympic Winter Games. Cooperative ventures have been agreed with other Central-Southern European cities to integrate rail and air transport systems, culture, and education. In overcoming the reputation as an inflexible, Fordist industrialised city, Turin is an example of successful rebranding into a centre of cutting edge industry and social vibrancy. The city also offers lessons in the importance of infrastructure investment as a driver of redevelopment, regeneration and openness. Efforts to make the next step and become a culturally established European city rest on improving its reputation among opinion leaders and international knowledge workers, especially in the areas of quality housing, cultural depth, and cosmopolitan milieu.

KEY AREAS OF GLOBAL STRENGTH

Diversified economic strength

Turin's urban economy now includes world class ICT, advanced engineering, design, gastronomy, life sciences and bio-technology, nourished by innovative small firms receiving strong public finance support.

Visionary city leadership

Key leaders have identified and pursued a visionary strategy, underpinned by thorough planning and goal-alignment. Leadership has not been afraid to reconfigure the city's identity, embracing a future as a small city committed to excellence in niche areas of the global economy.

Internationalisation strategy

An informed understanding of the opportunities presented by different relationships has contributed to a robust strategy, based around investment attraction and event-led branding. These have driven Turin's new identity as a unique mix of science and production, modernity and tradition.

R&D potential

The city has an indelible history for inventiveness and innovation. Expertise abounds in research institutions and medium-sized private sector firms, which have access to very high quality ICT.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Lack of high-quality housing

Despite improvements associated with the Winter Olympics, the low range of residential choice and quality is preventing Turin from acquiring a reputation for top-end living, both domestically and globally.

Indistinct international reputation

While Turin's city centre is now an impressive fusion of culture, heritage and modernity, the lack of internationally recognised attractions and cultural icons mean it is overlooked by tourists, and high-end workers alike. As a result, Turin's pace of evolution is currently comparatively slow.

Poor social cohesion

A legacy of ineffective past integration of migrant Italian workers has contributed to this. Turin lacks the level of positive cosmopolitanism expected of an ambitious international city. Non-Italian immigrants suffer problems entering the job market and experience other harsh effects of a city unused to racial assimilation.

The old squares in the city centre



Source: *Urban Centro Metropolitano, Turin*

The process of internationalisation undertaken over the past decade by Turin's city leaders is highly place-specific. It aims to create a leading role for Turin as a regional capital, in a European city-regional nexus. Urban leaders, including mayors, city councillors and key economic and cultural figures, have created innovative initiatives. These have been explicitly inspired by European experiences elsewhere, gained through an active information exchange.

With strong leadership at the city level, Turin is now experiencing success in the sizeable challenge of industrial restructuring. With the collapse of industrial giants, the city has sought greater innovation and diversification. International affairs now represent a strategic key to improving Turin's standing in the European and worldwide city hierarchy. Turin has identified that the top European cities have a strong public-private capacity to outline and implement projects of international scope, often in networks with other cities. Two city departments are specifically charged with managing international activities and assigned personnel with specific internationalisation expertise.

In an effort to provide a comprehensive face to Turin's new international activities, and thereby promote partnerships with other players committed to internationalisation, the International Affairs Department launched

an internal coordination programme in 2004. International initiatives are usually taken in conjunction with other local institutions (the Region, Province, Chamber of Commerce), or with players focused on specific missions. These include Torino Internazionale, Turismo Torino, and the Torino Convention Bureau.

Leadership and diversity

Turin's leadership agenda over the past fifteen years has been to redefine the city's place in the global hierarchy, by re-conceptualising its self-image. This has involved a search for alliances abroad with comparably de-industrialising cities to enable the exchange of experiences and ideas. In Turin such exchange is seen as a vital tool to city-regional economic development.

Turin's decision-makers have approached the theme of openness and internationalisation from a platform of firm international links. The region is the second most important in Italy in terms of FDI, while the city is relatively ethnically diverse for an Italian city, and becoming more so. Approximately 10%, or around 100,000, of the population is composed of foreigners, many from South Eastern Europe and North Africa. Between 1995 and 2005, the Eastern European proportion of the foreign community grew from 13% to over 40%, indicating the eastward dimensions of migration in the region. From the west, foreign entrepreneurs and freelance workers are increasing in number, working in services and advanced R&D.

Internationalisation has been aided by the strengthening of the powers assigned to the Mayor since the 1993 national reform. Mayor Valentino Castellani's contribution to reviving Turin's international reputation cannot be over-estimated. Castellani argued that if Turin was to reinvent itself and reinvigorate its future, Turin needed to do, 'something big, something on a grand scale to serve as the catalyst for what our city can become.' He was at the centre of the decision to bid for the Winter Olympics and later became director of the Games' organising committee.

Castellani's strong personal conviction was inspired by the exciting future he visualised for the city. He proposed a strategy for economic diversification and is widely credited for renewing faith in local politicians by spearheading an empowered and non-partisan leadership that gave refreshing credibility to the new city administration. The theme of open internationalisation, as opposed to local patronage, has transformed Turin into a milieu with an independent identity formed through international interaction.

City Leadership agendas and vision

Prior to Castellani, Turin's municipal government had struggled to create a long-term project to satisfy all the interests in the city. A pragmatic 'project-by-project' approach to town planning predominated, with little attention to constructing an overall territorial vision.

Castellani and his support team tried to institute a new method of city government around the idea of the 'city as collective actor'. This brought interest groups together as partners in a collective project characterised by dialogue and interaction. The transformation into cooperation, based on trust and mutual common identity, was embodied in the **Turin Strategic Plan**, launched in 1998 and signed in 2000. Civil society bodies, including universities, research bodies and working groups, were all involved in defining strategic vision and the more concrete actions. Castellani successfully recast the municipal government's role as a 'forum' and facilitator. Turin's model of active internationalisation is now based on a strong network of local actors operating with a shared vision of development.

Turin's strategic plan under Castellani's leadership was unusual for its time in seeking to mobilise urban actors through a processes of consensus. The mayoral leadership team was prepared to follow the lead of successful example cities, notably Barcelona, while tailoring the strategy according to Turin's specific needs. The combination was successful in encouraging mutual recognition between historically antagonistic actors.

Castellani has also worked to develop the city's international relationships. He cultivated good relations with Brussels, which ultimately became stronger than those with national legislators in Rome. This positioning initiated a period of international knowledge-sharing, supported by EU funding, as well as resources

for urban renewal and economic and social programmes. The expertise Torino's civil servants gathered through these networking experiences meant the best practice-inspired recovery projects they formulated were more likely to attract funding.

Key OPENCities initiatives

Urban renewal has been an important vehicle through which Turin has pursued its open, international agenda. The Land-Use and Infrastructure Plan, introduced by Mayor Castellani in 1992, effectively re-shaped the city, by re-organising urban transport and joining up old industrial zones with the historic centre. This Plan overcame the city's rigid spatial divisions of labour, and anticipated the need for Turin to enlarge its higher education base. It also pre-figured the subsequent Olympic bid, and the role these improvements could play in building upon Turin's role as an international centre for higher education, training and learning. All Turin's strategic interventions reflect a clear understanding that the city's audience is now fundamentally European and international, rather than national. It also reflects the fact that Turin has important international assets and relationships to build upon. Turin's niche international goals have emerged as follows:

- To become a visitor destination in its own right.
- To become a gateway north-south and west-east in enlarged Europe (and in particular a key connector into France and Switzerland).
- To grow Turin's role as a place where learning occurs.
- To be an increasingly green city, renowned for its environmental excellence.
- To increase Turin's activity as a logistics hub, especially in the context of the changing patterns of world trade (e.g. increased use of the Suez Canal).

Attracting International Investment

Turin's public-private investment attraction agency, Invest in Turin and Piedmont (ITP), is the first Italian regional agency dedicated to attracting inward domestic and foreign investment. ITP is primarily a service agency for foreign companies interested in locating in the region, and has proved successful in reshaping attitudes towards Turin as an investment prospect. Operated with a fairly restricted budget, ITP's marketing operations and facilitation of connections between academia and business are providing a firm platform for the city's international recognition.

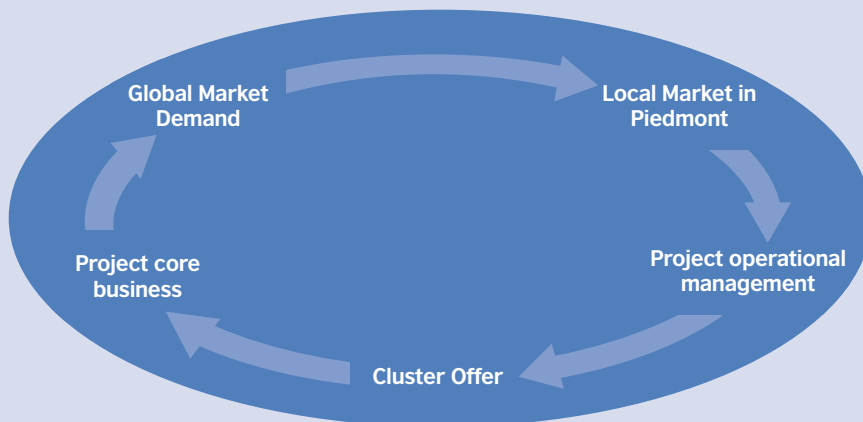
Turin's leadership has energetically promoted intergovernmental collaboration to establish the hard infrastructure that can secure strong and regular investment flows. Cooperative ventures with other Central-Southern European cities, to integrate rail and air transport systems, culture, and education, are all at the centre of

this effort. In 2003, economic collaboration between Milan and Turin was launched by the cities' Chambers of Commerce with the publication of the report, 'One railway, two

poles, a unique European region'. Genoa's Chamber of Commerce joined the network in 2005, and Lyon has also been incorporated into the alliance.

From Concept to Car – investment internationalisation best practice

Turin's Chamber of Commerce is a significant actor in the city's drive for innovation. The Chamber developed the 'From Concept to Car' (FCTC) internationalisation support programme, which is helping Turin's car production SMEs to find new clients abroad, thereby reducing their dependency on a declining FIAT. In 2009, the FCTC project won the Best International Project award at the World Chambers Congress. The marketing programme has enhanced the international visibility and business opportunities of the Piedmont automotive cluster. The €4.8 million project was 80% funded by the Chamber of Commerce, and included trade missions abroad with 150 local participating companies, during which business to business meetings with international car manufacturers were arranged.



The FCTC is an excellent example of how a chamber of commerce can support city-regional businesses internationally. The full-time team of 8 professionals had three years of budget autonomy to get the project going. They selected the 150 most suitable companies out of 1,400 eligible in the region. The success attained by local firms involved in the project has raised the profile of the region among international players, triggering a virtuous cycle for the promotion and development of exports to emerging markets such as Russia and China.

Source: ICCWBO (2009), www.iccwbo.org/worldchamberscongress/2009/iccdaajg/index.html

Attracting International Institutions

A key aspect of Turin's internationalisation strategy is to grow a cluster of international institutions, and to weave around them a higher education expansion strategy. The city is very keen to develop an 'international diplomatic quarter', centred on three key institutions already located in Turin, the European Training Foundation, the UN Staff College and the ILO's main Human Capital Activities.

The EU training institute, established in 1990, represents a major boost to the city's international potential. The agency helps transitional and developing countries to harness the potential of their human capital, through reforms in their education, training and labour market systems, in the context of the EU's external relations policy. This ensures Turin's regular relations with Eastern European states.

Attracting International Students

Turin is arousing ever-increasing respect as an international training and education centre. This is one of the city's key internationalisation targets. A nationwide initiative entitled 'Invest your Talent in Italy', launched in 2006, is operating in Turin, targeting talented postgraduates from around the world. In particular, the Politecnico di Turin is strengthening its specialism in industrial engineering and management, given its close

links with local industry. Special Politecnico programmes aim to attract students from South America. Since 2006, a joint University has been operational in Shanghai. The University now offers several Masters-level programmes in English, including unique courses run in affiliation with the UN Office, for example in satellite navigation. In addition, Torino Wireless has set up a special programme called, 'Education and Enterprise', to attract international students and encourage them to start up enterprises in the metropolitan area.

Attracting International Visitors

Leaders of Turin's internationalisation programme have recognised the importance of international events as drivers of an enhanced global positioning. Turin's hosting of the Winter Olympics represented an enormous opportunity to build the city brand and confirm the change in perception from an industrial city to a vibrant centre of contemporary art, cinema, fashion and design. The aim was to capture

A record 80 countries sent competitors to the 2006 Winter Olympics



Source: Urban Centro Metropolitan, Turin

both the ancient regal character of Turin and the city's modern twentieth century cutting edge lifestyle, within one concept. For example the 'Luci d'Artista' initiative, filled the urban landscape with bright works of art, along with the 'Imprevisti sul Passante', contemporary art displayed in open spaces along the axis of Central Spina, both contributed to an aesthetic re-invigoration. This mood was enhanced by the creation of the new pedestrian squares, Castello, San Carlo and Vittorio.

OPENCities Case Study Project

The **Torino Internazionale** process, begun in 1997 under Mayor Castellani and taken on by Mayor Sergio Chiamparino in 2000, is the foremost illustration of the city leadership's international strategic vision. Torino Internazionale defines Turin's preferred future characteristics and sets out the key initiatives required to deliver them. This plan for the effective development and communication of Turin's strengths and goals, sets out to create a new international identity over a 20 year horizon.

Torino Internazionale offers an example of how an open city can create inspiration for future development, without initially committing to a detailed land-use or economic development plan.

It also shows what can be achieved through a highly participative process drawing upon many forms of local engagement, and extensive international expertise.

Torino Internazionale's Strategic Plan was updated and expanded in 2006, in order to better coordinate resources, ideas and projects towards joint economic and cultural internationalisation. The 2006 Winter Olympic Games were seen as a key catalyst in creating this vision, a seminal event capable of driving progress throughout all initiatives. The Plan's three key visions, and six supporting strategic guidelines, can be seen in the chart opposite.

Torino Internazionale is responsible for the 'Torino Wireless' initiative. Launched in 2000, this project aims to create a new ICT Cluster by 2012. It aims to:

- Triple the number of researchers engaged in ICT in the city from 2,000 to 6,000.
- Attract international innovative firms and SMEs into the Piedmont region.
- Increase the impact of ICT on the regional economy from 5% to 10%.

Torino Internazionale has a series of objectives associated with the fields of international connectivity and city-to-city relations:

- **Develop international co-operation networks**, by promoting co-operation towards internationalisation, and preparing a communications plan for international promotion.

- **Facilitate access to Torino** by intensifying the international role of Caselle Airport, strengthening eastward highway connections, and participating in the inter-regional Po Valley and Transalpine high-capacity railway projects.
- **Improve intra-urban mobility** by completing the Crossrail and metro networks, extending the tram network, digitalising control of the transport system, and

introducing keynote pedestrian walkways (e.g. between trade fair area and Lingotto station).

Torino Internazionale is also a key organising hub for the city's international events strategy. The internationalisation of culture is one of the strategic areas identified in its planning guidelines, and is being pursued through the following means:

| | Why? How? | Example efforts |
|--|--|---|
| City exhibition programme | To attract international tourists and media attention. | Began with the communication initiatives for the Winter Olympics, which first introduced the idea of overseas presentations at Italian Cultural Institutes worldwide. |
| Literary and scientific showpieces | To strengthen relations with literary cities (Paris, Montreal, Bogota, Antwerp), staking a claim as a forward-thinking city, showcasing its industrial tradition alongside its innovative present. | Nomination as 2007 World Book Capital Promotion of the International Turin Book Fair. World Design Capital 2008. XXIII World Congress of Architecture. Euroscience Open Forum in 2010. |
| Cultural outreach events | Improving the quality of music, theatre and cinema festivals, and links/collaborations with other city events (e.g. Lyon). | Torino Settembre Musica, the September Music Festival has an international emphasis focusing on individual countries (e.g. Iran in 2005). Torino Film Festival recognised as a premier European film festival after Cannes and Berlin. |
| Conventions and seminars | Assertive participation in various international networks of cities | 'Future Cities', dedicated to those cities with which Turin has strong ties and exchanges (Nagoya, London, Vancouver, Lyon and Manchester). One World – International Cooperation Cities. |
| Sports events | Renovation of prestigious sporting venues. | Investment in Lingotto Oval, the Olympic Stadium, the Ice Stadium, the Palavela and Torino Esposizioni. |
| Straightforward promotional activities | Niche reputation through presentations abroad and participation in international events. | CiocolatoTO' - ten day unique chocolate fair promotional event, attracted 700,000 people in 2005. |

Torino Internazionale's Second Strategic Plan also explicitly lays out the city's policy approach to immigration, stating that:

'the foreign population is an integral part of society in the western world, but...there is a certain...risk that it could transform itself into a factor of crisis for social cohesion. To keep this...aspect from prevailing, political action must be initiated that can encourage the integration of the new citizens.'

The immigration axis of the Strategic Plan discusses two important themes – how to increase foreign citizens' participation and how to transform various experimental policies involving integration into standard projects – and three specific actions, regarding education, employment and health.

Torino Internazionale has been at the centre of the dialogue, arguing for the importance of adopting a progressive immigration agenda. The city has distinguished itself nationally by its efforts to encourage the participation of foreigners, allowing resident immigrants to vote in referendums. In 1995, Italy's first council for foreigners was created. Torino Internazionale's progress has ensured that immigrant participation is valued in the planning of policies and services. This is particularly true

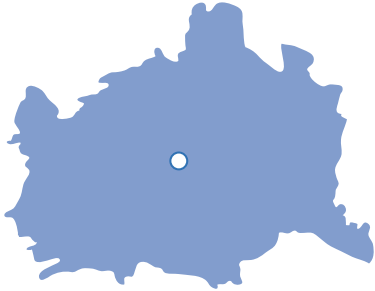
of second generation immigrants, who play a full part in local society.

Torino Internazionale has worked towards institutionalising the school system's ability to manage multiculturalism, rather than leaving it to the sensitivity of the individual teacher or institution. Foreigners are to be guaranteed access to health services and their often precarious living and working conditions are to be resolved. To this end, the impact of immigration on the health services system will depend greatly on the capability of local organisers to integrate sanitary, environmental, employment and social policies. Torino Internazionale has brought this holistic approach to the table in a city previously fragmented on these issues, and has achieved great success in generating higher education and SME credibility internationally.

The new Turin



Source: Urban Centro Metropolitan, Turin



Vienna

One of the great capitals of the nineteenth century, Vienna is Austria's largest economic and political centre, with a population of 1.7 million. The city's cultural, historical and architectural heritage form the platforms upon which it now pursues gateway ambitions vis-à-vis the Central and Eastern European economies. Vienna benefits from its location and excellent international connections.

A significant international banking and insurance presence has emerged, complemented by new clusters in telecommunications, biotechnology and media. All of these have the potential to drive medium term growth. Vienna's strengths also lie in its liveability, affordable residential property, and renewed recreational opportunities. Vienna's future strategic planning ambitiously aims for global leadership in areas of sustainability and business innovation, as one of Europe's model environmental cities. To convert this potential into reality, the city must communicate its qualities internationally, whilst improving business infrastructure and fending off competition from Prague, Berlin and Budapest for hub status in the CEE region.

KEY AREAS OF GLOBAL STRENGTH

Gateway connectivity

Vienna is located at the real heart of the expanded EU, with dense rail and air links to both established and emerging nodes. Its spatial proximity to emerging Eastern European markets will continue to prompt international service-based corporations to locate there.

Well-cultivated cultural heritage

Vienna's central city contains outstanding historical and architectural endowments, which continue to feature prominently in the city-regional identity, as leaders seek to re-state the city's educational and scientific prowess. The city remains a respected centre of theatre, opera and fine arts.

Social equality

Viennese citizens of all incomes and ages have access to excellent medical care. There is a free public school system and free day care is provided for children up to the age of 6 from low-income families. These factors, alongside strong language provision for migrants, provide an emerging platform for integration and cohesion.

International ambition

Vienna's newfound centrality in an enlarged economic union is matched by its administration's ambition to become field leaders in addressing twenty-first century urban challenges, such as sustainability and urban management.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Branding as a business centre

The city is better known for its cultural mix and proximity to recreational opportunities, than for its finance. Officials have only recently begun to introduce self-conscious image raising.

Weak legal-business environment

Vienna's capacity for asset management is rated below ideal by European investors because of a less-than-liberal legal environment, that restricts innovation.

Weak R&D links

Collaboration between research institutes, universities and commercial business is not systematic and comprehensive. This results in an unfulfilled contribution from high-end knowledge industries to regional GDP.

Historically, Vienna has been one of the most important international cities in Europe. Since the mid-fourteenth century, when Vienna became home to the Habsburg Dynasty, the city has exerted profound cultural influence across the European continent, becoming a leading centre for music, art, science and gastronomy. Vienna played a major political role in the development of the European state system, as well as becoming an influential hub for international trade. However, between the

end of World War One and the fall of the Berlin Wall, Vienna's international status declined considerably, as the city became peripheral to wider global conflicts and a thriving post-war Western European economy.

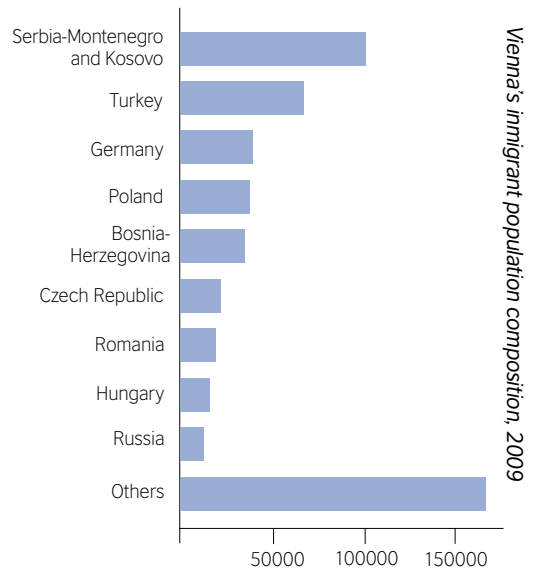
Upon the re-integration of Eastern Europe into the global economy in the 1990s, Vienna had an excellent opportunity to re-assert itself as a leading international gateway city. The process of EU enlargement over the past decade has provided Vienna's leaders with new geopolitical and spatio-economic motivations to internationalise its business and population base. Vienna realises that it needs to pursue strategies of internationalisation in order to compete successfully. This applies not only to Central European cities like Prague, Berlin and Bratislava, but also to Western European stars such as Barcelona and Paris, which have set a high standard.

Given Austria's limited size and resources, Vienna's leadership has had little choice but to look beyond national borders for workers, visitors and investment to compete successfully both within Europe and internationally, in the current era of globalisation.

Leadership and diversity

Vienna's city leadership has presided over a considerable influx of international populations. Approximately 500,000 of Vienna's population are foreign-born, almost 30% of the population, compared to 15% nationally. When second/third generation immigrants are included, this proportion is estimated at around 35% (even 44% when inhabitants with only one non-native parent are included). One third of this population is from the EU, with those born in recently-joined EU states more than twice as prevalent in Vienna as those from pre-enlargement states. The largest representative EU groups are from Germany, Poland and Czech Republic, but overall the largest immigrant populations are from Serbia, Montenegro and Turkey¹.

Vienna's foreign born population



¹ Statistik Austria (2009), 'Bevölkerung am 1.1.2009 nach detailliertem Geburtsland und Bundesland', http://www.statistik.at/web_de/statistiken/bevoelkerung/bevoelkerungsstruktur/bevoelkerung_nach_staatsangehoerigkeit_geburtsland/index.html

City Leadership agendas and vision

Vienna's city leaders have had an international gateway strategy in operation, in various broad guises, for well over a decade. Economic networking with Eastern Europe has intensified over recent years, as Vienna has built upon its image as a meeting point of East and West. The city works on its international promotion through liaison offices around the world, including Brussels, Hong Kong and Tokyo.

Internationalisation projects have been pursued with some success, among them CENTROPE and the Danube economic zone (Donauhanse). With the CENTROPE Central European Region initiative a major effort has been made since 2003 to create an integrated cross-border region in the quadrangle between the Czech Republic, Slovakia, Hungary and Austria, including Vienna, Brno and Bratislava. (<http://www.centrope.com>).

Twenty-two cities and regions in the Danube region have institutionalised co-operation in a number of areas, since Donauhanse was established in 2003, as a network for economic cooperation among Danube cities across

Eastern Europe. Vienna has led this initiative, funded by the EU, hosting regular events and pushing the business promotion cluster of the Economic Region Danube Cities. Areas of progress include a joint tourism marketing strategy, culture and infrastructure².

Partly related to these co-operations, and CENTROPE in particular, Vienna has developed much stronger links with Bratislava, as moves towards creating a twin-city mega-region have emerged. Several cross-border projects and initiatives have been put forward, focusing mainly on sustainable industrial development and transport infrastructure such as the Vienna-Bratislava-Budapest corridor.

Vienna's leadership has been instrumental in harnessing these gateway ambitions³, although consistent investment and mobilisation has proved difficult to achieve. Vienna leaders' efforts to position the city as an international gateway are being held back by political and economic constraints. Eastern European states have witnessed considerable political instability over the past decade. Regular and dramatic changes in leadership, a lack of consistency in governance processes and tension in inter-state relations have all contributed. In this environment, it has been difficult for Vienna's city leadership to carry out co-investment programmes in neighbouring countries.

² Wien International (2009), <http://www.wieninternational.at/en/node/2192?SESS88d3916a5a538ac67daaf1cded7e82f4=f82b247f6959ab3fbe5f3e7a9b3550b6>

³ Matej Jasso (2007), 'Competition and Cooperation of the Cities: Vienna-Bratislava Metropolitan Region', Technical University of Košice, Faculty of Economics, 2nd Central European Conference in Regional Science – CERS, 2007

Key OPENCities initiatives

Attracting International Investment

In recent years, Vienna has become increasingly successful at attracting international companies, especially from Germany, Switzerland and the UK⁴. **The Vienna Business Agency** is the city's central body for the execution of economic policy and business promotion. Since its foundation 25 years ago, the VBA has brought more than 1,200 companies to Vienna⁵. One of the latest VBA initiatives has been to expand its Europe-related services for businesses by setting up the Enterprise Europe Network (EEN), in April 2008.

VBA works to drive innovation and consistently upgrade the city's status as a state-of-the-art business destination. The agency has assumed a growing role as both catalyst and advisor, driving the development of a pro-business economic climate in Vienna. The agency is largely publicly financed by the City of Vienna, but with 3.5 million square metres in holdings, it is among Vienna's largest property owners. This has facilitated increased levels of self-financing. For example, in 2007 the VBA and its subsidiaries invested €45 million in allotting monetary grants, as well as in real estate development, competence centres and cluster management, which in turn stimulated investments of more than 500% of initial input value⁶.

Vienna's city leadership has facilitated an investment record through the provision of excellent infrastructure, outstanding quality of life, and a favourable negotiated tax framework. City policymakers, in tandem with European policy experts, have recognised that the city needs a distinct international orientation to its urban development. The city is working to outline more precisely how it can concentrate resources and optimise the outcomes of its international-facing business activity.

Integrated Marketing

In order to achieve a consistent image with greater penetration abroad, the city began in 2006 to pursue a policy of international and integrative image marketing. Prior to this, the main actors in business, tourism and the municipal authorities had been conducting their international activities independently. Through closer cooperation between the City of Vienna, its institutions and partners, and private interests, international activities will now be strategically coordinated and scheduled, with **the City of Vienna, the Economic Chamber Vienna, the Vienna Tourist Board and the Vienna Business Agency** working together. In 2007, the combined force of these agencies began to promote the city abroad, through a series of presentations in New York, Berlin, Bucharest and the UAE.

⁴ Wien International (2009), <http://www.wieninternational.at/en/node/1394>

⁵ Ibid.

⁶ WWFF (2007), http://www.wvff.gv.at/upload/medialibrary/Presstext_Ansiedlungen_07_engl.pdf, p.5

Attracting International Institutions

Vienna is home to numerous UN offices and other international organisations and the city's leaders have effectively recognised their significance in driving productive diversity⁷. The presence of UN organisations has a large positive impact on the local economy⁸ and has always been supported both at local and national levels. Free services for employees of UN organisations and their families, especially newcomers, are provided at local level by the Vienna Service Office, based at VIC, whose mission is to create the best conditions to accommodate international organisations in the city.

Attracting International Populations

Vienna has taken active steps to better accommodate new arrivals, focused mainly on new family arrivals and businesspeople. These initiatives include: the city's multi-lingual web portal, www.wien.at; 'Welt und Stadt', a quarterly magazine targeted specifically at European migrants; plus multilingual education and language courses for target groups such as mothers (*'Mama is Learning German'*).

However, the active encouragement of immigrant population attraction by Vienna's policy makers has been limited, due to unfavourable political repercussions. It is hoped that the new **Vienna Immigration Commission** will suc-

cessfully argue in favour of 'soft' mechanisms in order to attract and retain skilled and highly qualified immigrants. Initiated by Vienna's Executive City Councillor for Integration, three of the city's main political parties in 2009 launched the Vienna Immigration Commission, prompted by consensus around three basic themes:

- The acceptance that **immigration is inevitable** in Vienna. The Commission's work responds to the reality that Vienna's status and prosperity will unavoidably attract immigration.
- **Vienna needs immigration.** The city is thought to benefit from the multilingual and intercultural attributes that international populations bring. As all successful business cities in the coming decades must actively seek to attract such diversity, the Commission is charged with developing policies designed to best position Vienna.
- **Vienna wants immigration:** Rather than seeing immigration as an unwanted inevitability, Vienna needs to actively manage the population influx and create a transparent immigration policy for international business.

The Commission began its investigations in May 2009, making concrete suggestions for policymakers in early 2010. Europaforum Wien is responsible for content coordination, operational management of the Commission and editorial work on its report. The main objectives of the Vienna Immigration Commission are to:

⁷ Today, the Vienna International Centre houses the United Nations Office at Vienna (UNOV), the United Nations Office on Drugs and Crime (UNODC), the United Nations Industrial Development Organization (UNIDO), the International Atomic Energy Agency (IAEA) the Preparatory Commission for the Comprehensive Nuclear Test-Ban Treaty Organization (CTBTO PrepCom) and the United Nations Commission for International Trade Law (UNCITRAL). Other United Nations organizations and entities with offices in Vienna are the United Nations Office of Internal Oversight Services (OIOS), the United Nations Postal Administration—Vienna Section (UNPA), the United Nations High Commissioner for Refugees (UNHCR), the United Nations Scientific Committee on the Effects of Atomic Radiation (UNSCEAR).

⁸ In 2002, these organisations spent almost €500 million in Austria, employing approximately 5,000 staff, a quarter Austrian.

- Contribute to a more objective debate on immigration and integration.
- Reflect on the challenges and opportunities resulting from future immigration.
- Define fields of action for Vienna City Council on the basis of expert findings.
- Formulate well-founded policy recommendations.

In launching this bold new initiative, Vienna's Executive City Councillor for Integration, Sandra Frauenberger, explained that future immigration requires a clear, transparent and understandable integration policy.

"With this project, Vienna has laid down its approach to integration. Vienna wants to manage immigration, accordingly, to the benefit of the city and across the world for a socially secure and prosperous future".

Vienna's Executive City Councillor for Integration, Sandra Frauenberger

While a commitment to regulated migration does not signify quotas, it does indicate Vienna's commitment to considering the kind of immigrants who can best suit the emerging Viennese economy. Vienna's hopes of becoming a thriving central European hub rest, to some extent, on devising mechanisms to attract the highest calibre of immigrants⁹.

One point of the Commission's observations is that many of the immigrants to Vienna now come from within the EU as part of the free

flow of people. Consequently, initiatives to address them need to be focused more on the experience of immigration (information and support) rather than the legal or regulatory framework.

The input of key figures of academia and business is central to the ongoing functioning of the Commission, preventing it becoming bogged down by political infighting. The Commission meets at monthly intervals, calling in a wide circle of experts from NGOs, academia, business and interest groups, and analysing immigration from three perspectives: 'intra-EU'; 'family reunification'; and skilled workers and students from outside the EU¹⁰.

Vienna has pledged commitment to an ambitious integration and diversity policy that combines wide-ranging initiatives across the fields of education, social/health services, housing and culture. A new integration and diversity monitoring system has been developed to assemble the sum of the municipality's efforts and describe the strategic processes of change. In early 2010, the first Viennese Integration and Diversity Monitor presented its findings to the public. The system consists of two complementary components:

- Continuous and multi-dimensional observation of related social developments across selected indicators.
- Assessment of diversity implementation, evaluating what has been achieved and what future development needs exist, focused on 'services & customers', 'personnel & competences' and 'organisation & cooperation'.

⁹ EU Wahl (2009), 'Start für Wiener Zuwanderungskommission', <http://wahlen.ots.at/eu/ots-presetext/25052009/start-f%C3%BCr-wiener-zuwanderungskommission>

¹⁰ EU Wahl (2009), <http://wahlen.ots.at/eu/ots-presetext/25052009/start-f%C3%BCr-wiener-zuwanderungskommission>

Attracting International Students

Vienna's record of attracting or retaining an international student base has not been impressive, but the city's universities have become more proactive in recruiting students from Eastern Europe. In February 2007, Mayor Michael Häupl identified the challenge of renewed competition in Eastern Europe, arguing that the city needed to do more than just market itself more effectively. Häupl saw the internationalisation of Vienna's schools and universities as the most significant instrument in maintaining the city's business acumen. Vienna's FDI targets, Häupl said, could only be achieved through improved international training standards and the attraction of human capital¹¹.

OPENCities Case Study Project

Public awareness campaign
on the contribution of migrant
entrepreneurs:

**'Success knows no boundaries –
Vienna's economy speaks all languages'**

Over the past few years, Vienna worked diligently to make more use of its diversified international population, especially the high level of South East European immigrants from Turkey, Romania, Serbia and Bosnia-

Posters of 'Success Knows No Boundaries' were created in more than ten languages¹²



¹¹ Wien International (2007), 'Vienna international - New strategy for international activities', www.wieninternational.at/en/node/3020

¹² Wirtschaftskammer Wien und Wiener Wirtschaftsförderungsfonds (2009), 'Vienna's economy speaks all languages', www.vorteilvielfalt.at/0201_en.html

Herzegovina. The city is looking to drive a new generation of entrepreneurs: proactive traders, internationally minded and multi-lingual. Vienna's support of this entrepreneurial pool is an example of good practical initiatives developed, demonstrating keen awareness of the links of international population to international business.

For two months in 2009, a highly visible public awareness campaign promoted the contribution made by migrant entrepreneurs to the economic success of Vienna. This campaign is the latest step in a deliberate effort by Vienna to improve the situation of the growing migrant entrepreneur sector.

Operating under the campaign motto 'Vienna's economy speaks all languages', the Vienna Chamber of Commerce and the VBA have aimed to emphasise the importance of high-performing and innovative immigrant entrepreneurs to the city. The campaign has avoided showcasing individual migrant entrepreneurs, instead, publicising diversity in ten languages with the slogan: 'Success knows no boundaries.'

The message has been conveyed through billboards on major thoroughfares and on trams and buses, media access to 25 migrant entrepreneurs, and a multi-lingual campaign website - www.VorteilVielfalt.at ('advantage diversity').

Two elements of this campaign are particularly relevant from an OPENCities perspective. First, it highlights how Vienna's leadership is

identifying the relationship between economic success and international populations, and pursuing an appropriate internationalisation agenda to fit that vision. Second, it illustrates how a city like Vienna can convey its history of immigration and international roots, whilst showing immigrants are valued and welcome. The city has demonstrated clear communication leadership in re-articulating immigration in positive terms.

Project management and key partners

The lead up to this 2009 campaign was defined by three significant policy developments in Vienna:

- A ground-breaking study on the size and role of businesses with immigrant background in Vienna's economy, and on the problems these entrepreneurs were faced with, in 2007.
- The establishment of a dedicated advice and service point within the VBA, in combination with (EU-funded) start-up office space: an existing business support initiative (MINGO: 'Move in and grow') was extended to include MINGO Migrant Enterprise see box that follows.
- The establishment of a diversity unit within the Vienna Chamber of Commerce and the set up of low-threshold support and information networks for migrant businesses.

The campaign itself ran from mid-September to mid-November 2009, and was co-funded by the VBA and the Vienna Chamber of

Mingo Migrant Enterprises

Based within the existing MINGO (Move In and Grow) initiative, as part of the drive to encourage its immigrant population to become entrepreneurs, the Mingo Migrant Enterprises information centre offers a comprehensive service run by a team of experts. They offer support to small companies, start-up businesses and new freelancers. The main focus of the new start-ups is in creative industries. Scheduled to run until 2010, the project is expected to be prolonged due to its tremendous success.

The centre provides immigrant entrepreneurs with tailor-made information about the comprehensive support available. It provides these start-ups with direct access to the services provided by the city. The programme offers modern reasonably-priced offices, from 15 m² at six sites across Vienna (with two more on the way). Under the motto 'move in and grow', SMEs can move into low-price rental units for a maximum of five years.

It also incorporates the popular **Mingo Academy**, which offers free workshops on entrepreneurial issues as well as basic training on business ideas, management, and innovation consultation. This service allows newly independent foreign business people to acquire a basic knowledge of finance, accounting and marketing.

A personal initial consultation and free support for SMEs is guaranteed for implementing operational steps to aid growth and innovation. It provides key help for dealing with local agencies and authorities, in case of any misinterpretation or difficulties, and also enables a link up with financial institutions in Vienna. The director of the initiative Gabrielle Tatzberger states that:

'In the case of this target [immigrant] group, it is usually a matter of breaking down people's inhibitions about accepting help. Often they do not know about promotion opportunities, which is precisely why we have special programmes for self-employed individuals with a migration background.'

In December 2009, the Mingo finance advice was launched, providing one-person businesses and young groups of entrepreneurs free coaching support around financing. Topics covered include creating a business plan, financial planning, and access to financing institutions and instruments.

Commerce, at a cost of €280,000. As the City of Vienna's primary business promotion and innovation vehicle, VBA was centrally involved using its range of consulting services to provide essential technical and administrative tools. These include support for targeted financial assistance, and site selection. Meanwhile, the Vienna Chamber of Commerce (WKW), with over 110,000 members, has an important strategic role to play in improving the entrepreneurial pool and the city's trade presence. The publicity campaign was carried through by a consortium consisting of a PR agency, a graphic design studio and the migrant-run youth magazine 'Biber.'

The impact on the general perception of immigrants and of migrant businesses is hard to establish, but may require patience in a city where a majority of the population has historically been sceptical of immigration.

Challenges

Moving forward, Vienna's major leadership challenge, in the field of diversity and openness, is to make a clearer link between migrant entrepreneur support and other city internationalisation initiatives. So far, Vienna has followed a rather a loosely defined, generally shared, international vision of strengthening the city's role as a central European hub with high liveability. Improving the connectivity between the initiatives and strategies of various policy actors in the field remains a priority. Other internationalisation initiatives include:

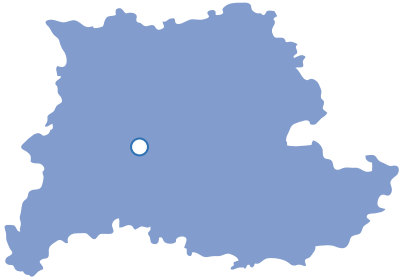
- The development of business districts appealing to transnational corporations operating in the CEEC area.
- Ambitions in R&D fields, such as medicine and biotechnology.
- Framing conditions for a highly competitive international congress/convention sector.
- International image and location marketing, with the help of liaison offices in the CEEC area.

Public and private leaders in Vienna seek to ensure these efforts are more properly and systematically integrated into an internationalisation agenda, overcoming a more segmented policy style. In particular, the aforementioned developments in entrepreneurialism illustrate that the Vienna Chamber of Commerce and Vienna Business Agency can show more dynamism and focus in this internationalisation agenda, given their bureaucratic efficiency and freedom from intergovernmental complexities.

Bednar Park



Source: Europa Forum Wein, Vienna



Stuttgart

The Stuttgart city-region is an established hub of economic and technological life in south-western Germany, with a GDP of close to €100 billion. The region has a population of 2.7 million and is among the most densely populated in central Europe. It has retained a vibrant manufacturing sector during economic restructuring. Expertise in mobility and IT technologies has attracted a wealth of cutting-edge R&D firms of global and regional proportions. International investment and co-operation has also been achieved in the fields of media, film, medicine and tourism.

The city has a new dynamic self-image - one of modernity, east-west connectivity, and multicultural harmony - which it has projected globally with some success. With visionary city leadership and a robust metropolitan government, Stuttgart is near the centre of global best practice exchange. Moreover, the city has become a leader in environmental policy and sustainable urban development, as well as youth engagement policy. Stuttgart's openness agenda – based on human capital and strong infrastructure – provides a strong platform for adaptation, if further industrial readjustment is required in the future.

KEY AREAS OF GLOBAL STRENGTH

R&D strength

6% of regional GDP – most privately funded - is spent on R&D, ensuring the city has retained its status as both the leading centre for mobility R&D in Europe, and a hub for cutting-edge knowledge exchange.

Authoritative metropolitan government model

The Stuttgart Regional Association has wide cross-sectoral capacity over economic development and land-use, and has successfully attracted intergovernmental grants for regional transport projects.

Sustainable mobility

In a city where the car industry has been an indispensable part of the local economic fabric, public transport has been put at the centre of Stuttgart's social and economic development, aided by the transformative 'Stuttgart 21' rail project.

Business and civil society leadership

Regional planning, governance and economic development receives considerable input from Stuttgart's big-business community and active private media, while sports and women's organisations are also well-accommodated in the planning process.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Narrow economic base

Regional reliance on a handful of mature and vulnerable manufacturing industries poses doubts about the long-term economic future.

Limited capacity for high-calibre employees

The region does not produce sufficient numbers of high-skilled staff and engineers to cater for both blue-chip companies and SMEs, a problem set to intensify with predicted demographic changes.

Aging infrastructure

Stuttgart's regional infrastructure is comparatively outdated and overburdened: funds and political leverage will need to be sought to overhaul infrastructure in the medium-term, although federal funding restrictions may prevent this.

Lack of entrepreneurial flair

The strong labour market has encouraged university-leavers to pursue careers in large companies, resulting in a deficiency of SME innovation and technical dynamism.

In Stuttgart, many indicators confirm the open attitude of the city towards international populations, at both leadership and governance level. Stuttgart's pursuit of openness and global exchange has, to a large extent, been directed by the city government.

The city is governed by the Lord Mayor and a 60-member representative municipal council. While the council determines the general strategies for municipal administration, the Lord Mayor, directly elected by the citizens to serve for eight years, has coordinating power over the units of Business Development, Controlling, Integration Policy, as well as European and International Affairs. This allows the Lord Mayor scope for expanding international horizons.

Dr. Wolfgang Schuster has been the Lord Mayor of Stuttgart since 1997. Schuster's reign

has contributed significantly to Stuttgart's adaptation to the demands of the world economy. Stuttgart is now a hyper-modern metropolis, with strong connections to the west and east. It has become a comparatively harmonious multicultural community, offering a high quality of life (and income) to those who settle there.

Leadership and diversity

Stuttgart has a long history of immigration, from which it has profited in terms of skill pools, ideas and international connections. The city has attracted a large number of immigrants, since the end of the Second World War. The city government has recognised that successful integration is an essential requirement to attract and retain migrants, along with the investment of international corporations. The successful integration of migrants is perceived as the 'glue' for social cohesion, which requires a strong leadership approach, implying active



Mayor Wolfgang Schuster and councillors at Stuttgart's town hall administer an increasingly diverse community¹³

Source: Stuttgart City Council

¹³ CLIP (2008), Case study on Diversity Policy, www.stuttgart.de/integrationspolitik

partnership between the public sector, the private sector and civil society.

Today, people from over 170 countries live in Stuttgart. According to the City Council, 38% of the population have a migration background. 22% of the central city population – 126,000 people - are foreigners. A further 10% are naturalised Germans with foreign origins. Approximately two-fifths of Stuttgart's foreign population have lived in the city for 15 years or more. The number of people with a migration background is constantly rising. Of the foreign population, Turkish citizens make up the largest migrant group, representing 17% of all foreigners. They are followed by citizens from Italy, Greece, Croatia, Serbia and Montenegro. As in many European cities, Stuttgart faces the challenges of an ageing population, without an adequate birth replacement rate. As a result, the city recognises that the effective policy of openness towards international populations is essential in augmenting the skilled labour force required to maintain and attract industry leaders to the region.

Mayor Schuster has shown a deep commitment in the latest potential of all Stuttgart's residents, regardless of their ethnic or socio-political background. His leadership has recognised the fact that in some parts of the city Germans are in a minority, but sees this as an excellent means to integrate, coupled with strong educational infrastructure and community organisation. He has encouraged a scheme to sell apartments to immigrant families at discount prices, so they feel closer to the heart of the community. Schuster also promotes intercultural dialogue

and the sharing of religious ideas and is the founder of the Stuttgart Religious Round Table. This reflects the broader leadership mentality that a city which relies on exports needs an international population.

Key OPENCities initiatives

The City Council has adopted a wide municipal integration policy to strengthen social cohesion, and the integration and participation of migrants. The responsibilities for integration, equality and diversity-related measures are strongly intertwined. Since 2000, central coordination for all integration and diversity-related measures lies with the **Department for Integration Policy** (Stabsabteilung für Integrationspolitik), which is directly answerable to the Lord Mayor. Administered by the Integration Commissioner, this department develops official policy strategies and concepts. In 2009, the Department began playing a leading role in the **'Municipal Quality Circle for Integration Policy'** project, funded by the European Integration Fund, which is administered by the Federal Office for Migration and Refugees (BAMF). The aim of the project is to further develop successful integration strategies with concrete measures at the municipal level. Its work is also supported by an International Committee (Internationaler Ausschuss), tasked with advising the municipal council and administration on all matters of integration and diversity.

Together with four other German cities (Augsburg, Cologne, Frankfurt am Main and Munich), Stuttgart is part of the **'Diversity Charter'** initiative. This involves more than 240 public and private signatories, who have pledged to acknowledge and promote diversity. The city is currently working to ensure its city government functions are more open to migrant employment. In 2008, the percentage of foreigners employed in the municipality was only 14% of the workforce, which does not reflect the percentage of foreigners living in Stuttgart (22%)¹⁴.

Elsewhere Mayor Schuster has been at the forefront of ten city partnerships and municipal development partnerships, including the 'One World' initiative. Schuster has been quick to strengthen contacts with rising Asian economies, and opened the Indian Business Center (IBC) in Stuttgart in 2005.

Mobility and Openness

Stuttgart's city government's pursuit of transport-led redevelopment, exemplified by Stuttgart 21, illustrates its commitment to open economic development. The Stuttgart 21 rail project is arguably the city's biggest and most high-profile development in recent years, facilitating a new underground through station for Stuttgart for long-distance high-speed trains, including connections to existing surface and underground lines. Stuttgart's leadership successfully deflected criticism among city residents, and has shown how to manage

the delivery of a transformative central city infrastructure project.

The city's thought leaders have argued that the global exchange of experience and good practice is essential in finding innovative approaches for sustainable mobility. Stuttgart has been at the centre of the establishment of an international network of cities, businesses and scientific institutions who exchange experiences. 'Cities for Mobility', now has members in over 40 countries and is one of the major facilitators of city-to-city collaboration in the world.

Children and Education

Stuttgart's leadership have invested considerable time into developing Stuttgart as a knowledge economy, starting with its commitment to children and young people's education. They have helped to formulate the 'Stuttgart – City for Children' working agenda, established the EU Cities for Children network, and are currently pursuing a number of child-centred policies. In 2007, the City of Stuttgart launched a joint municipal/state educational initiative, the 'Stuttgart Partnership for Education'. This aims to create a coordinated system to keep track of new migrant children's language and learning development, and ensure adequate progress. The Competence Centre Stuttgart Partnership, which reports to the Mayor, is the main engine of this effort, harnessing local innovation, developing quality criteria for further education, and building strong networks with businesses.

¹⁴ Wolfgang Schuster (2009), 'Stuttgart Pact for Integration 2009 Update: introduction', Stuttgart city government

Coalitions and Alliances

The City of Stuttgart is an active member and one of the founders of the European network of **Cities for Local Integration Policies for Migrants (CLIP)**. Created in 2006, its aim is to share experiences that enable local authorities, as well as national and European policymakers, to learn from each other and thus pursue more effective integration policies for migrants at all levels. The network is supported by a scientific support group currently conducting migration-specific case studies in 35 cities in 21 countries, to enable the exchange of good-practice examples.

From a wider economic point of view, the city's leadership is highly involved in strengthening the position of the Stuttgart region as an economically attractive location, both nationally and internationally, through the public **Stuttgart Region Economic Development Corporation** (Verband Region Stuttgart). The Corporation was established in 1994, with a mandate to attract firms to the region and support them during all the phases of their investments. Its regional planning responsibilities include economic promotion and tourism marketing, transport, housing, land-use and infrastructure development. Its annual operative budget in 2004 was €8 million.

Coalitions to internationally support the IT and research sectors, such as the **Forum IT-Region Stuttgart and Open Source Initiative in Stuttgart** (FIR_st), are participated in by numerous companies, educational and

research establishments. FIR_st's approach is to push the innovative capacities of the region and deploy existing resources by identifying future IT-related issues. It also seeks to create awareness among prospective clients, set up platforms, and support first steps of projects before releasing them to operate autonomously. The funding of the initialised projects by FIR_st consists of 95% of non-monetary resources (knowledge, networking etc...).

OPENCities Case Study Project

Stuttgart's Pact for Integration

Launched in 2001, the Pact for Integration aims to strengthen social cohesion and the integration and participation of migrants, through an overall strategy implemented on a daily basis in every facet of public life. In so doing, Stuttgart became the first major city in Germany to develop a holistic integration concept as part of its long-term strategy.

It continues to lead in this domain, sharing its success nationally and becoming a model for the European Council to uphold. Stuttgart's aim has been to ensure participatory integration,

whereby new immigrants are not seen merely as a workforce pool, but become active members of the social community. Recognising that cultural diversity alone does not guarantee social cohesion, Stuttgart's initiative looks to create, a 'socially just urban society'¹⁵.

The Pact for Integration has been developed following a top-down process, which involves the municipal administration, the private sector, civil associations, community groups and NGOs representing civil society (of both natives and migrants). The Pact for Integration specifies three goals for the municipal integration policy: participation and equal opportunities for everyone; peaceful cohabitation and social cohesion; and the capitalisation of cultural diversity to extend competences within the international municipal society.

In particular, the latter goal seeks to gain advantage from Stuttgart's multicultural population. The talent and potential of migrants in the fields of sport, culture, science and economy and, above all, variety of languages, are seen as potential assets, both in terms of an export-orientated economy, and the local service sector. In this context, an improvement in the quality of municipal services and local integration is required, through an 'intercultural orientation of the city administration'. This strategy has been developed by three parallel governmental roles:

- The Lord Mayor
- The small *Department for Integration Policy*
- The Department of *Social Affairs, Youth and Health*

The aim is to offer services according to the needs of migrants, cover intercultural and cross-national offers, and focus specifically on the quality of provision. This is being carried out through a combination of intercultural training, intercultural teams, intercultural guidelines and strong monitoring processes.

For the structural implementation of the three goals, the city has defined 15 fields of activity (increased from 12), which are seen as the most important services for people with a migration background. Many of the services provided by the municipality are organised and offered in cooperation with other local bodies, such as schools and NGOs (see box that follows).

Since its launch, the Pact for Integration has gained national and international recognition and reputation. In 2003, Stuttgart won UNESCO's 'Cities for Peace Prize'. However, the designated officials consider its activities to be a '*work in progress*'. Hence, an enhanced version of the *Pact for Integration* was published in 2007. Currently, the *Department for Integration Policy* fosters the cross-departmental understanding and implementation of the 'diversity' topic. Amongst other events, regular meetings with the heads of all municipal offices will take place, and monitoring systems regarding diversity in the provision of services and in employment policy will be set up

¹⁵ Cities of Migration (2009), 'The Stuttgart Pact For Integration: the Power of Planning

The Pact for Integration has defined the following 15 broad fields of activity to achieve its goals:

1. Language and education support.

- Aims for equal opportunities in schools.
- Multilingual information on language and education initiatives promoting children's language abilities, additional tuition for elderly people, as well as the intercultural orientation of schools.
- Special target groups such as mothers (e.g. the project Mum learns German).

2. Integration in the workplace.

- Specific qualification measures linked to language courses.
- Individual consultation and qualification through the municipal Jobcentre, a consortium of the city of Stuttgart and the employment agency. Also supports self-employment.
- U25-support-system for graduates with low or no qualifications - the Youth Welfare Office.

3. Social integration.

- Improve the integration potential of migrant families, especially women, senior citizens and refugees, through the intercultural orientation of public service delivery.
- Working group 'Older Migrants in Stuttgart' to address the problems of acute vulnerability.
- Radical overhaul of regimes of counselling, health services, kindergartens and asylum centres.

4. Integration and participation in neighbourhoods.

- Municipal programmes (e.g. Integration through Sport – for an active cooperation in the city) to enhance respect, tolerance and openness to diversity.
- Prevention of segregation through a housing policy which aims to achieve mixed population structures within neighbourhoods.

5. Civic engagement - putting integration policies at the heart of the city institutions.

- Increase the active participation of migrants within the municipal services.
- Health project MiMi (With Migrants – For Migrants).
- The Specialist Unit Migration (Fachstelle Migration), which belongs to the Office of Social Services. This aims to enhance the legal and social integration of foreigners.

6. Political participation.

- An International Committee, institutionalised to carry out counselling work.

7. Inter-religious dialogue.

- Round Table of Religions established, trial run of Islamic and Koran classes at school.

8. Internationalisation to drive city-regional science and business.

- Improving Stuttgart's appeal to internationally qualified experts and business entrepreneurs.
- Incentives for emerging economy businesses and investment in HE provision.

9. Cultural diversity

- The Forum of Cultures brings together non-German cultural institutions to organise major festivals.
- Action group on the Intercultural City Stuttgart IKIS and the Institute for Foreign Cultural Relations strengthens the intercultural business networks.

10. Integration through sport.

- Long term participation programme focusing on the equalisation of involvement of women, harnessing interdisciplinary cooperation among 150 partners.

11. Stuttgart Partnership for Safety and Security.

- A 'security partnership' established with the Stuttgart police department to prevent ghettoisation.

12. Intercultural and international orientation.

- Cultural Office supports a variety of cultural (migrant) organisations and festivals (e.g. Forum of the Cultures).

13. Inter-city cooperation in areas of migration and integration.

- Exchanging local government experience internationally. CLIP is the major mechanism for this, while the Municipal Quality Circle for Integration Policy is a new effort in 2009.

14. Stuttgart Partnership One World.

- Aims to support cities in developing countries to solve their own problems.
- Builds a network of solidarity and international cooperation with target cities, giving rise to new forms of collaboration among and between diasporic communities.

15. Public awareness, PR and media.

- Communication through the media, publishing magazines or exhibitions, to raise public awareness (e.g. the Cultural Office, works on intercultural municipal history, publishing life stories of inhabitants with a migration background).

Source: *Cities for Local Integration Policies for Migrants (CLIP), Stuttgart Pact for Integration Update (2009)*

Organisations, coordination and key agendas

Stuttgart's integration strategy was developed with scientific support in a top-down process, and passed by the City Council within just ten weeks. In a second stage, areas requiring action were clarified, including agreements on goals and the need for further education in the various departments and administrative districts. Required resources and established posts were also defined, and key measures developed with partners of the integration process.

"The new element is that we are no longer merely pursuing a classic integration policy for migrants which classifies foreigners as people with language and other problems, but that we are saying: Stuttgart is an international city, with a 35 to 40% migration background, and we need a well mapped-out integration strategy covering the needs of equal opportunities".

Gari Pavkovic, Head of the Department for Integration Policy

Stuttgart city leaders have recognised that to be effective, the city's integration strategy must address long-term goals, and this requires the application of system-wide programmes and policies across all sectors. A patchwork of uncoordinated integration activities would not work. Hence, the Stuttgart Pact for Integration was formulated as an "alliance" for integration, within a broad framework comprising sectors from kindergarten to adult education.

Communication with regard to integration policy is more than just a dialogue between interest groups. The Integration Department, assigned to the Mayor's office, works successfully on publicising positive aspects of immigration. An essential aspect of public relations in Stuttgart is the so-called 'culture of recognition', i.e. the public recognition of participation and civil commitment, for example in the field of social affairs, health, and crime prevention. This serves as an incentive for others to do the same.

The Mayor's role in the Pact is both internal - by holding the chair in several integration policy committees – and external, through his advocacy of a positive integration climate among the population.

Two things are high on the list of priorities. Firstly, the 'culture of recognition', which publicly honours volunteer commitment, and secondly personal encounters with immigrant associations and organisations. The assignment of the integration commissioner and the integration department to the mayor's staff unit also sends a positive message, which combines effectively with long term electoral mandates related to leadership continuity and coordination.

Key Agendas

To the end of 2011, the Pact's major goals centre on:

International investment promotion. High quality SMEs are a niche target. In the high-tech sector, Stuttgart is aiming to train and

retain the finest minds in the city-region, whilst simultaneously attracting highly-skilled workers from abroad. Stuttgart's appeal to qualified specialists and entrepreneurs worldwide is mainly focused on expanding international relations in the fields of science and business. The Pact especially encourages Indian and Gulf region companies to locate in Stuttgart. Together with partners in Stuttgart-Vaihingen, the City has set up an Indian Business Centre (www.ibcstuttgart.com). An Arab Business Centre is also currently in development.

Education and higher education are a key focus. With a modest track record in attracting international students, more are now being welcomed. The city now hosts the highest percentage of foreign students in Germany, at 22%. Asian students are a key target group, with more than 2,000 Chinese students now studying in the city-region. The Pact has prompted initiatives such as 'Welcome Week', and a 'Flying Citizens' Advice Bureau', to facilitate international student experience. The Pact's goal is to retain this 'creative intercultural class' locally and involve it substantively in the integration process. In school education, the city aims to make the diversity commitment effectual across all ages, by implementing the partnership for education between child day care centres and primary schools. The further involvement of Muslim communities into local working group and education integration projects, is seen as particularly urgent.

Municipal job diversity. The proportion of trainees and employees with a migration background in the city administration will be

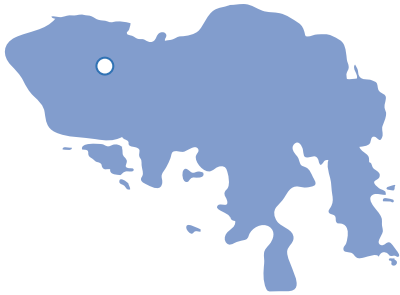
dramatically increased, with a particular focus on apprentices. The intercultural orientation of the Aliens' Registration Office is to be a focal issue.

Naturalisation. A joint naturalisation campaign is planned by the Public Safety Department and the Department for Integration Policy, as a concrete mechanism to enhance migrant participation in all areas of community life. Target groups of long-term residents have been identified.

Lessons

Stuttgart's Pact for Integration is undeniably a leader of its kind, and demonstrates a number of important messages. It shows that city leaders need to comprehensively assess their own unique situation, and position their long-term goals accordingly, when devising management and inclusiveness initiatives. Stuttgart's application of system-wide programmes and policies, across all areas of social and political life, has been instrumental in making integration a realisable aim, not just a wishful policy outcome. Furthermore, Mayor Schuster's critical role in the process shows how important a charismatic leadership figure can be in cultivating potentially divisive openness strategies. The city leadership has also gained strength and credibility from its active pursuit of a varied coalition of organisations with common interests. Finally, Stuttgart's openness agenda has benefited from being both a both top down and multi-layered process, driven by the twin goals of inclusiveness and hard results¹⁶.

¹⁶ Stuttgart City Council', <http://citiesofmigration.ca/the-stuttgart-pact-for-integration-the-power-of-planning/lang/en/>



Hong Kong

Hong Kong is located on the eastern side of the Pearl River Delta (PRD), and has an estimated population of 7 million as of 2009. The Greater Pearl River Delta which consists of the Hong Kong SAR, the Macau SAR and the Pearl River Delta region portion of Guangdong Province is widely tipped to become one of the most dynamic business regions in the 21st century.

Under the guiding principle “One Country Two Systems”, ex-colony Hong Kong has been able to develop as a primary node in the global economy under capitalist principles, despite China’s socialist regime. Indeed, China is a strong advocate for Hong Kong’s development as a world city, as a catalyst for wider regional success. In striving to be world-class, Hong Kong’s world city rhetoric has a strong regional dimension. The city is positioned as a gateway to Mainland China and its proximity and relationship with China is regarded as mutually beneficial; Hong Kong acts as the location for financial services

whilst China provides manufacturing capabilities and acts as an economic powerhouse. Hong Kong’s highly developed financial services sector has been driven by free market principles, a low tax burden, high quality business services and a policy of non-interventionist government. This status is further enhanced by impressive transport infrastructure and openness to highly-skilled international immigrants.

Moving forwards, the Hong Kong administration sees large scale urban infrastructure as a way of both maintaining world-class status and driving local socio-economic development. The city faces a number of challenges, including a lack of space which is driving up land and real estate prices, a high cost of living, shortages of skilled labour, poor air quality, high levels of income inequality and an ageing population. Hong Kong’s claim to be ‘Asia’s world city’ may also be challenged by the emergence of Shanghai and Singapore.

KEY AREAS OF GLOBAL STRENGTH

Geopolitical location

Hong Kong's location renders it uniquely capable of acting as the interface between the developed world and the world's fastest growing business economy.

Capture of emerging markets

Besides China, Hong Kong is set to benefit from increased links to South Asia and the Middle East, backed by the ambition for regional pre-eminence. The city already hosts the major regional offices for every significant legal, accounting, insurance, banking or other business service company in the world.

Culturally open, economically dynamic and well-governed

The city's bi-lingual status, strong rule of law, and its managers' understanding of China's social and cultural practices, all enable the city to serve as a cultural intermediary between China and the outside world. Its low tax regime, free capital flows and convertible currency also position the city well.

Outstanding global connectivity

Highly favourable investment terms, combined with world-class advanced service clusters, have prompted an enormous influx of global firms, with particularly strong presence of U.S. corporations.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Land-locked geography

The island's spatial limitations are the source of an extremely high cost of living. Given that island growth is unavoidably limited, the city will require a radical, and potentially problematic, expansion into the PRD hinterland.

Identity uncertainty

Hong Kong's future economic and political relationship vis-à-vis China is somewhat unpredictable, and affects how the city is able to brand itself.

Environmental laxity

Air pollution and high greenhouse-gas emissions have considerable health and economic implications, and are harming the city's international credibility.

Knowledge economy skills

The city's ambitious demand for knowledge workers is not matched by domestic skill development. Both Hong Kong and the PRD region's education system currently fails to produce enough skilled people to meet growing demand.

Hong Kong's leadership efforts are an important illustration of how strategic openness can achieve international eminence in particular industries, in its case finance and business services. Hong Kong's strategic mechanisms of economic non-intervention and facilitation, coupled with infrastructural provision, have enabled the city to become one of the world's leading financial centres.

Despite unprecedented challenges to retain its competitiveness in light of the upheavals of the 2008 financial crisis, the city remains a strong example of how to position a city's financial sector globally. In the Z/Yen Global Financial Centres Index, Hong Kong (along with Singapore) is now considered to have joined London and New York as a 'genuine global leader', as of September 2009. Hong Kong's success is the result of an emphatic combination of historical openness, market positioning and infrastructural-cultural investment. The city's policy experience offers a number of lessons for cities looking to maintain their edge over time.

Hong Kong's history of openness since the 1950s has been one of consistent commitment to global linkages. Certainly the city has possessed two clear advantages with regards to developing its business sectors:

- **Time-zone position** - enabling it to engage in arbitrage operations between the West

Atlantic, East Atlantic and Pacific centres, allowing 24-hour continuous trading.

- **Proximity to the huge mainland China market** - helping position it as a magnet for multinational firms.

Nevertheless, it has been the active policy-led facilitation of global connections at an early stage of globalisation which has been key¹⁷. Given the growing internationalisation of banking operations, Hong Kong's policymakers have continued to recognise the importance of providing a comprehensive package of integrated retail, service, and wholesale banking, and other complementary or ancillary financial services that could never have been achieved by the city's own financial institutions.

Hong Kong's distinctive achievements are, however, not just because it is an international financial centre, but also because it is a cosmopolitan city. At every stage of its financial development, Hong Kong's policy experts have looked to supply a broad and deep pool of talent with extensive international experience both vis-à-vis China and the rest of the world. This is because the city has been highly open to migration flows, of both rich and poor, identifying foreign immigration as essential for economic vibrancy.

¹⁷ Y. C. Jao (1979), 'The Rise of Hong Kong as a Financial Center', *Asian Survey*, Vol.19 (7), pp. 674-694

Leadership and Diversity

Hong Kong is highly open to migration flows, of both rich and poor, and indeed depends on them for economic vibrancy. According to Donald Tsang in his Policy Address 2007-8, 'Hong Kong has always been a city of immigrants.' At present around 95% of the Hong Kong population are Chinese nationals. The remaining 5% forms a highly visible group despite their small numbers, with the most prominent immigrant groups coming from the Philippines, Indonesia and the U.S.

Hong Kong is governed by an Executive Council and a Chief Executive. The current Chief Executive is Donald Tsang. Tsang is noted for his financial acumen, administrative ability and international networking. His cosmopolitan attitude is accentuated by his efforts to position the city internationally. Stressing Hong Kong's unique confluence of ethnic influences, the city's leadership seeks to internationalise without being fully incorporated into China.

Under Tsang, Hong Kong's policies have made it easier to hire foreign labour and this has improved the availability of finance/ IT skills and internationally experienced senior managers. Highly favourable relocation schemes have been implemented to encourage highly skilled workers to choose Hong Kong. Openness to migration is reiterated year-on-year in Hong Kong's budget, which argues that 'global competition is ultimately a competition for talent'. Furthermore, it firmly states that Hong Kong's future as Asia's primary world city requires the nurturing of local talent, alongside a scheme to attract the best Chinese professionals. The

city has been able to bring China into the ambit of global production and finance networks, not only because of geographical proximity to the Pearl River Delta, but also because of the management capabilities of top international manufacturers and traders. Partly because of this diversity, the geographical lines of Hong Kong's producer services vary tremendously.

City Leadership agendas and vision

Hong Kong's leadership has sought to make strategic interventions in the six areas, in order to attract international populations and sectors:

- Political-legal environment and regulatory systems
- Business friendliness, a favourable tax regime and business infrastructure
- Connectivity infrastructure
- Availability of skilled personnel and access to suppliers of professional services
- Quality of life
- Access to international financial markets, especially links with emerging markets.

Making use of strategic advantages – China and the PRD

Hong Kong leaders' mind-set of openness towards international populations has been evident for well over three decades. Entrepreneurial strategies continue to inform Hong Kong's attraction efforts for Chinese, Asian and Western target populations. Government representatives and commercial interests in the

city have successfully drawn on their linguistic affinities with China, to build socio-economic connections in the region. This process is an example of a city deepening its trade connections, whilst simultaneously enhancing its capacity as a global-regional gateway city to co-ordinate investment, trade, and services.

Political-legal frameworks

Political stability and strong, responsive legal practices have been a founding principle of Hong Kong's attraction for international populations. Since the handover from the British colonial administration, the city government has maintained its reputation for generally providing a fair and competent framework for enforcing contracts and settling disputes. While often depicted as a *laissez-faire* society, with regard to the city's poor, Hong Kong's government has actually played a very significant role in housing, education, and social welfare. This has impacted on social cohesion and employment inclusiveness, resulting in remarkable internal social and political calm.

HSBC, SCB, BOC Towers



Source: *Invest Hong Kong*

Maintaining a world-leading business and regulation environment

Hong Kong has a profound reputation for its positive tax and business environments, cultivated over several decades. Low taxation and non-interventionist government are responsible for Hong Kong's ranking as the freest economy in the world in the Index of Economic Freedom, for 14 consecutive years¹⁸. The city government has been able to keep spending low and thus demand low taxes (consistently below 20%) in return¹⁹. Yet it has also regularly ensured its core finance strengths remain intact by engaging in constant exchange with regulators and market participants. The Hong Kong government agreed in March 2009 to work with regulators and the financial industry to enhance the city's business-friendliness as an international financial centre²⁰.

Infrastructural and logistics upgrading

Efficient physical infrastructure is a distinctive hallmark of Hong Kong's openness to trade, people and culture. The city government continues to invest massively in its port facilities, airport systems and connectivity, and telecommunications, matching the most advanced cities in terms of technology and R&D. The 'Hong Kong International Airport Master Plan 2020' (2001) aims to develop the airport in order to strengthen Hong Kong's position as a regional aviation hub and gateway to China. City leaders' commitment to a world-class

¹⁸ The Heritage Foundation Index of Economic Freedom 2008 <http://www.heritage.org/research/features/index/> (Accessed July 2008)

¹⁹ Y. C. Jao (1979), 'The Rise of Hong Kong as a Financial Center', *Asian Survey*, Vol. 19 (7), pp. 674-694

²⁰ The Standard (2009). 'Tsang defends tax system amid haven fears' http://www.thestandard.com.hk/breaking_news_detail.asp?id=13549&icid=1&d_str=20090403

urban infrastructure has allowed for long-term capacity building.

Quality of life

Providing high quality living conditions for finance and high value-added workers has always been high on the agenda of Hong Kong's policymakers. A comparatively low cost of living, varied accommodation, and outstanding recreational facilities have made the city a strong proposition compared to Tokyo, New York and London, especially over the past two decades.

Global Reach and International Exposure

Hong Kong has a very strong global outreach, and a particularly strong emphasis on connecting with the rest of Asia. The city has constituted a solid part of global production networks since the late 1950s when industrialisation in the region took off and has since gained increasing nodal importance. In the past the city has been marketed as a co-ordination centre for South China, and a base for the Asia-Pacific region. However in a speech in mid-2008 at the height of the global financial and economic crisis, Hong Kong Chief Executive Donald Tsang highlighted two new trends - Hong Kong's spring-board status for Mainland companies taking on global markets, and secondly the city's location for transnational companies to perform global

functions²¹. In Taylor et al.'s (2008) attempt to measure world city networks, Hong Kong is placed third, above Tokyo and Paris, on a measure of gross global connectivity²².

In the 2008-9 budget, Tsang also set out a vision to enhance Hong Kong's status as Asia's world city, increasing its co-operation with other cities in the region.

Meanwhile HK 2030, the city's major strategic document, argues that:

'Hong Kong should not only be a major Chinese city but the most cosmopolitan city in Asia, enjoying a status comparable to that of New York in North America and London in Europe.'

The city's internationalisation depends to a significant extent on the bilingual capacity of its citizens, and may potentially be threatened if this capacity weakened over the long-term. A 2005 Wall Street Institute study found that Hong Kong lagged behind Singapore in terms of English proficiency and confidence, while the gap in English standards between mainland Chinese and Hong Kong citizens is closing. The Institute warned that the SAR needs to take action to improve city residents' English usage to maintain its competitive advantage in East Asia²³.

²¹ 'Hong Kong expands global role' Hong Kong Digest (June/July 2008) (<http://www.hketony.gov.hk/ny/e-newsletter/08june/HKglobal.htm>)

²² Peter J. Taylor and Rolee Aranya (2008), "A Global 'Urban Roller Coaster'? Connectivity Changes in the World City Network, 2000-2004", *Regional Studies*, Vol.42 (1), pp.1-16

²³ 'The Standard (2005), 'Survey Into English sows world city doubts', May 6th, <http://www.thestandard.com.hk/stdn/std/Metro/GE06Ak03.html>

Population Dynamics and Demographic Diversity

Population diversity statistics in Hong Kong are complicated by the fact that foreign passport holding residents are classified as local once they obtain permanent residency. This masks diversity on the ground in the city.

In 2008, the population of the Hong Kong Special Administrative Region grew by 0.8% to 7.03 million²⁴. In 2006, the city's ethnic make-up was predominantly Chinese (95%) followed by White (5.0%), Filipino (1.6%) and Indonesian (1.3%) amongst others²⁵. As with all other cities, Hong Kong displays its diversity in a number of ways. For instance, the city has two official languages. In addition to the Chinese language, English may also be used as an official language by the executive authorities, legislature and judiciary of the Hong Kong Special Administrative Region. English is widely understood and spoken by more than a third of the population²⁶. The city's religious composition is another aspect of its diversity. One source describes how "every major religion is practiced freely in the city" with 43% participating in religious activities regularly, and 9.6% of them being Christian²⁷.

Presence of Global Firms

A considerable number of firms from the Americas, Europe and Asia have chosen Hong Kong

as the base for their regional headquarters since the late 1980s. International firms are attracted to Hong Kong because of the city's entrepreneurial acumen, freedom of trade, strong legal system, preferential access to China's markets and international trade fairs²⁸. In the 2008 ranking of cities by the number of Global 500 company headquarters, Hong Kong was 12th with four, comparable to cities such as Frankfurt, Düsseldorf, Rome, Moscow, Taipei and Brussels²⁹. Despite Hong Kong's status as a British colony until 1997, British firms do not predominate among the regional headquarters and regional offices. The table below shows that the US has been the country of origin of approximately a quarter of regional headquarters since 1996, while Japan is the next highest represented country in terms of headquarters and offices. Furthermore, the number of regional headquarters has more than doubled since 1991. Firms from China have become more active since the mid 1990s, but Japan has registered the fastest growth, indicating an advance in regional integration.

In 2009, most regional headquarters in Hong Kong engaged in 'wholesale, retail and import/export trades' (50.1 %) as well as 'professional and business services' (16.3%), while their parent companies tend to take on 'manufacturing' (35.8%) and 'wholesale, retail and import/export trades' (34.5%). It appears that Hong Kong has served transnational corporations

²⁴ The US Department of State (2009): Background Note: Hong Kong, <http://www.state.gov/r/pa/ei/bgn/2747.htm#people>

²⁵ The Government of the Hong Kong Special Administrative District (2010): Hong Kong Statistics

²⁶ and ²⁷ The US Department of State (2009): Background Note: Hong Kong, <http://www.state.gov/r/pa/ei/bgn/2747.htm#people>

²⁸ 'Why international firms choose Hong Kong' HKTDC website accessed August 2008 (http://uk.hktdc.com/int_choosehk.asp)

²⁹ Yin Wah Chu (2008), 'Deconstructing the Global City: Unravelling the Linkages that Underlie Hong Kong's World City Status', *Urban Studies*, Vol.45, p.1632-3

Regional headquarters and regional offices in Hong Kong (1991-2006)

| | 1991 | | 1996 | | 2006 | |
|------------------------------|------------|------------|--------------|------------|--------------|------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| Regional Headquarters | | | | | | |
| US | 258 | 42.6 | 188 | 22.7 | 295 | 24.0 |
| UK | 75 | 12.4 | 90 | 10.9 | 114 | 9.3 |
| Germany | 30 | 5.0 | 40 | 4.8 | 76 | 6.2 |
| Japan | 44 | 7.7 | 122 | 14.7 | 212 | 17.3 |
| China | - | - | 85 | 10.3 | 112 | 9.1 |
| Total | 606 | 100 | 829 | 100 | 1,228 | 100 |
| Regional Offices | | | | | | |
| US | 62 | 21.9 | 226 | 15.0 | 594 | 22.7 |
| UK | 25 | 8.8 | 123 | 8.2 | 223 | 8.5 |
| Germany | 12 | 4.2 | 85 | 5.7 | 136 | 5.2 |
| Japan | 61 | 21.6 | 338 | 22.5 | 519 | 19.8 |
| China | - | - | 128 | 8.5 | 156 | 6.0 |
| Total | 283 | 100 | 1,502 | 100 | 2,617 | 100 |

Source: Hong Kong Census and Statistics Department (2006), 'Report on 2006 annual survey of regional offices representing overseas companies in Hong Kong', HKCSD, Hong Kong.

as a trade and business centre both for the distribution of goods/services and for the organisation of manufacturing production in Asia and especially in China³⁰.

Inward Investment

According to the 'World Investment Report 2007,' presented at the United Nations Conference on Trade and Development, Hong Kong was the 2nd most important destination for

Foreign Direct Investment (FDI) in 2006. The SAR attracted USD 43 billion during 2006, an increase of 28% on 2005. In 2007, FDI reached US\$54.4 billion, a further 27% increase. This figure amounts to more than 80% total FDI of mainland China (\$63.9 billion), and is almost 50% greater than the next biggest Asian recipient, Singapore (USD 36.9 billion). Hong Kong's level of FDI in 2007 in fact ranked the 6th city-state in the world out of national economies, behind just the United States, United Kingdom,

³⁰ Yin Wah Chu (2008): 'Deconstructing the Global City: Unravelling the Linkages that Underlie Hong Kong's World City Status', Urban Studies, Vol.45, p.1630

Inward direct investment to Hong Kong in recent years³¹

| Year | FDI inflows | Growth rate |
|-------|---------------------------------------|-------------|
| 2005 | HK\$261.5 billion (US\$33.5 billion*) | -1.3% |
| 2006 | HK\$350.0 billion (US\$44.9 billion*) | +33.8% |
| 2007 | HK\$423.9 billion (US\$54.3 billion*) | +21.1% |
| 2008 | HK\$464.3 billion (US\$59.5 billion*) | +9.5% |
| 2009# | HK\$375.6 billion (US\$48.2 billion*) | -19.1% |

*Exchange rate: US\$1 = HK\$7.8 # Preliminary figures for 2009

France, the Netherlands and China. It should be noted that this inward foreign investment data is largely portfolio investment flows, not actual direct investment. With the latter included 'real investment between 2005 and 2007 would measure USD 125 million higher.

According to the 'World Investment Report 2009,' published by the United Nations Conference on Trade and Development (UNCTAD), Hong Kong continued to be Asia's 2nd largest and was the world's 7th largest Foreign Direct Investment (FDI) recipient.

'We are committed to maintaining our enduring business advantages: low and simple tax, rule of law and free flow of information, capital and goods that together with our international business environment have proved very popular in attracting international businesses to our city'.

Simon Galpin, Director-General of Investment Promotion, InvestHK, 2009

Hong Kong's attractiveness for FDI is further highlighted by its lead spot in fDi Magazine's Asian Cities of the Future rankings due to 'bold infrastructure developments, sound investment promotion strategy and high quality workforce.' However, the magazine warned that 'Singapore is in hot pursuit and the gap is narrowing³².'

Success in Capturing Emerging Markets

It is hardly surprising that Hong Kong's closest links are with the rapidly developing economy of China. Indeed, Hong Kong's trade with China has more than quadrupled since independence in 1998, and links are fundamental in developing Hong Kong further. The Closer Economic Partnership Arrangement (CEPA) was signed in 2003 by the Central People's Government and the Hong Kong Government and came into effect from 1 January 2004. The overall aim of the CEPA was to strengthen trade and investment cooperation between the two entities, by reducing tariffs and other trade barriers and eliminating 'all discriminatory measures.'

³¹ Census & Statistics Dept., HKSARG <http://www.censtatd.gov.hk/showtableexcel2.jsp?tableID=043> (See the table, under "Direct Investment" and then under "In Hong Kong")

³² Asian cities of the future 2007/8' fDi Magazine (2007) (http://www.fdimagazine.com/news/fullstory.php/aid/2228/Asian_Cities_of_the_Future_2007_08.html)

In 2008, Hong Kong's government-led airport authority launched the territory's first Islamic bond, reflecting the city's determination to attract investment from the Middle East and south-east Asia. Hong Kong hopes to challenge Malaysia, which is the main Asian centre for Islamic finance. Stanley Hui, the authority's chief executive, stated in June 2008 that 'Hong Kong's government hopes to develop the city as an Islamic centre'³³. Links are also increasingly being nourished with new markets in Central and West Asia. The 2008-9 budget refers to 'untiring efforts' to develop emerging markets, citing recent delegations which have been sent to Russia, Vietnam, India and the Middle East³⁴.

Openness to Migration

Hong Kong is highly open to migration flows, of both rich and poor, and indeed depends on them for economic vibrancy.

The city has been able to play the most strategic role of bringing China into the ambit of the global production networks not only because of its geographical proximity to the Pearl River Delta but also because of the management capabilities of top international manufacturers and traders. According to the Chief Executive in Hong Kong in the Policy Address 2007-8, 'Hong Kong has always been a city of immigrants.' At present 96% of the Hong Kong population are Chinese nationals. The remaining 4% form a highly visible group

despite their small numbers, with the largest three immigrant groups in 2006 coming from the Philippines (132,770), Indonesia (95,460) and the US (31,300). There is also a sizeable South Asian population in the city; mostly Indians, Pakistanis and Nepalis.

A majority of immigrants arriving in Hong Kong from China and South East Asia are members of the working poor, perceived to be near the bottom of the occupational and social hierarchy. These groups are often barred from public housing for the first seven years of their arrival and receive little in the way of social security benefits. New immigrants tend to concentrate in the cheap private rental districts in older inner-city areas, reinforcing spatial segregation.

In order to encourage highly skilled and mobile workers to choose Hong Kong, the Admission Scheme for Mainland Talents and Professionals has encouraged high calibre immigrants from Mainland China to enter Hong Kong. More recently, the Quality Migrant Admission Scheme allows talented people who meet certain criteria to settle in Hong Kong without having to secure an offer of local employment beforehand. In the Chief Executive's Policy Address 2007-8, it was stated that:

'[Last year] 28,000 people from different corners of the globe came to work in Hong Kong and settled here. Among them, about 5,500 came from the Mainland. Global competition means that we have to compete for markets as well as talent. Hong Kong's future development requires more talent

³³ Tom Mitchell (2008), 'Hong Kong looks to Islamic bonds', June 8th, <http://www.ft.com/cms/s/0/022a0494-338d-11dd-ba8a-0000779fd2ac.html>

³⁴ <http://www.budget.gov.hk/2008/eng/budget06.html>

from the Mainland and overseas. I will modify the Quality Migrant Admission Scheme by relaxing the restrictions on age limit and other prerequisites. We will also actively promote the Scheme in order to attract more Mainland and overseas talent to come and contribute to the development of Hong Kong.'

This openness to migration – through necessity if not through choice – is reiterated in Hong Kong's budget, which argues that 'global competition is ultimately a competition for talent.' Furthermore, it firmly states that Hong Kong's future as Asia's primary world city requires a nurturing of local talents alongside a scheme to attract the best Chinese professionals.

Legco building



Source: Invest Hong Kong

OPENCities Case Study Project

Bi-literalism and tri-lingualism in Hong Kong

History and background

According to Leung, the language issue in the Special Administrative Region is not a new one. Hong Kong has for decades experienced "tug-of-war over language issues between English as an instrument for social mobility and economic advancement and Chinese as a sign of national identity and cultural affinity³⁵." As the Former Education Department identifies:

- "The Hong Kong Community is essentially populated by Chinese. People speak, read and write in Chinese in their daily life;
- Hong Kong is an international business, financial and trading centre. To maintain a high standard of English is crucial to economic competitiveness³⁶."

Given recent economic and socio-political changes in Hong Kong, the teaching and application of language has, once more, become the subject of policy debate and modification.

Though Chinese language was 'granted' official status in 1974, English has continued to enjoy "the major share of the linguistic market" in Hong Kong³⁷. None the less, on the signing of

³⁵⁻³⁷ SLeung, Y, (2005): Bilingual and Trilingual: Actions in response to the economic restructuring of Hong Kong

the 1984 accord between the United Kingdom and China, the use of Chinese grew rapidly, particularly in the Civil Service. And with the economic liberalisation of China and balance of control over Hong Kong shifting from the United Kingdom to China, the teaching and application of Chinese strengthened. Still, as the international language of communication, business and academic pursuit fluency in English has remained a highly regarded and sought after skill.

By the last census Report in 2006, of a total speaking population (aged 5 and above) of 6.6 million in Hong Kong, 90.8% of people claim to use Cantonese with the two most popular second languages being English and Putonghua spoken by 41.9% and 39.2% of people respectively³⁸.

In response to the language issue, one year earlier, in 2001, the Standing Committee on Language and Education research (SCOLAR) began a review of language policy in Hong Kong.

SCOLAR - Action Plan to Raise Language Standards in Hong Kong (2003)

In 2003, SCOLAR published the “most important document of language strategy laid down by the post-colonial government³⁹.” Known as Action Plan to Raise Language Standards in Hong Kong, the government confirmed its commitment to its delivery. It looks to enhance the approach to the development of a biliterate and trilingual environment in Hong Kong.

The Plan focussed on four key themes:

- **Language education in schools:** Basic Competency Assessment for primary and junior high students. University students to sit international language tests. Framework for language competencies to spell out expected levels of linguistic aptitude in school leavers⁴⁰.
- **Professional development of language teachers:** Framework for the professional development of teachers. Language teacher to have a first degree in the relevant language subject as well as education training.
- **Language training for working adults:** Funding of language learning for adults through the Workplace English Training Fund and Continuing Education Fund for instance. English competency testing and certification⁴¹.
- **Community-wide promotion:** All written materials in public to be provided in Chinese and English. Ensure all frontline staff are trilingual. Presenters and performers to be provided with pronunciation training in Cantonese, Putonghua and English. Language support to be provided to new arrivals from mainland China to facilitate their integration into the local community⁴².

Leung states that the Plan is a “very ambitious programme to boost Hong Kong’s language standards⁴³.” It is specific, targeted and broad ranging. He suggests that due to Hong Kong’s lack of natural resources and thus reliance on external economic participation human capital

³⁸ Source: 2006 Population By-census Office, Census & Statistics Dept., HKSARG http://www.bycensus2006.gov.hk/FileManager/EN/Content_981/a106e.xls

is particularly important. He sees language as a key commodity for the knowledge workers of Hong Kong. “Without the requisite skills to communicate with the huge neighbouring economic entity of China and the rest of the world, Hong Kong will be marginalised, even if the population is willing to participate in the global economy,” he concludes⁴⁴. He goes on to predict that at the current levels of support (Cantonese receiving none) Putonghua may become the main means of Chinese communication with the use of Cantonese declining until local residents take the decision that there is little economic value in their own dialect⁴⁵.

Bi-literalism and tri-lingualism in today’s Hong Kong: the education system and civil service

Since the publication of the Action Plan to Raise Language Standards in Hong Kong in 2003, progress has been made. The sections below focus on evolution in two sectors in particular: the education system and the civil service.

Bi-literalism and tri-lingualism in the education system

The Action Plan to Raise Language Standards in Hong Kong was released in a policy context which was less than favourable. One of the first major policies passed by Tung Chee-hwa, the first Chief Executive of the Hong Kong Special Administrative Region, in 1998, was to order most secondary schools to use Chinese—the mother-tongue of most students - rather than

English as the medium of instruction. Indeed, as a result of this policy, only 114 schools, about 30% of the total, were allowed to teach in English and this was only because their teachers had the ability to do so and their students had the minimal skills required to for learning other subjects in English.

With the release of the Plan and a recent announcement by new Mayor Donald Tsang it is clear that the City’s education system is perhaps where we most obviously see a demonstration of Hong Kong’s desire to become a bi-literal and tri-lingual city. In January 2009, the Tsang administration announced that schools would once again be allowed a higher degree of discretion when choosing their teaching language. This announcement has stimulated a re-emphasis on the importance of English and bilingualism within Hong Kong’s education system.

Hong Kong and China Flag



Source: Invest Hong Kong

^{39 - 45} Leung, Y. (2005): Bilingual and Trilingual: Actions in response to the economic restructuring of Hong Kong

Renaissance College – a new bi-lingual and tri-literate school in Hong Kong ⁴⁶

Renaissance College - a new school which is the result of collaboration between ESF and the HKSAR Government. Renaissance College opened for students in September 2006 and ultimately provide an all-through education for 2,100 students aged 5 to 18 years.

The College offers a choice of subjects that lead to international accreditation. All three programmes of the International Baccalaureate Organisation (IBO) will be followed, culminating in the International Baccalaureate Diploma. The school will provide a bi-literate and tri-lingual program, with emphasis on both the language and cultural aspects. As part of the formal curriculum, students will take immersion programmes in China during long holidays to strengthen their language proficiency and enhance their understanding of different cultures.

Bi-literalism and tri-lingualism in the civil service

On the 5th of July 2006, the Legislative Council of Hong Kong turned to the issue of bi-literalism and tri-lingualism in the civil service. It was suggested that “some ethnic minorities have complained...that certain notices put up by government offices are in Chinese only, which they cannot understand. They also encounter difficulties when seeking emergency services from frontline staff, such as police officers or nurses, who indicate that they do not speak English⁴⁷.”

In the light of the Action Plan to Raise Language Standards in Hong Kong (2003) a number of questions were raised about the learning and application of language in the Hong Kong Civil Service. In response the **Secretary for the Civil Service, Miss Denise Yue**, confirmed that:

Because Chinese and English are the official languages of Hong Kong, the policy of the civil service is to maintain a “fully bi-literate (Chinese and English) and trilingual (Cantonese, Putonghua and English) civil service to ensure effective communication with all sectors of the community⁴⁸.”

- It is the government’s policy to issue all written materials for public use (forms, websites, pamphlets, booklets, signs, notices and posters for example) in both Chinese and English. It is also policy to communicate any verbal announcements bilingually⁴⁹.
- Only under exceptional circumstances (operational or financial) will materials be published in a single language format. In these cases, efforts are made to point readers to a document or useful material which is bilingual⁵⁰. The Civil Service Bureau con-

⁴⁶ English Schools (2010): Renaissance College, Hong Kong, <http://www.english-schools.org/hong-kong/renaissance-school-hong-kong.htm>

stantly reminds government offices of their requirement to publish bilingually⁵¹.

- Since January 2003, strict language proficiency requirements were introduced. Applicants for civil service posts at degree or professional level are required to have passed the Use of English and Use of Chinese papers in the Civil Service Common Recruitment Examination. Applicants for post including Fireman, Police Constable, and Ambulanceman are also required to have language skill accreditation⁵².
- The government does provide its staff with relevant language training to deliver frontline services more effectively. For instance, the Hong Kong Police Force, Social Welfare Department, Department of Health and Housing Department organise job-specific English language training when appropriate. At the same time, the Civil Service Training and Development Institute (CSTDI) arranges general language courses. CSTDI trained some 27,000 staff through these courses between 2001 and 2006. Over 40% of this figure were frontline staff. The Civil Service Bureau suggests that “over 400 000 visitors have accessed... online English language reference materials, and some 30,000 staff have taken part in the online English language courses⁵³.”
- Departments which engage regularly with ethnic minorities have employed additional measures. For instance, the Home Affairs Department makes senior staff members available to assist frontline staff to serve ethnic minorities⁵⁴.

- Should anyone, including ethnic minorities, have problems accessing a government service they can call the government’s main switch board or the ‘1823’ Citizen’s Easy Link hotline. “Calls in English will be answered in English” according to the Civil Service Bureau⁵⁵.

Conclusion

From an uncertain and complicated approach, more recent years have witnessed the consolidation of Hong Kong’s policy of bi-literalism and tri-lingualism. It is now clearly recognised that the teaching and application of language, and English in particular, is critical to the city’s economic development because of its reliance on communication and business with the rest of the world.

At the same time, Hong Kong’s strengthening economic and political ties with mainland China have created a demand for the use of Mandarin, whilst the local dialect is preserved predominantly because of its daily use by the majority of Hong Kong’s residents as the local dialect.

Beyond the economic advantages and political value created by this approach, a diverse language strategy also has immediate social advantages. It powerfully facilitates the genuine integration of migrants from mainland

⁴⁷ - ⁵⁵ Civil Service Bureau (2006): Fully biliterate and trilingual civil service maintained, <http://www.csb.gov.hk/print/english/info/326.html>

China and the rest of the world. This not only fosters a sense of social coherence it creates a higher quality of life for migrants on arrival. This fact makes the city a magnet for international talent, which further supports Hong Kong's economy, particularly its status as an international finance centre.

OPENCities Case Study Initiative

Attracting international Investment

Hong Kong's leadership, both before and after the handover of power in 1997, has been quick to look to multinational firms to fill domestic needs. Its package of financial facilities and infrastructure has been cited by most multinational firms as a critical factor for choosing Hong Kong as a regional headquarters over the past two decades⁵⁶. A considerable number of firms from the Americas, Europe and Asia have chosen Hong Kong as the base for their regional headquarters since the late 1980s – the

number doubling since 1991⁵⁷. FDI Magazine rated Hong Kong the leading 'Asian City of the Future' in 2007⁵⁸.

The city continues to actively facilitate Mainland Chinese enterprises and investors participation in Hong Kong's stock market through the Qualified Domestic Institutional Investors Scheme. The Investment Promotion Ambassador (IPA) Scheme also aims to utilise the networking potential of prominent figures in Hong Kong's business community to support investment promotion efforts overseas and in the Mainland of China, with special emphasis on Hong Kong's role in the Greater Pearl River Delta (GPRD) economy⁵⁹.

Fast-emerging plans include the enhancement of Hong Kong's financial system to handle RMB-denominated transactions. This is enabling the city to compete with Shanghai in the Yuan-based derivatives trading market. Competitive relationships with Shanghai and Beijing are not seen to adversely affect the city's future, with Donald Tsang endorsing proposals in 2007 to begin the trading of Hong Kong and Shanghai-listed shares on each other's exchanges. The move towards cross-border trading mechanisms may enable the territory's capital market to close the gap with New York and London stock exchanges⁶⁰.

⁵⁶ Ng Beoy Kui (1998), 'Hong Kong and Singapore as International Financial Centres: A Comparative Functional Perspective', http://www3.ntu.edu.sg/nbs/sabre/working_papers/06-98.pdf

⁵⁷ 'Why international firms choose Hong Kong' HKTDC website accessed August 2008 (http://uk.hktdc.com/int_choosehk.asp)

⁵⁸ FDI Magazine (2007), 'Top Ten Asian Cities of the Future', http://www.fdimagazine.com/news/fullstory.php/aid/2228/Asian_Cities_of_the_Future_2007_08.html

⁵⁹ [Source: Inland Revenue Dept., HKSARG <http://www.gov.hk/en/residents/taxes/taxfiling/taxrates/profitsrates.htm> (See the top table, for 2008/2009 onwards)]

⁶⁰ The Standard (2009), 'Mid-year handouts possible, says Tsang', http://www.thestandard.com.hk/news_detail.asp?pp_cat=30&art_id=80500&sid=23340476&con_type=1&d_str=20090403&sear_year=2009

Hong Kong's urban management vision, set out in '**Hong Kong 2030: Planning Vision and Strategy**', is distinctive for having a clear vision for the spatial development of the financial districts and its supporting sectors. Dividing the city up into five sub-regions, the Metro Area will continue to accommodate key economic and financial activities, while the North West New Territories will function as a gateway to the PRD. The North East New Territories have been identified for housing development and a technology hub.

As part of the city's diversification of financial products, in 2009 Donald Tsang announced the launch of the **Hong Kong Mercantile Exchange** (HKMEx). The HKMEx seeks to capitalise on the worldwide demand for commodities and the Chinese mainland's increasing role in setting prices for petroleum and other raw materials.

Over the past 3 years, Hong Kong's leadership team has regularly stressed the development of an Islamic financial platform, through the creation of an Islamic bond market. In 2008, Hong Kong's government-led airport authority launched the territory's first Islamic bond in order to attract investment from the Middle East and South-East Asia. Hong Kong hopes to challenge Kuala Lumpur, which is the main Asian centre for Islamic finance. Links are also being developed with new markets in Central and West Asia. The 2008-9 budget refers to 'untiring efforts' to develop emerging markets, with recent delegations to Russia, Vietnam, India and the Gulf⁶¹.

Attracting International Visitors

Figures indicate an increase in tourist arrivals in recent years, with total arrivals for 2007 exceeding 28 million. Hong Kong has also been voted a top business trip destination. It won the Best MICE (Meeting, Incentive, Convention, Exhibition) City Award in the 2008 Industry Awards. Hong Kong is keenly focused on enhancing its reputation as a host of international events.

The Hong Kong Tourism Board (HKTB) was founded in 2001 and is devoted to promoting Hong Kong as a destination worldwide. The Board has 15 branch offices and is comparatively independent, making recommendations to the city government on the range and quality of visitor facilities. It functions separately to the city's Tourism Commission department, which formulates city policies and strategies for tourism development. Instead, the HKTB works closely with the Tourism Commission and other partners, to position Hong Kong as one of the world's leading tourism destinations, the Events and Culinary Capital of Asia, and a leading global business and communications hub⁶².

Attracting International Knowledge Workers

Hong Kong's openness to migration is reiterated every year in the city's budget report. Over the last few years, Donald Tsang has firmly stated that Hong Kong's future as Asia's primary world city requires a nurturing of local

⁶¹ <http://www.budget.gov.hk/2008/eng/budget06.html>

⁶² HKTB (2010), <http://www.discoverhongkong.com/eng/about-hktb/about-us.html>

talents, alongside a scheme to attract the best Chinese professionals.

In 2008, the city began a five year programme to create 5,000 new international school places, as a lever to retaining senior knowledge workers with children. Meanwhile, the HK 2030 vision has clear mechanisms to develop the natural landscapes of the South West and South East New Territories, in order to host world-class recreational facilities designed to meet the highest demands of knowledge workers.

Hong Kong seeks to remain strong in cultural niches, and prides itself on its openness to new ideas, creativity, and fashions. The city is extremely active in promoting the arts, cultural sectors and creative industries. In 1995, the government set up the **Hong Kong Arts Development Council** (ADC) to plan, promote and support the broad development of the arts. As the bridge linking the Government, arts sector and the public, the ADC aims to develop Hong Kong into an arts and cultural hub, by facilitating international exchange and partnerships. The HK\$21.6 billion development of the **West Kowloon Cultural District** (WKCD) is an ongoing effort aimed at supporting the development of a creative economy with top-class cultural infrastructure. When completed, the integrated arts and cultural district is set to offer a heady mix of international arts and cultural facilities to enhance the cultural milieu.

Positioning as Asia's World City

There have been a number of management strategies of Hong Kong's public image in recent years. This has been prompted by economic instability, increased competition from Shanghai and Singapore, and uncertainty over whether to position itself as a gateway to the East for global markets, or a shopping hub for Chinese and Asian tourists. The city government set up the Brand Hong Kong Management Unit (BHKMU) in 2001. New York agency Burson-Marsteller and London-based Landor have both been involved in designing new campaigns and logos in recent years. Since 2004, however, one particular slogan has gained ascent – 'Asia's World City'.

Hong Kong's positioning as Asia's world city began as an idea in 1999, proposed by then-Chief Executive, Mr Tung Chee Hwa, and attempts to put the city on a platform with London and New York.

Subsequently, the Chief Executive's Commission on Strategic Development recommended in its February 2000 report that:

'Hong Kong needs to promote its unique position as one of the most cosmopolitan and vibrant cities in Asia to a wide range of international audiences. A successful external promotion programme can have a significant positive impact on Hong Kong's ability to achieve a number of key economic, social and cultural objectives⁶³.'

⁶³ Hong Kong Information Services Department (2010), <http://www.info.gov.hk/info/sar5/easia.htm>

The city's rebranding focus has involved the private sector at every stage. The Brand Hong Kong programme was launched at the FORTUNE Global Forum in front of global business leaders. Positioning has featured exhaustive qualitative and quantitative research amongst business and government leaders both domestically and further afield.

The city government argued that:

'Hong Kong is where opportunity, creativity and entrepreneurship converge. It is a dynamic physical and cultural hub with world-class infrastructure, Asia's most strategic location, and a global network of people with an impressive record of success that can support achievement of your goals and objectives⁶⁴.'

The Asia's World City is an umbrella brand intended to co-exist with other logos that the Hong Kong government may use to represent the city. Importantly, the brand has an English and Chinese version, which is employed strategically to attract these two large target audiences⁶⁵.

Brand management and co-ordination

Management of Brand Hong Kong is co-ordinated by the Information Services Department (ISD), in accordance with a number of strategic objectives:

- Create initiatives that communicate Hong Kong's competitive positioning.
- Associate the Brand with activities that represent the Brand values.

- Build an understanding of Hong Kong's position as Asia's world city.
- Strengthen the Brand culture within the private and public sectors.

The ISD is split into four primary divisions – local public relations, public relations outside Hong Kong, publicity and promotions, and administration. The majority of the management of the brand takes place in the international public relations department.

The Brand Management Unit is charged with carrying out the Brand Hong Kong programme which promotes Hong Kong as Asia's world city through different channels. The unit ensures the Brand is used effectively to promote Hong Kong globally. Besides organising activities to highlight the brand, the unit also helps to publicise major events organised by government departments, NGOs and business to strengthen Hong Kong's positioning.

Brand Hong Kong – Asia's World City - has been extensively used internationally by Hong Kong's 10 Economic and Trade Offices (HKETO), providing a valuable platform to promote Hong Kong to key business and government audiences in cities, such as Singapore and New York. The HKETO is thus a key marketer of the brand, and has adopted this integrated approach towards the promotion of the city.

The Visits and International Conferences sub-division runs the ISD's Sponsored Visitors Programme for opinion formers, political leaders and think-tank members to visit Hong Kong

⁶⁴ and ⁶⁵ BrandHK (2009), <http://www.brandhk.gov.hk/brandhk/guidelines2003/eng/guidelines.pdf>

at the invitation of the government. The subdivision also helps to draw up programmes for non-sponsored visitors coming to Hong Kong on private trips. In addition, it runs an Overseas Speakers Programme to enable foreign investors to better understand Hong Kong's development and competitive advantages⁶⁶.

Lessons

Hong Kong's experience of openness illustrates how the pre-eminence of certain business cities over others is related to enduring structural factors, such as language, legal system, infrastructure, and proximity to markets. Hong Kong has shown the significance of supply-side factors - notably the availability of skilled labour, strong regulatory environment and the quality and depths of business services - in achieving and maintaining a top position in the global urban hierarchy⁶⁷. In an open economy, open cities are not at the mercy of global forces, but can make shrewd long-term interventions that create a durable image of vibrancy and dynamism.

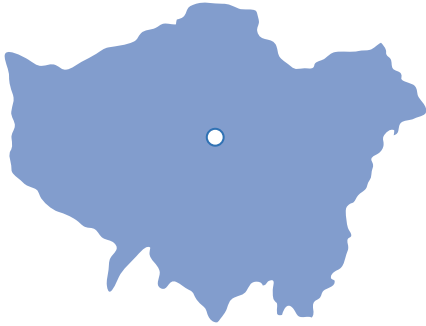
International Finance Centre



Source: Invest Hong Kong

⁶⁶ HK ISD (2009), <http://www.gov.hk/en/about/abouthk/factsheets/docs/media.pdf>

⁶⁷ Leung and Unterberdoester (2008), 'IMF report on Hong Kong', <http://www.imf.org/external/pubs/ft/wp/2008/wp0857.pdf>



London

Between 1990 and 2008, London was arguably the exemplary world city in the contemporary global economy. Its 8 million city population has enjoyed two decades of remarkable growth and is now ranked fifth in the world for city GDP. The city is the nucleus of an emerging 21 million Greater South East region, whose clusters provide much of the intellectual and innovative platform upon which London has thrived.

The profound economic crisis is set to push London's capacity for re-invention to the limit, but many commentators remain confident that the city will emerge from the downturn still a leader in financial services, media, creative industries, science, high technology and fashion. The eastern Thames Gateway region is set to provide a boost to the city's economic capacity, aided by improved transport

connectivity. London remains a highly welcoming and attractive city in which to work, and the forthcoming Olympic Games in 2012 provide a global platform for positioning the city as the 21st century's most dynamic diverse and open metropolis.

The accelerating shift towards economic growth in Asia and the Middle East and the shift in share of global financial centres demands that London works in co-operation to produce a robust and competitive model of financial market regulation. Security remains an important pre-occupation as London is a high-profile target for domestic and international terrorism. Finally, improving London's quality of life is essential, most notably through ensuring that transformative transport and public space projects are delivered on time.

KEY AREAS OF GLOBAL STRENGTH

Established global financial leadership

No obvious financial centres immediately ready to displace London. City continues to provide outstanding market access, legal infrastructure and staff, and has profitably captured emerging markets.

Olympics as springboard for economic rejuvenation

London 2012 is set to provide a supreme catalyst for global brand enhancement, and the comprehensive urban regeneration of East London and the Thames Gateway.

Outstanding higher educational facilities

An established global information capital, which attracts and retains the brightest international minds. Educational strength provides the capacity to adapt to future economic conditions and adjust skill sets appropriately.

Openness to ideas and talent

Unique diversity and cosmopolitanism, coupled with flexible labour laws, means London is consistently capable of attracting the very best talent, and performing a hub function for creative and lucrative ideas.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Uncertainty following of economic crisis

Though the fundamentals of the London economy remain strong and continued GVA and job growth is expected, the banking crisis has caused London to question its economic model into the future.

Transport infrastructure

Despite CTRL and the prospect of Crossrail, intra-city mobility can be hampered by a lack of capacity. Overall transport system incapable of managing future population growth.

Quality of life

Though the 2010 London Annual Survey concluded that Londoners are happier than any other time in the past ten years, liveability is relatively low compared to other cities. Crime, congestion, and a long-term terrorism threat remain concerns.

Costs

A high cost of living, particularly in terms of housing affordability, can hamper the prospects of the city's lower and middle-class.

China town, London



Source: British Council Image Bank

London and the GSE represent the economic engine room of England and the UK. At the turn of the 21st century, London was clearly one of the world's top three world cities, with Tokyo and New York, recognised as a highly energetic and diverse society. Since the 1990s, London has made considerable gains vis-à-vis New York in terms of dynamic economic leadership and population growth. 2008 figures show London has the highest labour productivity in the world⁶⁸. London's future as a world-class city rests upon a number of factors it has retained through the economic crisis. The city maintains its excellent time zone advantage, outstandingly skilled and flexible workforce with established expertise, robust legal system, and cultural appeal.

In light of the 2008 recession, London's economic challenge will be to promote its existing economic diversification better, coupling leadership in finance with its other strengths in science & medicine, media & creative industries, higher education & research. Finance will continue to be a leading edge but the sector will not support previous levels of job growth. The goal will be to maintain/enhance competitiveness in established global sectors and also further develop other sectors where London's performance is world-class such as the creative and cultural sectors as well as Higher Education. As of October 2008, almost one-third of London's 4.2 million jobs were supplied by finance and business services. Other activities dedicated to providing key local services - in energy, construction, distribution, education and health - are comparatively underrepresented⁶⁹. The city's future potential depends

to a considerable degree on facilitating growth in niche industries such as environmental technology, design and media, while preserving its world-leading strength in advertising, law and public relations. The emerging GSE region, which incorporates the Thames Gateway (Europe's largest designated growth zone) extends over more than 20% of England's land area, and incorporates 21 million people across three regional administrations, London, the South East, and the East of England. This successful diversified city-region is set to be pivotal to London's capacity to recover from the 2008 finance sector collapse.

City Governance

The Greater London Authority (GLA) was established in 2000 to provide citywide, strategic government for London, and encompasses the 32 London boroughs and the Corporation of London (often referred to as the 33rd borough). The 33 boroughs deliver most day-to-day services in the capital, while the GLA plays a strategic role, setting out an overall vision on a range of issues including regeneration, economic development, police, transport and waste, areas in which it has taken over from existing government programmes. The GLA is made up of a directly elected Mayor and a separately elected London Assembly, with around 600 staff to help the Mayor and Assembly in their duties. In accordance with the 1999 Greater London Authority Act, 14 constituency members are elected by first past the post and 11 pan-London members elected by proportional representation. The GLA has

⁶⁸ Global Urban Competitiveness Report (2007-2008), www.gucp.org/admin/WebEdit/UploadFile/Global%20Urban%20Competitiveness%20Report.doc

⁶⁹ Financial Times (2009), 'London cooling', <http://www.ft.com/cms/s/0/5ca63494-f8a7-11dd-aae8-000077b07658.html>

key powers in the areas of police, fire, transport and economic development and regeneration. On the 15th June 2010, and supported by central Government, Mayor Johnson announced enhanced powers for the GLA. He said, "I am proposing a reshaped GLA group and a new chapter in the devolution of Whitehall functions to City Hall, including greater powers to the boroughs and enhanced scrutiny functions to the Assembly⁷⁰." The total GLA budget amounted to £3.15 billion in 2008/09. The cost of the GLA itself, approximately £50 million per annum, is met by a central government grant.

City Leadership

The Mayor provides a focus and a fulcrum for the governance of London. Yet although powerful in relation to the London Assembly, the Mayor of London is arguably less powerful than many other mayors of world cities. London functions under a 'weak mayor, strong boroughs' model, which means the powers of the Mayor of London are more limited than those of strongly centralist cities such as New York. He is closely restricted by central government's tight hold on taxation spending, and in the absence of strong formal powers, the Mayor must rely on patronage, persuasion and publicity to achieve strategic goals. While the Mayor has a narrow remit, he has powerful tools in key areas. As the directly-elected executive of London's strategic authority, the mayor alone has the strategic London-wide view and possesses powers that no other organisation enjoys. The Mayor controls a £13bn budget to run transport services,

emergency services, create plans and promote economic development. The Mayor also sets out plans and policies for regeneration, culture, and a range of environmental issues including biodiversity, noise, waste disposal and air quality. He is in charge of four functional bodies, effectively arm's length agencies, which run important pan-London services under the new governance arrangement: Transport for London, the London Development Agency, the London Fire and Emergency Planning Authority and the Metropolitan Police Authority (for the first time, shifting control of London's police from the Home Office to local government), while the Mayor also has critical input into the capital's skills strategy⁷¹. In addition, the Mayor supervises the management of two of London's most significant public spaces, Trafalgar Square and Parliament Square. In total, the GLA and the four agencies now have a budget of £13 billion annually.

Global Reach, Openness and International Exposure

Openness to Migration

London's enduring appeal for skilled migrants – both domestic and foreign – is an indispensable economic driver moving forward. Approximately 45% of highly skilled workers in London come from other UK regions, and 30% from international destinations⁷².

⁷⁰ Financial Times (2008), 'The role of London's mayor', <http://www.ft.com/cms/s/0/658df55a-0c90-11dd-86df-0000779fd2ac.html>

⁷¹ Diversity Works for London, (2010): Overview, <http://www.diversityworksforlondon.com/server/show/nav.006006007>

⁷² London Government (2005): Press release, http://legacy.london.gov.uk/view_press_release.jsp?releaseid=4955

In 2004, an estimated 218,000 international migrants came to live in the city, equivalent to almost 3% of its population. In the same year, a further 155,000 migrants came to London from the rest of the UK⁷³. Indeed, London has exemplified openness for several decades, and is one of the most successfully diverse city societies in the world. Its tradition of openness to flows of transnational skilled labour and foreign firms is regarded by senior business actors as critical to specialised production functions in international business networks. London has more flexible labour laws than many of its rivals, and also has open access to the European Union labour market, which is larger than the USA labour market, with total populations of around 494m and 300m respectively. Poles, Lithuanians, Latvians, and others from Eastern Europe have been arriving at the rate of 16,000 a month since Eastern European nations were admitted to the EU in May 2004. Visas for Britain have remained easily available, despite the July 2005 terrorist attacks. The UK's relatively open borders have become an indisputable competitive advantage. Skills shortages in teaching, nursing and IT have been overcome by immigrants, generally from Australia, New Zealand and South Africa.

The lenient tax treatment of wealthy non-domiciled residents has also added to the city's lure although this has been tempered by recent tax increases and the threat of further tighter regulations currently being legislated. The move threatens to deter at least some

pools of talent from the City's finance sector and discourage entrepreneurs⁷⁴.

Presence of Global Firms

London is 2nd only to New York in terms of numbers of global firms, and remains far ahead of the third city, Hong Kong. In terms of the intensity and density of global firm networks, London is ahead of Paris and all other European cities, and operates at an order of magnitude far beyond that of any other UK city. More than 500,000 people in London work for foreign-owned firms. London displays a high concentration of advanced services firms, and is a major hub of international legal, accountancy, consultancy and insurance firms. London continues to be identified by international firms as the European location with the deepest and most specialised international skills and business knowledge and as a primary source of innovation and key contacts.

Global firms are set to remain highly visible in London due to two critical long-term factors. Firstly, English remains the language of international commerce, which gives London a healthy advantage. Secondly, English law is the law of choice for international contracts. Partly because of this institutional advantage, six of the world's ten largest international law firms are headquartered in London⁷⁵.

⁷³ Office of National Statistics (2007): Focus on London: Population and Migration

⁷⁴ Financial Times (2009), 'Warning of 50p tax rate City exodus', <http://www.ft.com/cms/s/0/9ca1fcce-3068-11de-88e3-00144feabdc0.html>

⁷⁵ HM Treasury (2006), 'Strengthening London's position as the world's leading international financial centre', http://www.hm-treasury.gov.uk/bud_bud06_press04.htm

Population Dynamics and Demographic Diversity

London Development Agency extract: London's diverse economy ⁷⁶

The identity of London's population, and therefore its workforce, is changing. It is being shaped by irrevocable demographic, global economic and social trends which are prime opportunities to boost and improve the status of the city's economy and people.

- Londoners speak over 300 languages and belong to at least 14 different faiths.
- Nearly a third of the city's population is from black, Asian or other minority ethnic (BAME) groups and over the next 10 years they will account for 80% of the increase in London's working age population.
- By 2010, 40% of the workforce will be over the age of 45.
- London's BAME communities have enormous spending power, with an after-tax income of around GBP 16 billion.
- At least 5% of London residents are gay or lesbian – the economic value of the 'Pink Economy' in the UK is estimated to be around GBP 95 billion.
- BAME-owned businesses generated a combined sales total of GBP 90 billion in 2004, and made a significant contribution to the London economy in terms of job creation, GDP, income and wealth creation.

It has been estimated that more than 600,000 new jobs will be created in London over the next 11 years and people from London's diverse communities will make an important contribution to filling these jobs and to boosting London's economy as a result.

Despite these visible economic, demographic and social changes there is strong evidence of

existing inequality of opportunity in the London workplace. This is illustrated by disparities in rates of employment, in rates of unemployment and in the high levels of under-employment for many diversity groups:

- Women make up almost half of the workforce, but less than 10% of directors of FTSE 100 companies are women and they earn on average less than 75% of similar male incomes.
- London's economic output would be GBP 1.5 billion higher if part time employment rates for women with children in London were raised to equal those in the rest of the country.
- Black, Asian or other minority ethnic graduates are less likely to secure good jobs compared to similarly qualified white graduates.
- Employment rates for Bangladeshi and Pakistani men are at least 20% below those similarly qualified.
- One fifth of the working age population has a disability, yet only 11% are in employment.
- Government statistics show that by 2015, more than two-fifths of the workforce will be over the age of 50. People over 50 are less likely to become unemployed, but once unemployed take longer to return to work and are more likely to leave the labour force altogether.

Increasing globalisation and the eastwards shift of the centre of gravity of the world economy means that to stay competitive London's businesses really need to ensure they are attracting the full wealth of available talent. Not doing so is a missed opportunity to strengthen competitive advantage that no organisation can afford to ignore.

⁷⁶ The London development Agency (2010): The business case for London, <http://www.lda.gov.uk/server.php?show=ConWebDoc.1484>

OPENCities Case Study Initiative

Diversity Works for London

A global magnet for migrants and refugees, talented or unskilled, London's diversity is considered one of its most significant strengths. Keen to realise the opportunity of his city's demographic diversity, the Mayor of London inaugurated a new initiative to make the business case for diversity and implement the rationale within small, medium and large enterprises in the capital.

Created in 2005, administered by the London Development Agency and supported by a GBP 9.8 million grant for four years of activity, Diversity Works for London (DWfL) essentially acts as a provider of diversity expertise for London's businesses. It argues that diversity gives businesses the opportunity to:

- Move into new markets and source a wider range of customers
- Create an inclusive working environment, motivating existing employees and improving productivity
- Find better suppliers and new investors
- Gain a competitive advantage by providing

consistently better services to existing customers

- Find and retain skilled and versatile employees
- Increase creativity and innovation
- Increase penetration of overseas markets in a globalised economy
- Win larger public and private sector contracts, which are increasingly being awarded on the basis of non-financial criteria such as diversity⁷⁷.

At the heart of its programme is the DWfL 'Gold Standard Diversity System' – a suite of tools to teach and accredit equality and diversity practices within London's business community.

According to the London Development Agency, "diversity gives business the opportunity to grow, and the challenge for every company operating in London is how to utilise this massive potential for the benefit of their business. Diversity Works for London provides support for businesses in responding to this challenge⁷⁸."

History and background

DWfL was launched in March 2005 by the Mayor of London to underpin the 'capital's status as an economically dynamic world city⁷⁹.' The Mayor was determined that the city 'achieve measurable improvements in how organisations across London reflect [its] diversity⁸⁰.' Though initially only conceived as a four year project, running from 2005-2009, it was none the less billed as "one of the biggest

⁷⁷ and ⁷⁸ London Development Agency (2010): The Business Case for Diversity, <http://www.lda.gov.uk/server.php?show=ConWebDoc.1484#top>

⁷⁹ and ⁸⁰ London Government (2005): Press release, http://legacy.london.gov.uk/view_press_release.jsp?releaseid=4955

campaigns to support diversity in any city” at the time⁸¹.

Now having been running for five years, the initiative has moved from strength to strength. Its programme areas have diversified, its levels of engagements deepened.

Overall vision and mission

Diversity Works for London (DWfL) ‘engages with businesses to produce a step change in their diversity practices, achieving a London where they harness the benefits of a diverse workforce, marketplace and supplier base and provide all Londoners with equal life chances. DWfL is a key centre of diversity expertise for London’s businesses, and seeks to continue to provide them with good practice standards and support on all aspects of diversity to enhance their business performance and improve their diversity practices’⁸².

Role of local government

The London Development Agency is the vehicle of local government which co-ordinates DWfL. Supported by the Mayor of London, it has the highest level of political buy-in possible in the city. As has already been stated, according to the Mayor, DWfL: “is about underpinning the capital’s status as an economically dynamic world city” by promoting equality, seeking and sharing business best practice and enabling businesses to ensure that all levels of their workforce reflect the diversity of London’s population⁸³. Since the election of London’s

new Mayor in 2008, DWfL has continued its early success. To show the Mayor’s continued commitment to the programme, a new funding agreement was made in March 2010. DWfL will have a budget of GBP 1.8 million for the period 2010-2013.

Implementation and key activities

DWfL undertakes a wide variety of activities in its attempts to support London’s business community through the promotion of, and deeper engagement with, diverse communities. In particular, the DWfL website states that the programme offers businesses:

- Management of a comprehensive online diversity toolkit detailing good practice standards covering the six equality strands.
- Interactive website with an online self assessment tool, supplemented with advice and practical guides.
- Business support products and validation of attainment of Gold level.
- Clear articulation of the business case for diversity.
- A sector specific, business focussed marketing and events programme.
- Producing and continually updating a detailed evidence base.
- Case studies of good practice within small, medium and large private sector businesses.
- Practical support for supplier diversity initiatives⁸⁴.

⁸¹ and ⁸³ London Government (2005): Press release, http://legacy.london.gov.uk/view_press_release.jsp?releaseid=4955

⁸² Diversity Works for London (2010): Diversity Works for London, <http://diversityworksforlondon.com/server/show/nav.006006001>

At the core of the DWfL work stream is the DWfL Gold Standard Diversity System. It consists of four component parts, which include:

- **The Gold Standards.** Involves the exemplification of best practices in all aspects of equality and diversity related to business performance, from workforce and workplace to marketplace and suppliers. There is a list of 24 standards for SMEs and a list of 36 for large enterprises.
- **The Gold Standard Diversity Toolkit.** An online tool which empowers firms to review and refine their own equality and diversity practices in the light of best practice elsewhere.
- **Gold Standard Diversity Accreditation.** An award to validate the achievement of reaching Gold level.
- **Business support.** An advice service to further support firms in their attempts to attain Gold level⁸⁵.

Policeman in Picadilly



Source: British Council Image Bank

*Diversity Works for London case study of the Paper Clip Partnership: Managing a diverse workforce, recruitment and retention*⁸⁶

The Paperclip Partnership is a small private company based in Kingston Upon Thames that provides its multi-national customers with a number of public relations services, including media monitoring (of the coverage that a marketing campaign delivers), media evaluation (of the value of that campaign) and presentation services. To retain competitive advantage and meet the needs of its customers, it has recruited a team of 30 men and women from different nationalities and ages who work successfully together.

The client-facing staff work on an account and project basis for multi-national clients where English could be the common language. However, the Paperclip Partnership approach is to match its staff with the language and cultural understanding of the client's target countries, so that they cannot only communicate with local staff, but they can also evaluate the tone and style of international press coverage. The Partnership promotes its diversity during the sales process by limiting the need for non-specialist translation services.

The Paperclip Partnership made this diverse team work by offering a high degree of autonomy to staff and encouraging flexible working practices. Hours range from extended office opening hours to offering early hours part-time work to a staff member with caring responsibilities. They believe that this, together with other aspects such as the (18-80) age range of their workforce, adds new ways of thinking to their business.

⁸⁴ and ⁸⁵ Diversity Works for London (2010): Diversity Works for London, <http://diversityworksforlondon.com/server/show/nav.006006001>

⁸⁶ Diversity Works for London (2010): Paperclip Partnership, <http://www.diversityworksforlondon.com/server/show/ConWebDoc.310>

Broad impact

One of the strongest impacts in terms of the breadth and depth of DWfL is the reinforcement of diversity as a business imperative. Working with over 3,500 registered users, the programme makes the case for diversity and helps London's businesses to realise the comparative advantages and long term business benefits of quality and diversity.

The DWfL, for example, contends that “by encouraging greater supplier diversity, these businesses are better placed to attract a wider customer base and recognise new markets. Success in their own business will contribute to the success and competitiveness of the London and national economy⁸⁷.”

Furthermore, the evidence points towards diversity of staff composition assisting in the attraction and retention of talented workers. Indeed, ‘well-led diverse teams can outperform homogenous teams by as much as 15%⁸⁸.’ Research shows that heterogeneous teams can bring new perspectives, ideas, and experiences to the working environment, as well as enhancing competitiveness by being able to offer better tailored business solutions and services to clients. As DWfL highlights, “these are essential requirements for the survival and expansion of businesses of all sizes and types operating in London⁸⁹.”

As a result, DWfL projects and programmes, as well as its Gold Standards, are widely supported by the civic, public and private communities. Across a range of firms, large and small, public and private, from Lloyds TSB to the Federation of Small Businesses, Diversity Works for London has received positive recognition.

Private sector perspectives on the Diversity Works for London Programme⁹⁰

“Overall I think the Diversity Works for London Gold standard is very good, it's what everyone wants to see. Simple, clear and actionable. The business case descriptor is one of the best I've seen in terms of offering real clarity.”

Caroline Waters, BT - Director, People Networks BT Group

“We found the information vital to enable our company to diversify & move into other fields during this economic downturn.”

Peter Willsher, Constant Cooling - Sales Director

⁸⁷ - ⁸⁹ London Development Agency (2010): The Business Case for Diversity, <http://www.ida.gov.uk/server.php?show=ConWebDoc.1484>

⁹⁰ Diversity Works for London (2010): <http://www.diversityworksforlondon.com/server/show/ConWebDoc.713>

"I really am both personally and professionally excited about the new benchmarking tool. I am often asked to meet organisations that are about to embark on the D&I journey and are quite overwhelmed. It's so useful to be able to refer them to your site and suggest that they use the benchmark to start developing their strategy. I think the benchmark for larger organisations is long overdue. I am looking forward to formally completing it and being able to track our progress."

Fleur Bothwick, Ernst and Young - Diversity & Inclusiveness Director

"Having worked with DWfL for a number of years I am confident that the new Gold Standard is both responsive to the needs of London's business and a value adding proposition. The easy to use traffic light scoring very quickly tells a business leader the key priority areas to focus their attention on. I encourage all businesses to use the toolkit to fully harness and leverage the business benefits of London's diversity."

Sir David Bell, Pearson plc - Director for People

"The Diversity Works for London Gold Standard Toolkit is an excellent way of assessing your company's performance on indicators you may never have considered before. Businesses today need to keep their competitive edge. For some, having a diverse workforce is an end in itself as a measure of good practice. For others it's a means to an end in that by being able to prove they embrace diversity they are more likely to win new business. Whatever the motivation may be, applying for and hopefully reaching the Gold Standard that the LDA has launched will both empower disadvantaged communities as well as your business."

Iqbal Wahhab, Chair of the DWP's Ethnic Minority Advisory Group and entrepreneur

"Extending our commitment to Diversity in the supply chain is a key component of the business' diversity agenda and our supplier diversity event was the first step in that process. The DWfL diversity tool enabled suppliers to highlight their individual diversity issues and help design their own Diversity Action Plans for the future. The tool has greatly supported our supply chain."

Lindsey Turnbull, Siemens Traffic Control - Business Improvement and Diversity Manager

"We expect to continue working with the DWfL team and to use the Gold Standard Diversity Tool for Large Companies to help us further develop our policies and processes"

Kathryn Riley, Thames Water - Human Resources Director

"At Wates we are very excited and supportive of the development of the Gold Standard which is well researched and comprehensive – a thoroughly professional approach. It is also a very challenging standard which forces companies to honestly assess their diversity and inclusion activities. Wates is committed as a company to achieving the highest possible standards in our diversity and inclusion practices and views the Gold Standard as an extremely helpful tool in critically assessing our success."

Julia Tyson, Wates Group Ltd - Group HR Director

Conclusion

As well as promoting equality practices in the workplace and through recruitment, DWfL is a key centre of diversity expertise for London's businesses. It highlights the practical business value of diversity in all its forms and provides those with an appetite to learn more with the tools to capitalise on the advantages it can bring.

Notting Hill Carneval, London



Source: British Council Image Bank

3. Practical lessons and transferability

The purpose of the OPENCities project is to identify transferable lessons from international open cities that might help more cities become open. The idea is for the lessons derived from the case study reviews to be used as a starting point, for both policy and practice toward openness in other cities.

In this book, where the focus has been the theme of leadership and governance to promote openness, there are ten transferable lessons that stand out:

Recognise and articulate the different cases and agendas for openness

Leadership plays a vital role in open cities in creating a positive agenda on internationalisation and human diversity. Cities that achieve this have a positive environment in which to develop specific policies, organise new collaborations, and link openness and diversity to other long term agendas for the city's future.

Open cities have recognised the potential long term benefits of openness, in terms of the development and growth of the city itself.

City governments in Stuttgart, Vienna and Hong Kong have made it clear they see the presence of people from diverse backgrounds as a benefit and resource. This view is rapidly emerging in Turin too.

All five cities have regularly stated that openness is a means to success for the city in the long term. They fully appreciate the benefits of immigration and diversity. However, as we indicated in section 1, the cities make the case for openness in different ways. In Hong Kong and Turin, openness is seen as a key aspect of international economic positioning, and the agenda is tied to international economic strategy. In Stuttgart and Vienna, the case for openness is made in more social terms, though the economic driver is also present. But in each, social cohesion, economic competitiveness, and cultural richness, can be seen as mutually reinforcing reasons to be open and diverse.

Though they may exist, we have not found a fully worked through and evidence based case for openness in general in any particular city. This does not mean that it does not exist, only that we have not uncovered it. Our expectation, however, is that it would

be hard for any individual city to undertake comprehensively because of the uncertain measures and variables involved and the difficulty in proving cause and consequence between measurable outcomes and multiple inputs, of which population diversity will be only one.

Many cities' ambitions in this area are impeded by national level policies that do not distinguish the range of contributions immigrants can make to national success. Nations which have developed scoring systems for different groups of immigrants (e.g. by skills sets) come closer to this, but they tend to focus on the new immigrants they may wish to attract, rather than addressing the benefits of existing and historical immigration patterns.

Adopt an integrated approach to openness

Municipal governments deal with openness in many areas of city life, including international promotion, education, employment, health, housing, civic participation, etc... Therefore, **openness needs to be addressed as a multi-dimensional and multi-departmental task, where a clear assignment of responsibility is important.** A key aspect of city leadership is to make internationalisation and openness a shared goal, not only within the city government, but also across a wide range of other organisations.

Of the cities reviewed here, Stuttgart and Hong Kong have developed the beginnings of a system-wide approach with clear leadership from the top. This involves setting out a co-ordinating strategy to be more open, and establishing clear co-ordinating mechanisms across the city government and its wider partnerships, with accountability back to the city leader.

Develop openness city strategy

Economic development, internationalisation, and immigrant settlement strategies are now a common practice for many cities. Attracting and retaining talented populations is often cited as an objective but, as yet, there are very few cities where the required strategy is fully articulated or integrated, or where support processes match those used to attract foreign companies.

It is an important function of city leadership to bring these different strands of strategy together into a combined vision, often acting against the 'departmentalisation' of such agendas. Often only charismatic and ambitious leadership teams have the wherewithal to resist the tendency towards fragmentation and multiplication.

Several of our case study cities do display some level of co-ordinated strategy. This inevitably leads to challenging questions about which talents and skills the city is

really trying to attract and how selective it is seeking to be. Few cities have yet answered these questions explicitly. There is limited experience in combining a targeted approach with the broader principles of openness.

Making the case for openness too explicitly and directly can be politically difficult in terms of educating and convincing existing populations that population growth through internationalisation is beneficial for all. In most cases, existing populations are not against openness, but there is a need to develop public consensus, which takes time and skill. Building this internal consensus over long cycles of growth and decline is a key function of city leadership, usually straddling several electoral cycles.

The recent economic downturn is clearly an important factor. It is easier to make the case for immigration during periods of growth, when labour markets are stronger. During recessions, with rising unemployment, local elected leaders have to pay more attention to the short term needs of their electorate, who may be suffering badly from unemployment or house repossession. This underscores the point that city leadership openness should not just come from elected leaders, but should come also from civic leaders who may not need to be so sensitive to short term public opinion. It also underlines the key challenge of public education and persuasion.

Partner with governments and voluntary and private sectors

Openness brings benefits, but also several challenges. In many cases, notably Turin, NGOs, community organisations, academic and business leaders have been central to removing barriers and proposing new approaches in leveraging local advantage from an international population base. Creating local government partnerships with business can effectively advocate the necessary change, while bringing in vital strategic and management expertise to produce long-term outcomes.

As Vienna's recent initiatives testify, civic and business partners may be able to act outside of the short term cycles of public elections, or the narrow geographies of individual municipalities. Often these partners are more deeply immersed in global trends and demands, and can help define priorities over decades rather than years.

Facilitate the openness process and institutionalise it

Openness also deals with the propensity of the local population to respect and enjoy the diversity of culture. As public figures, local government leaders have a unique ability to influence residents' behaviour. Adopting a diversity policy, for example, can be a measure to encourage local residents' openness, as in

Stuttgart. Establishing a municipal workforce that reflects the diverse population it serves sends a positive message about openness, on behalf of the city.

Stuttgart, Turin and Hong Kong are among the local governments to have created agencies for integration, development and internationalisation. These innovations are often matched by the creation of wider civic leadership boards and alliances. In both cases, there is an institutionalisation of the agenda, which encourages focus on key goals and specialised skill sets, to deliver the agenda. Openness is translated into action through the creation of these new forms of governance and administration.

Approaches that foster openness

Forward-thinking cities are adopting new policy initiatives to project a culture not only of hospitality, but also of sincere assimilation and political inclusion. Cities such as Stuttgart refer to their very diverse populations as citizens, regardless of their migration background. Integration has been replaced by participation. Moves towards openness can cultivate a lasting sense of belonging among new communities, which results in more diverse populations remaining in cities during economic downturns.

Strengthen city's openness by appointing a champion or champions

Having a high profile champion, or team of champions, helps to send a strong message to stakeholders that cities are committed to global positioning and interconnection. The endorsement of the Mayor of Stuttgart was important to the success of the municipal integration strategy. In Turin, Valentino Castellani is widely seen as instrumental to the city's resurgence on the international scene since the mid-1990s. Teams of champions located within an agency or city body can provide visible leadership when working with elected city leaders. Prestigious and well-recognised agenda setters have a special capacity to gather public support behind contentious measures and generate progress through openness.

Identify and promote local "International" assets

Internationalisation in other arenas of city life, including institutions, business activities, education, culture and events, is an essential prerequisite of being open to international populations. Identifying the best local 'international' prospects and supporting them with programmes, policies and initiatives, creates the basis for new jobs, growth and development.

Engage in international knowledge sharing activities

Openness is a new challenge for cities that remained domestically focused during the twentieth century. Sharing ideas and learning from others can help to save time and resources in the urgent task of becoming open. Many cities worldwide are further advanced in terms of population openness, and their experiences of success and failure can be invaluable. Turin is an example of a city eagerly learning from international experience in these areas.

Showcase city openness

Cities are open in a variety of ways and to a variety of people (students, tourists, talents, businessmen). Having an strategic plan is a good starting point, but communicating and demonstrating it are critical. Cities need to advertise their openness to ensure that it is effective. For example, Vienna's entrepreneurial drive uses the city's excellent infrastructure to advertise its new initiative. In Stuttgart, the City Council publishes a magazine telling the stories of inhabitants with migration backgrounds. Providing accurate settling/business/social information on city council's websites is another effective way to engage and be open with newcomers. Using domestic or international brand consultants to advise on image-building is an increasingly popular option in raising an open city's profile

4. Wider insights: Leadership, Governance, and Strategy for OPENCities.

These initial findings have confirmed our proposition on the impact local action can have in making a positive difference to city openness. The role of city leadership is key to integrating openness into the urban planning and development process. Openness has been shown to be a multidimensional concept, with different orientations to a variety of ideas and stakeholders. An understanding of complex and often conflicting relationships is required. A patient, integrated approach is needed when nurturing a culture of partnership.

As our case studies suggest, leaders come from a variety of different backgrounds. In many cases, leadership from academic, business and civic sectors has proved to be more proactive and far-sighted than that of institutional arenas. This leadership is essential in helping the larger community to support the fact that a vibrant economic, social and cultural base can generate the quality of life international populations seek.

Below we offer some observations on key questions identified at the start of this book:

Can local level action in a city make a difference to city openness?

We have not undertaken precise evaluation of the local actions in the case study cities, given constraints on time and resources. Anything resembling a scientific evaluation would in any case be very difficult, but it is clear that improvement is possible through learning, ambition, and exchange. What we can observe is that locally-derived and locally-applied actions offer a plausible response to real challenges that have been identified. There is a strong and growing measure of local confidence in the actions taken and the process of incremental improvement.

The case studies in this report highlight the importance strong local leadership plays in becoming an open city. Local action is central to the core roles of planning, co-ordination, communication, and advocacy for change. These can only be done consistently and reliably at the local level; without them there is no holistic and accountable process of becoming more open. Local government and local

leadership clearly play a role in setting a shared agenda, coordinating otherwise disparate and fragmented actors around a set of common goals. Collaboration of this kind typically leads to greater confidence and innovation.

How does local action contribute to changing the openness of cities?

Local action is instrumental in building a common vision and agenda amongst multiple parties. It can resolve long-standing socio-political conflicts between various stakeholders at the business, trade union, environmental and civic action level. Local leaders are often best situated, both in terms of knowledge and credibility, to outline key problems and prioritise their solutions accordingly. At the local level, networks of collaboration can be developed that can effectively co-ordinate multiple actors, and ultimately produce innovation in terms of agreeing new methods and new dimensions of urban policy. Furthermore, in terms of capacity for implementation and accountability for driving forward agreed actions, local action offers far more responsive and adaptive conditions for creating openness.

Local leadership is also critical in communicating with private stakeholders and local media about the benefits of diversity. In a national policy environment, where attitudes to immigration can sometimes be volatile and sensationalist, local leaders can use their local knowledge to highlight the under-rated effects of openness. Secondary cities receiving only

minor attention from the national government, are well placed to undertake promotion, both nationally and internationally. Arguments for beneficial policy changes may originate outside local government: city business assemblies are potentially very influential in arguing the case for international skills.

In our view, these roles are very important and are usually optimally undertaken by local leaders, elected or otherwise.

What is the role of city leadership, how can it affect openness? What do city leaders need to manage and what do they need to influence to create open cities?

In most cities, city government is the most significant leadership organisation, in terms of prioritising the long-term agenda of openness. City governments in all five case studies in this report have played decisive roles in questioning their own policies, seeking out ideas from elsewhere, and generating new programmes of public-private collaboration towards attracting international populations and businesses. Government leadership teams usually have the best access to institutional authorities outside the city, especially higher tier authorities controlling funding schemes, immigration programmes or infrastructure timescales.

Leadership is also shown by other bodies in the city, notably development agencies

and business assemblies. Their role vis-à-vis openness may be to put the city on the global business destination map. They can also advise on the kind of land-use and quality of life choices needed to attract international populations, throughout the occupational structure. These bodies must join with city government in publicising their city to the world. This may entail developing personal connections and rapport with diverse populations, and communicating an inclusive vision which promotes openness and belonging.

Who are the city leaders? What kinds of leaders are involved? Do different urban and institutional contexts give rise to different forms of city leadership?

Some cities have achieved openness thanks to a single charismatic figurehead, who has had the power, vision and influence to institute policies. These cases, however, are rare and becoming rarer. More typically, becoming an open city has required a leadership team that includes an array of actors working alongside elected city leaders. Societies with a history of minimal government and/or inappropriate municipal boundaries, have tended to spawn the widest range of leaders. This has happened less in continental European countries, with strong metropolitan governments.

Several different sources of leadership now exist in most world cities. Cross sectoral leadership groups have emerged, bringing together a range of departments and economic

sectors, with the aim of achieving an aligned approach to opening up to international populations. Tourism, promotion and marketing can all stimulate population attraction. Business groups are often seen as the most proactive and enlightened source of ideas and innovation, with regard to international image-building and creating urgent timetables for progress. Elsewhere, foundations and think tanks, especially in key knowledge hubs, have become significant sources of evidence-based leadership and collaboration, working as they do both with universities and businesses. Finally, prominent thinkers and commentators now play a leadership role in urban governance, providing a fresh holistic approach in the quest to become more open. They also give these collaborative efforts a certain credibility, in the eyes of the public.

Are there particular roles for business leaders? Institutional leaders? Citizens' leaders? And is there a specific task for national leaders?

Although we have focused on the role of city leaders, business, institutional and citizens' leaders also have roles to play. These include building up a broader base of support in the pursuit of an open milieu. They need to leverage ideas and approaches from other sectors and places, and enthusiastically adopt knowledge-sharing and innovation. They also have a critical role to play in convincing cautious government leaders that novel approaches can work. A case-by-case interest in problem-solving is part

of this process. Civic and business groups must also communicate with the media and outside world on behalf of the city, especially when elected leaders find this difficult for financial or reputational reasons.

How does city governance contribute? Are there different roles of city government and the wider governance of the city? How does this work? What role should leaders play in shaping the governance?

As we have observed, governance and administrative changes are key to the operationalisation of a case for openness into an integrated agenda and programme. The cultivation of co-ordination is arguably the key factor. No city governments, or local partnerships, are organised solely around openness. Invariably, fragmented efforts need to be adapted to this task. Governance must, therefore, provide a strong and well structured model that encourages co-ordination around this central theme.

What are the key issues to operationalise effective city leadership, governance, and strategy for openness?

City leaders can optimise their cities' credentials for openness by organising their departments according to can-do mantras of success and ambition, not failure and demoralisation. This means planning for success in the longer term, by providing concrete means for benchmarking and international comparison, whilst also

recognising the unique features and potential of the city itself. While strategic plans need to be long term – up to 30 years in some cases – actions must be proposed over 3-5 year terms. This will allow for manageable time scales and flexibility, in changing circumstances. Strategic plans require the input of the whole range of city actors; they also demand a shared accountability for delivering the agenda. This maintains the commitment of business and civil society groups over many decades. Strategies must offer a set of attainable, non-antagonistic aims. There is always a risk that openness strategies can contain contradictions, in an attempt to satisfy all parties, but the strongest strategies are those which resolve the implicit choices and tensions from the outset.

Are the experiences transferable between cities?

This book demonstrates that some level of transferability and policy exchange is possible between cities in the context of openness. However, this is not a simple case of transferring individual policies or programmes. The focus of this book is leadership, and the most important factors are the evolution of effective leadership agendas, behaviours, and styles.

Because city leaders do not control many of the key ingredients required to become an open city, the focus is on the need to create the right conditions in which multiple actors can progress towards openness. City leaders often need to address issues and factors

they do not control. To do this, leadership needs to be collaborative, flexible, generous, and courageous. This style works best where individual institutional leaders recognise they have a shared responsibility for the city as a whole. It works well when leaders of major companies, institutions of higher education, key infrastructures, community groups, and higher tiers of governments, see the benefits

of having flexible and adaptive organisations working together to share responsibilities. City leaders can set the tone by the way city government is run.

Various different aspects could form the basis of sharing and transferred learning between cities (rather than simple copying of projects and programmes). These might include:

| | | |
|---|------------------------|---|
| 1 | Leader Agendas | Making the case for openness. |
| 2 | Leadership Tactics | How to influence others and be open to sharing responsibility. |
| 3 | Governance structures | Internal municipal structure and external collaborative structures. |
| 4 | Governance Initiatives | Being willing to innovate and do things differently. |
| 5 | Time and Resources | Long term initiative and steady investment rather than one-off solutions. |

Conclusion

This book demonstrates, through five real case studies, that leadership and governance are key aspects of what enables a city to develop and deliver a positive and practical agenda more open to international population flows. Our conclusion is that, without such a leadership and governance dimension, initiatives to become open cities will be short term and unsustainable.

OPENCities is a British Council project funded by URBACT and led by Belfast City Council in collaboration with a network of European cities.

OPENCities Global is a network of both established and emerging world cities, business and institutions, committed to internationalisation and focused on the opportunities that populations with diverse origins bring to their cities.