



Are advanced producer services connectors for regional economies? An exploration of the geographies of advanced producer service procurement in Belgium

H. Hanssens*, B. Derudder*, F. Witlox

Department of Geography, Ghent University, Krijgslaan 281(S8), B-9000 Ghent, Belgium

ARTICLE INFO

Article history:

Received 11 May 2010

Received in revised form 5 January 2013

Available online 16 March 2013

Keywords:

Advanced producer services

Transaction links

World city network

Belgium

Brussels

ABSTRACT

This paper seeks to extend research on regional urban networks under contemporary globalization through an analysis of the geographies of producer service procurement in Belgium. In contrast to approaches that merely focus on the location of a selection of 'globalized' advanced producer service (APS) providers in a predefined set of 'world cities', we analyze the revealed spatial and functional linkages between consumers and producers of such services. This analysis is discussed in the broader context of economic geography literature on the resurgence of 'regions' in vertically disintegrated, post-Fordist economies. We compare our results against the assessed positions of leading Belgian cities in the urban networks generated by advanced producer services. Major findings include: (1) the relevance of a predefined set of major cities/firms is dependent on the sector; (2) a focus on the relationships between major firms and cities may lead to circular reasoning and a closed concept, since a focus on the importance of 'globalized APS firms' necessarily engenders 'world cities' and vice versa; and (3) the continuing relevance of regional specificity to service provision implies that in some sectors 'local' firms are actively involved in urban network formation.

© 2013 Elsevier Ltd. All rights reserved.

1. Introduction

It has been nearly 80 years since Christaller (1933) introduced central place theory to describe the geographies of urban systems in terms of the concentration of service provision. Under the directorship of Peter Taylor, the world city network framework, primarily devised by the Globalization and World Cities research network (GaWC, <http://www.lboro.ac.uk/gawc>) has become the contemporary standard for assessing urban centrality in *globalized* service provision (Taylor, 2001a, 2004). Immediately seeing the clear reflection of Christaller in the GaWC framework, Hall (2002) coined it 'Christaller for a global age'. Hall's neologism describes world city formation as simply applying overlays of 'world cities' such as London and Paris and 'sub-world cities' such as Manchester and Lyon onto Christaller's initial central place model.

A closer reading of the GaWC approach to the cities/services nexus, however, reveals that it diverges from classical central place thinking on two key points. First, the primary focus is no longer on household service delivery, but on service provision for accelerating capital circulation and accumulation through advanced

producer services (APSs). Second, the dominant geographical principle of the overall system is no longer that of a nested hierarchy of cities with non-overlapping hinterlands, but rather the connectivity between metropolitan areas in interurban flows. In Taylor's (2001a) specification of the world city network (WCN), cities are interlinked through the multi-office location strategies of globalized APS providers to offer their clients a seamless global service. Taylor (2001b) introduces the geography of the WCN and thereby the concept of overlapping *hinterworlds*, defined as the capacity of cities to grow and distribute service connections.

In addition to empirical analyses of the WCN per se (e.g., Taylor et al., 2002b), the GaWC approach has also been implemented to analyze regional urban networks (Hall and Pain, 2006; Hoyler et al., 2008; Taylor et al., 2009b) and for studying how regions are integrated in the global economy via the WCN (e.g., Taylor, 2001c; van der Merwe, 2004; Brown et al., 2010). The present paper seeks to extend both lines of research by focusing on the regional geographies of APS *procurement* in a densely urbanized region. That is, rather than merely focusing on the location of globalized APS providers, we reveal some of the spatial and functional linkages between consumers and producers of APS and the subsequent production of urban networks in a region. This approach allows researchers to assess how APS providers are 'used' by other firms in a regional economy in order to function in the wider global economy.

* Corresponding authors.

E-mail addresses: heidi.hanssens@ugent.be (H. Hanssens), ben.derudder@ugent.be (B. Derudder), frank.witlox@ugent.be (F. Witlox).

The open and globally integrated economy of Belgium provides an empirical test case for outlining how and to what degree APS firms are functioning as key networking agents. To this end, we organized an email survey in which we asked respondents to provide information on the APS procured in different sectors (i.e., transaction links between service provider and consumer). From this survey, we could examine the day-to-day geographies of APS firms. We then systematically compared our results with GaWC's treatment of the integration of Belgium's cities in the global economy via APS.

The remainder of this paper is organized as follows. Section 2 presents a critical review of the way in which APS geographies have been used in research on globalized urbanization. Based on this review, we argue that the geographies and functionalities of the *actual* links between APS firms and their business partners in a regional economy have largely remained obscure. Section 3 situates the proposed research in the broader economic geography/regional development literature. Section 4 describes our data and methodology. Section 5 provides an overview comparison of geographies of APS procurement in Belgium and GaWC's assessment of Belgian cities in the WCN. In the final section, we evaluate our main findings, and outline some avenues for future research.

2. Producer services geographies and urban systems

The current empirical research literature is dominated by GaWC use of APS geographies to reveal how metropolitan areas are interconnected on the cities/services nexus in a global economy. To this end, GaWC draws on Sassen's (2001) observations on how global economic integration has gone hand in hand with the spatial concentration of APS firms – enabling agents for this global economic integration – in key cities across the globe. To map the uneven connectivity of cities in the office networks of APS firms, Taylor et al. (2010) preselect a set of cities/firms for further analysis.

Although selection criteria for firms vary from sector to sector, they are consistently chosen by their ranking in lists of the largest firms for each sector. For example, for the finance sector, the Forbes composite index of the top 75 firms was chosen as a measure that combines rankings for sales, profits, assets and market value lists. GaWC included the top 25 firms for the other four services: accountancy, advertising, law, and management consultancy.

A number of overlapping criteria were used to select cities. In addition to all cities studied in earlier GaWC analyses, all cities with a population of more than 2 million inhabitants were included. Taylor et al. (2010) also include a 'second city' of all but the smallest states, plus other 'important' cities in larger states determined in part by a systematic comparison with airline data.

The end result is a matrix summarizing the (importance of) 175 APS firms in 526 cities across the world that has been used to assess how metropolitan regions are connected through APS firm location strategies. For instance, GaWC's approach would lead to the following description of the metropolitan dimension of Belgium's APS provision (Table 1).^{1,2} Brussels, Antwerp and Liège are

Table 1

Global and sectoral network connectivities for Brussels, Antwerp and Liège in Taylor et al. (2010) (GNC: global network connectivity across all APS sectors; ACC, ADV, FS, LAW, MC: global network connectivities for accountancy, advertising, financial services, law, and management consultancy sectors separately).

| | Brussels | Antwerp | Liège |
|-----|----------|---------|-------|
| GNC | 0.63 | 0.023 | 0.08 |
| ACC | 0.59 | 0.37 | 0.15 |
| ADV | 0.62 | 0.05 | 0.00 |
| FS | 0.57 | 0.15 | 0.01 |
| LAW | 0.54 | 0.23 | 0.00 |
| MC | 0.43 | 0.11 | 0.09 |

the three Belgian cities considered for further analysis, whereby Brussels is evidently the dominant city for each of the different sectors (and, as a corollary, the WCN as a whole). Liège is only connected in the APS firm networks of accountancy and management consultancy firms, whereas Antwerp – compared with its overall connectivity – is well connected in the office networks of law and accountancy firms. Taylor et al. (2010) describe this pattern as a reflection of Brussels' role as *de facto* EU capital, the presence of port-related services in Antwerp, and Liège's difficult transition to a service economy from its industrial past rooted in coal and steel. However, echoing the findings of Vandermotten et al. (2006) on APS provision in Belgium, it is also suggested that the dominance of Brussels can be attributed to its central location and the small size and well-developed infrastructure of Belgium, which implies that firms would have no difficulty in servicing the entire national market from a Brussels office.

Although GaWC research has helped move the literature on the impact/consequences of APS provision for patterns of globalized urbanization beyond crude empiricism, its assessments of the geographies of metropolitan regions based on the mere presence of leading APS firms have been criticized on different accounts. For the purposes of this paper, two lines of critique are especially relevant.

A first line of critique is that GaWC's rankings – perhaps unwillingly – result in a metanarrative in which cities/processes outside 'the Western realm' are not on the conceptual/empirical map of globalized urbanization (Robinson, 2002). In terms of cities, McCann (2004) for instance makes the case that the GaWC approach tends to undermine research into the relationship between urbanization and globalization beyond a predefined set of 'major' cities. Based on an analysis of Lexington (Kentucky) in the global economy, he calls for a more complex and process-based view of contemporary urbanism that would allow the globalization-urbanization nexus to be studied in and through a diverse range of cities (see also McCann and Ward (2010)). In terms of processes, Bassens et al. (2010) challenge the utility of the GaWC approach in understanding the transnational connectivity of major Gulf cities. They point out that the GaWC rankings of Arab Gulf cities are essentially analyzed from a 'Western' vantage point as the crucial actors are deemed to be (mainly US and European) APS firms. Bassens et al. (2011) thus develop an alternative approach to understanding the relationalities of major Gulf cities within capital circuits by exploring the roles and geographies of Sharia scholars standing at the cross-roads of financial and religious authority in Islamic financial service provision.

A second line of critique relates to the GaWC model specification in and of itself. Nordlund (2004), for instance, finds fault with the network model at the basis of the GaWC approach on conceptual grounds, while Lambregts (2008) argues that GaWC researchers have paid insufficient attention to the assumptions underlying their model. One example would be what Jones (2002) – in line with the rise of heterarchical forms of governance in multinational

¹ For readers unfamiliar with Belgium, it is useful to point out that, although very small, it is divided in a number of complex and overlapping ways. Belgium's two largest regions are the Dutch-speaking region of Flanders in the north and the French-speaking southern region of Wallonia. The Brussels Capital Region, officially bilingual, is a centrally located and mostly French-speaking enclave. Although initially a unitary state, in the second half of the 20th century, Belgium has become characterized by a series of (very complex) federalization processes, mainly articulated along this tripartite axis. Although rooted in language tensions, this mounting federalization above all reflects shifting geographies of uneven economic development, which are both cause and consequence of diverging economic development strategies (for more details, see Jessop and Oosterlynck (2008)).

² The scores in this table are based on a matrix of 526 cities × 175 firms and are therefore somewhat different from the scores reported in Derudder et al. (2010) and Hanssens et al. (2011), which were based on a matrix of 132 cities × 175 firms.

Download English Version:

<https://daneshyari.com/en/article/5074273>

Download Persian Version:

<https://daneshyari.com/article/5074273>

[Daneshyari.com](https://daneshyari.com)