



Nordic capital regions in the global network economy

World cities such as New York, London, Paris and Singapore are seen as central nodes in the global networks of capital, commodities, knowledge, people and cultural symbols. In this sense, they function as important hubs for the interaction of skilled labour and their 'tacit knowledge', as financial control centres and as major points of origin for the generation of different kinds of innovations (i.e. social, cultural, and technical). But what positions and roles do our Nordic cities have in this-world of flows, and how does the global network economy impact on Copenhagen, Helsinki, Oslo, and Stockholm, and on Nordic urban policymaking more generally?

THIS NORDREGIO POLICY brief highlights how globalisation creates new challenges and opportunities for policy-makers in the Nordic capital regions. The policy brief is mainly based on the project *Cities and city regions in the globalisation process – the Nordic cities and their relations*, in which Nordregio conducted an empirical study exploring how cities are connected through office networks (see box 1). The project has generated a significant amount of data that can be analysed and presented in various ways, for example in thematic maps that challenge our traditional geographical views of the world.¹

Alternative maps of Nordic cities

In general, our study confirms in relational terms the significance of Stockholm, followed by Copenhagen, Oslo and Helsinki, as the major Nordic nodes in the global network economy, when considering so-called intra-office networks in the two analysed sectors (see box 2). This can, in part, be explained by the integrated nature of Nordic history with the existence of dense social, economic and cultural networks.³ At the national scale the results indicate urban systems with a significant gap between the capital regions and other national cities. Market size matters, as larger cities stand out in most Nordic and national maps, as indicated in the thematic map of the Nordic intercity connections from a Stockholm perspective (see map 1). This map also

(continues on page 3)



Policy implications and opportunities

Cities have become increasingly important strategic nodes in the global network economy not least in terms of the ongoing policy discussion about the competitive assets of cities, which has resulted in numerous ranking and benchmarking studies. Globalisation processes challenge traditional place-based urban policymaking processes.

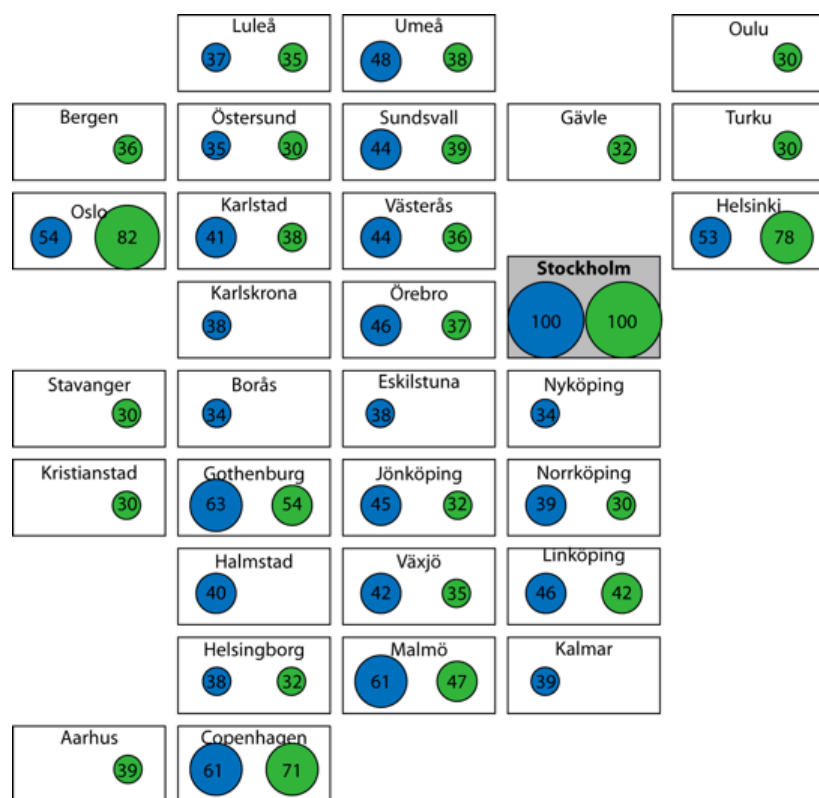
Current research, however, stresses the importance of a more global urban analysis with a focus on the space of flows, which inevitably puts cities' external relations at the centre of the analysis.²

Hence a key question remains whether Nordic policymakers are prepared, and indeed able, to formulate network-oriented policies in a relational perspective cutting across traditional geographical hierarchies? In order to formulate relevant policies that take into account the global network economy it is important to:

■ question our prevailing mental maps of the world and challenge established notions of national, Nordic, European and global urban networks within which the Nordic capital regions are embedded.

More than ever before cities develop thorough transnational networks that are creating alternative representations and complementary maps of the world.

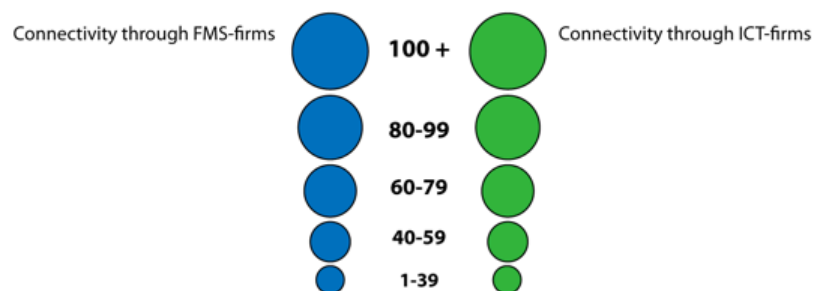
■ ... rethink urban policymaking based on bounded territories and move beyond traditional city borders towards network-focused policies. It is necessary to base policymaking on external (as well as internal) relations and focus on recognising and eventually optimising network relations cutting across national, Nordic, European and global scales.



Box 1. A Nordic research framework

The Nordic research project *Cities and city regions in the globalisation process* has been inspired by the work of the *Globalization and World Cities Research Network* (GaWC), which focuses on the external relations of world cities.

Nordregio has designed a 'modified Nordic-based bottom-up study' and collected and analysed data accordingly between January 2010 and December 2011. The study includes data collected from 30–40 firms, per studied sector, for each of the four Nordic capital regions. The information gathered was then analysed on four different scales – national, Nordic, European and global. For further information on the methodology used and more on the empirical data please see Nordregio Working Paper 2012:7.



Map 1: Nordic intercity connections from a Stockholm perspective

(continued from page 1)

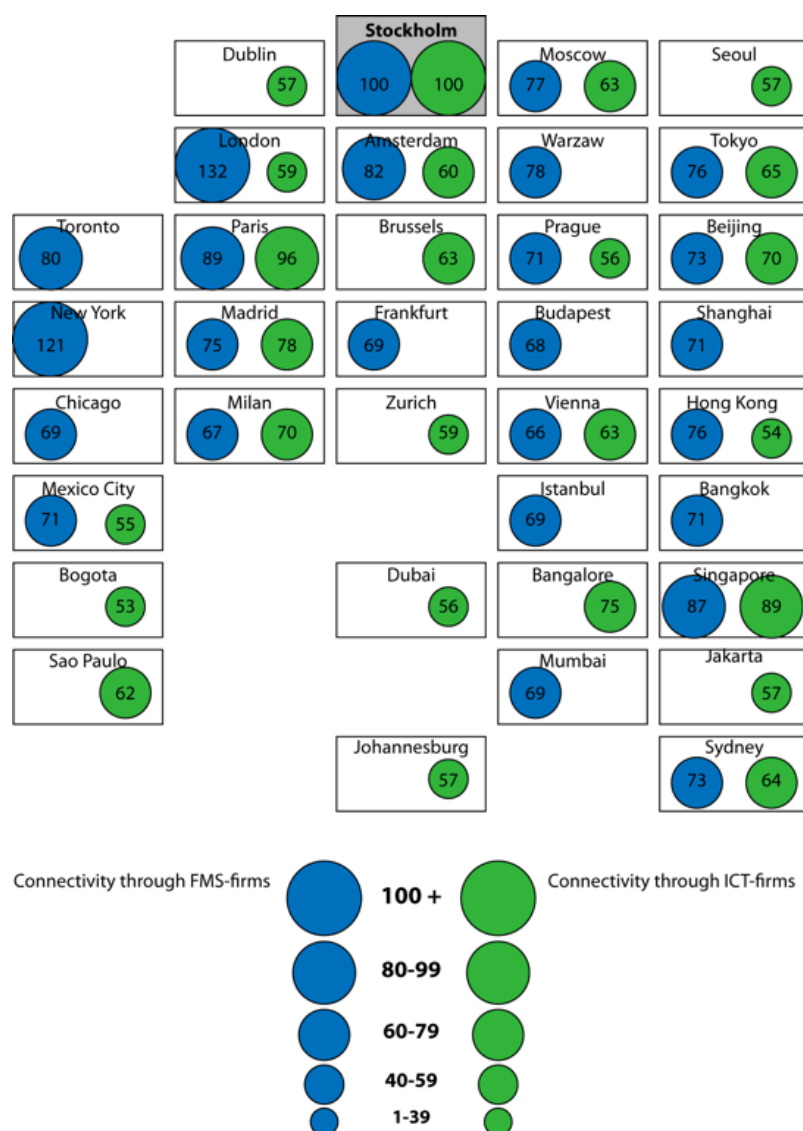
shows that finance and market service firms seem more nationally oriented or at least have a more even geographical distribution, in comparison with ICT-service firms. Indications also however suggest that the Nordic region is generally seen as one rather coherent market (not several) from an international knowledge-intensive business service perspective. This is not surprising since businesses' operate through networks and are not bounded to territories as are most policymakers.

Beyond the Nordic region the Nordic capitals have a significant role to play in linking the Nordic area into the wider global economic network. How

cities are interconnected differs slightly between the four Nordic capital regions while differences also exist between the two studied sectors. At a European level the 'iron curtain' between east and west has more or less disappeared especially within the financial and market service firms though ICT service firms remain more oriented towards Western Europe. London and New York stand out within the finance and market service sector, but perhaps more interestingly and indeed unexpectedly is the fact that Paris and Singapore stand out by being the most strongly interconnected cities with the Nordic capital regions through the ICT service sector, as indicated in the thematic map dealing with European and global

intercity connections from a Stockholm perspective (see map 2).

The results derived from maps like these encourage us to rethink our prevailing mental maps of the position and role of the Nordic capital regions in the global network economy. In a nutshell, the results of the study suggest that our thinking should be based much more around the notion of complementarities rather than on competitiveness between the Nordic capital regions, i.e. on policies focusing on aligning functional urban profiles in a Nordic perspective rather than on the national or even the city-regional perspective.



Map 2: European and global intercity connections beyond the Nordic area, from a Stockholm perspective

Box 2. Studying advanced services and office networks

The study focused on two aggregated sectors within Knowledge-Intensive Business Services (KIBS).

Finance and market service firms (FMS-firms) including financial and insurance activities, legal and accounting activities, activities of head offices; management consultancy activities and advertising and market research (NACE codes 64-66, 69, 70 and 73).

Information and communication technology service firms (ICT-firms) including telecommunications, computer programming, consultancy and related activities, and Information service activities (NACE codes 61-63). Only ICT-firms with a clear focus on services were included in the study.

In this study so-called intra-firm office networks have been considered in order to anticipate 'service flows' between cities. Since a direct measurement of the myriad of flows between firms (and thus cities) is hardly possible, this method can be used as a surrogate regarding the analysis of the intensity of knowledge-based flows between office locations and, more generally, between cities in the world economy. The resulting 'interlocking network model' of inter-city relations thus helps us to interpret advanced producer service firms as key actors in the world-city network formation. Intra-office networks are defined by the physical location and functional importance of an office belonging to the same firm.

Re-thinking urban positions

Even if the maps and numbers imply that we need to rethink our prevailing mental maps and our hierarchical notions of geographical thinking they should nevertheless be re-interpreted carefully. It is important not to simplistically interpret the results as an absolute ranking of Nordic cities, because, unlike many other previous studies, it does not focus on the internal relations and characteristics of a city but on its external relations and networks. As such, this study should be viewed as a complement to traditional ranking of cities as it does not focus on absolute but rather on relational aspects. Furthermore, the result varies depending on sector (see map 1) and on the analytical departure point, depending, for instance, on whether the starting point is firms in Copenhagen, Helsinki, Oslo or Stockholm, which also mean that direct comparisons between cities are misleading.

Our Nordic-based study provides an analysis of the extent to which a sample of knowledge-intensive business service firms (see box 2) connect each of the four Nordic capital regions (Stockholm, Helsinki, Oslo and Copenhagen) with other cities at the national, Nordic, European and global scales. The calculated values (in the maps) define aggregated linkages between each Nordic capital region and all other cities at the respective scale by the presence and functional importance of offices (in the respective sector). Hence these values express the extent to which cities are interconnected through the analysed sample of firms at the national and Nordic, European and global scale, by considering only those intra-firm office networks that incorporate (in terms of office locations) at least either the Stockholm, Helsinki, Oslo or Copenhagen metropolitan area. (The approach is somewhat similar to another international research study called POLYNET.)⁴

Resources

Research groups

The project *Cities and city regions in globalization processes – the Nordic cities and their relations* was initiated and funded by, The Working Group for the exchange of experience and knowledge development (Urban Policies) (EK-R) under the Nordic Council of Ministers and undertaken solely by Nordregio. The *Globalization and World Cities Research Network* (GaWC) is an international network of researchers focusing on the relations between cities. It is based in the Geography Department at Loughborough University and has since its inception developed into a multi-layered and multi-faceted research network.

End notes

- ¹ P Schmitt & L Smas, *Nordic 'intercity connectivities' in a multi-scalar perspective*, Nordregio Working Paper 2012:7, Nordregio, Stockholm, 2012.
- ² P Taylor, P Ni, B Derudder, M Hoyler, J Huang & F Witlox (eds.), *Global Urban Analysis: A Survey of Cities in Globalization*, Routledge, London, 2010.
- ³ B Hermelin, 'Nordic Cities', in P Taylor, P Ni, B Derudder, M Hoyler, J Huang & F Witlox (eds.), *Global Urban Analysis: A Survey of Cities in Globalization*, Routledge, London, 2010, pp. 300-305.
- ⁴ P Hall & K Pain, (eds.), *The polycentric metropolis: Learning from mega-city regions in Europe*, Earthscan, London, 2006.

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Useful links

Globalization and World Cities Research Network (GaWC):
<http://www.lboro.ac.uk/gawc/index.html>

Nordregio conducts strategic research in the fields of planning and regional policy. We are active in research and dissemination and provide policy relevant knowledge, particularly with a Nordic and European comparative perspective.