

## **Competitiveness in Urban Europe: research based, practice led**

**Marloes Hoogerbrugge, MSc, European Metropolitan network Institute**

**Metropolitan regions and cities are often coined as the ‘motors of the economy’. All around the world, cities are increasingly in competition with one another; interconnected in a network of criss-cross relations between firms and institutions. With respect to urban competitiveness, numerous activities of benchmarking and ‘best practises’ between cities exist. Studies have been written on various separated sectors of the economy rather than providing a comprehensive picture of the urban economy as a whole. Many policies are based upon on cherry-picking and the hasty ‘copying and pasting’ of experiences from one specific urban context to the next. Evidence of the problems and structural mechanisms that lies behind urban competitiveness is often lacking. This paper endeavours to go beyond the ranking lists based solely on economic productivity figures by discussing cities’ competitiveness from an integral perspective. The underlying mechanism of competitiveness (e.g. local economic sectoral structure, labour market) have been analysed in order to create a better understanding of the determinants behind the economic performance of cities. Four sub themes of competitiveness have been defined: knowledge and innovation, entrepreneurship, labour market and transforming economy. These sub themes are linked to five European metropolitan areas: Munich, Madrid, Poznan, Stockholm and Bucharest. By means of a case study approach on these particular metropolitan areas the main challenges, research questions and policy implications will be discussed. This paper discusses the initial results of the case study on the competitiveness of Munich metropolitan area.**

### **I Introduction**

The global economic crisis has had a major impact on Europe. On the way to Europe’s recovery it is important to acknowledge the role of metropolitan regions and cities; there must be a focus on the motors of the European economy. The performance of national

economies – and even the EU in general – is increasingly dependent on the cumulative performance of metropolitan regions and/or cities. With around 80% of Europe's population living in cities, it is no wonder that cities are often referred to as the motors of the economy. London, Paris, Milan, Munich, Stockholm, Warsaw, Prague, and Budapest are all vital cogs in their country's economic wheels. It is therefore all the more curious that economic policy debates are, by and large, still focused on the national level, even though developing and implementing policy geared towards metropolitan regions, could potentially play a key role in creating sustainable national economic growth. Both urban research and practice indicates that the urban dimension is critical in the overall vitality of (national) economies.

This paper is based on intensive desk-research; scoping and analysing academic articles, urban policy documents, and studies conducted and written by the World Bank, the OECD and the European Commission. A quick scan of all these documents revealed some general topics and issues prominent in urban economic policy; there was a noticeable focus on knowledge and innovation, labour market, entrepreneurship and a transforming economy. The following paragraphs discuss these themes in more detail. Another important aspect on which this paper is based, are numerous thematic discussions with urban economic experts and so-called practitioners. To mention just a few (but this list is by no means exhaustive) Professor Cheshire of London School of Economics and Professor Thierstein of Technical University Munich. But also urban experts at the European level have been consulted, such as Mrs. Madeleine Mahovsky, Senior Economist at the European Commission, Directorate General (DG) for Regional Policy.

This paper is the first step towards a policy-driven research agenda on the competitiveness of European metropolitan areas, based on academic research and led by urban practice. The following paragraph discusses urban competitiveness from an academic point of view. Afterwards the urgency for more insights into the determinants of urban competitiveness is described. The economic performance of cities is often compared in ranking lists. Cities as London, Paris and Frankfurt often have a high ranking on those lists. But what are the driving determinants behind the success of these cities? This paper discusses the four main

themes of the agenda: knowledge and innovation, labour market, entrepreneurship and transforming economy. These themes are linked to five metropolitan areas across Europe: Munich, Madrid, Poznan, Stockholm and Bucharest. The first research results of the case study on the competitiveness of Munich metropolitan area will shed light on so-called innovation hotspots by analysing the challenges, research questions and policy implications of Munich's urban economy. Finally, the next steps towards a policy-driven research agenda will conclude this paper.

## **2 Urban Competitiveness of Metropolitan Regions**

In Porter's 'clusters of competitive advantage' (1996)(2003) cities are defined as vital resources for competitive advantage, from proximity to markets and various factor inputs to economies of agglomeration. The shift towards a knowledge economy has been taken place with information, advanced services, and innovation as important markets (Boddy and Parkinson, 2004). Within the knowledge economy cities are playing an important role since cities owns access to markets and customers. The new urban professionals prefer to live in attractive and creative cities as Florida described in his book 'The Rise of the Creative Class' (Florida, 2002). According to Parkinson (1994) *'businesses are attracted to cities since they depend on good quality higher education institutions to provide the skilled labour and the technological innovation that can feed into local economies'*. Cities are centres of command and control within global industrial networks, financial markets, producer services industries and other associated service industries (Sassen, 1994; Castells, 1996; Friedman, 1995). The awareness of the significance of urban economy of metropolitan regions is slowly increasing. Metropolitan regions have become crucial economic actors in today's highly integrated world. Not only do they play an increasingly important role of growth poles in their countries, but they function as essential nodes of the global economy as well. The POLYNET study of Hall and Pain (2006) introduced the *mega-city region* of as a new urban phenomenon in the most urbanized parts of the world. During the coming half-century many European cities are likely to develop large surrounding mega-city regions (Hall, 2009). The metropolitan regions are seen as

outstanding locations for the international flow of trade and as nodes for financial and information transfers. Globalisation of the world economy, under the influence of structural and technological changes, creates increasing interdependence between places. Firms become footloose since they are able to choose more flexible where they locate specific processes. Consequently, they are in the position to select the locations that best suit each stage of production. Still, the firms are connected through chains of production with often geographically separated sub-activities. Cities or metropolitan regions are often considered as the best spots to businesses. This is especially true for knowledge-based industries in which the agglomeration advantages of cities or metropolitan regions come to the fore (Begg, 1999).

In today's global economy cities are increasingly competing with each other (OECD, 2006). Competitiveness can be defined as an indicator of the drivers and dynamics of economic success. There are different theories that explain the competitiveness of cities, but one accepted comprehensive definition of competitiveness is missing. There is a range of quantitative measures to assess the competitiveness of cities in term of productivity (GDP), import/export and employment. But academics have stressed the role of a wider set of urban assets such as quality of life, capacity to attract urban capital and the accessibility and connectivity of a city. "It is important, therefore, to go beyond descriptive economic measures, such as income per capita or employment trends, to explore the underlying sources of improved economic performance (Turok, 2004, p. 1070)." But what are the actual determinants of urban competitiveness? Why are certain cities always high in ranking lists while other cities are lagging behind? Which factors determines the economic success of cities? Is it the presence of an international airport, a financial business district, or innovative high-tech clusters? The list of (hard and soft) determinants of urban competitiveness seems to be endless and there is not much known about the actual correlation between the determinants and the competitiveness of a city.

### **3 Quest for more research on urban competitiveness of metropolitan areas**

The Global MetroMonitor analysed the path to economic recovery of 150 metropolitan economies (Brookings Institute and LSE Cities, 2010). This monitor lists the progress of recovery for these metropolitan economies. The economic performance of cities across Europe strongly differs from each other. Where the Southern European metropolitan economies are still in decline (Greece, Italy, Spain) the Polish metropolitan areas (Krakow and Warsaw) seems to be the only European metropolitan area that are hardly affects by the recent economic recession. What explains the strong differences between the economic performances of European cities? This paragraph discusses the quest for more research on urban competitiveness of metropolitan areas. Despite the European attention for Europe's further economic growth there is not any database for the metropolitan level. The lack of a comprehensive database limits the possibilities for quantitative research.

#### **3.1 European strategy for growth**

According to the European Commission "competitive regions" are regions that are able to anticipate and successfully adapt to internal and external economic and social challenges (European Commission, 2010). During the past decade, the European Commission has introduced and supported a variety of programmes and instruments that are directly or indirectly aimed at enhancing regional economic capacity. Looking at European metropolitan regions various trends and patterns can be defined and some of these trends and patterns can be named worrisome as seen from a perspective of future economic growth. The Europe 2020 strategy is aimed at strengthening the European Union, facilitating its recovery with the ultimate goal to turn the European Union into a smart, sustainable and inclusive economy by 2020 (European Commission, 2010). The European Commission defines serious challenges for Europe's future economic growth strategy. According to the European Commission, time is pressing for Europe. Europe's average economic growth rate has been structurally lower than that of its main economic partners, largely due to a productivity gap that has widened over the last decade. Many European

metropolitan regions are currently dealing with high unemployment percentages, particularly the regions located in Southern Europe. These high unemployment figures can often be explained by the rigidity of labour market institutions and a mismatch between demand for and supply of labour. Low participation rates have a negative impact on labour productivity and, thus, on urban competitiveness.

### **3.2 Lack of comparative data on the metropolitan level**

In Europe there is not a comprehensive database for cities and this makes it difficult to do comparative research among European cities. In the USA there is a database which enables scientists and policy makers to compare and analyse different cities with each other. The collection of statistical data at the level of European metropolitan regions – in order to acquire knowledge of their economic structure – is problematic. Although there is data available for member states of the European Union (e.g. database Eurostat), there is a lack of data at the level of metropolitan regions since they are in-between the national and local level, and even the formal regional boundaries do not suit the daily urban systems of metropolitan regions. These regions, which are defined functionally and technically, only coincidentally correspond to existing administrative or census boundaries. The lack of data at the metropolitan level limits the ability to compare cities with each other. There is not one general definition of a city or metropolitan region either. Sometimes researchers are using data on city-level while for other indicators the data is only available for the administrative borders of the regions. With as a result that data on metropolitan regions have no relation with the actual daily urban systems of these regions. For example: in quantitative data analysis the data used for the London metropolis is sometimes *only* the data for Greater London and sometimes the entire South-East region of England. Both scales do not correspond with London's metropolitan level. The area of institutions is perhaps the most complex and least well-explored aspect in the explanation of regional economic development. According to Djankov (et al., 2003) it is easier to analyse comparative national growth processes, because national boundaries describe relatively distinct institutional structures and national data on politics and legal structures, as well as

international survey data, allow for comparison. For the metropolitan scale these data are rather limited (Storper, 2010).

### **3.3 Bridging the gap between academic research and urban practice**

According to Cheshire there is a lack of understanding how policies have an impact on the urban system, on economic productivity and hence even on the competitiveness of urban economies (Cheshire, 2006, p. 1234). For local policy makers it is important to understand the urban economy, since they want to keep the working class (voters) satisfied. Cities have to ask themselves the question what the real urban problems are which they are trying to resolve with their urban policies. In a way it is irresponsible to be imposing policies without knowing better what the effects of those policies will be or even whether they are treating the real problems.

For cities it is important to discover what role they can play in enhancing urban competitiveness. Market failures are one of the main reasons why urban policies are required. What can cities do to create a knowledge economy that drives innovation and urban competitiveness? Although urban competitiveness is partly beyond the control of urban policy-makers, they need not be passive actors. According to Begg (1999), 'good' policy can equip cities to adapt and to foster a dynamic economy. With respect to urban competitiveness, numerous activities of benchmarking and 'best practices' between cities exist. Across Europe many metropolitan regions are striving to create, or maintain, a knowledge-intensive economy that attracts innovative enterprises. In practice a majority of these cities have difficulties to achieve this goal. Many cities are developing '*sciences park*' to stimulate a knowledge-based innovation driven economy. It is, however, questionable whether these sciences parks are actually stimulating the urban economy and creating jobs for the local working forces. Many cities are "copy pasting" urban policies which makes certain policies almost a 'hype'. Many cities across Europe have, for example, policies to promote creative industries and to attract high skilled workers. But what is the underlying problem that these cities want to resolve? What do they actually want to achieve with these policies? Hasty copying of experiences from one specific urban context to

another is not always a good manner. The path-dependency of cities often makes it difficult to copy past successful urban policies in city A to city B. The different path-dependent trajectories of urban systems limit the comparability of cities (Storper and Scott, 2009). The specific local situation requires a more evidence-based policy that fits within the broader picture of a city. The ranking lists of competitive cities are based on very doubtful analysis. More urban research is needed to gather more insights in economic mechanisms and future urban economic policies. What explains the causalities behind a certain coefficients, and more important, what can cities do with the results of academic research? It is a challenge to make academic research more applicable for the daily practice of urban practitioners.

#### **4 Competitiveness of European metropolitan areas: research based, practice led**

There is a quest for more research on the urban competitiveness of metropolitan regions. Due to a lack of a comprehensive data-base on the metropolitan level it is difficult to compare the economic performance of metropolitan areas with each other. This paragraph discusses a more qualitative research on competitiveness that aims to bridge the world of academic researchers and urban practitioners. The competitiveness of European metropolitan areas will be analysed following the principle ‘research based, practice led’ by actively involving practitioners in an earlier stage of urban research. Besides desk-research this paper is also based on the output of interactive workshops with urban practitioners and academic researchers in Brussels. In interactive groups the main economic questions of urban European have been discussed. This paragraph discusses the focus on four main themes: knowledge and innovation, entrepreneurial economy, labour market and transforming economy. In addition, these themes will be linked to five metropolitan areas across Europe: Munich, Madrid, Poznan, Bucharest and Stockholm.

##### **4.1 Selection of main themes**

This paper is based on intensive desk-research on academic books and articles in journals as *Urban Studies* and *Journal of Economic Geography*. Besides literature, urban policy document, studies written by World Bank, OECD and European Commission have been

analysed as well. A quick scan of all documents outlined the sub themes of urban economic policies across Europe. The themes strongly differ of each other: from sustainability, accessibility, business districts, high tech science parks, creative economy to unemployment. These themes have been divided in four comprehensive sub themes of competitiveness: knowledge and innovation, entrepreneurship, labour market and transforming economy.

*(1) Knowledge and innovation:* Innovation and education are key elements in a knowledge-driven economy. This explains the relatively high investments in research and development (R&D) and higher education across Europe. But do these investments pay off in the attraction of innovative, high-technology companies? The geographical focus is on the Western-European innovative hot spots: what explains the success of these regions and what can other metropolitan regions learn from them?

*(2) Entrepreneurship:* The degree of entrepreneurial activity is one of the main determinants for the level of competitiveness of metropolitan regions. The role of small- and medium sized enterprises (SME's) in the local and regional economy will be addressed as well as the (dis)advantages of both economically diversified and economically specialised metropolitan regions. From a policy point of view, the main question to answer is how cities can develop the right conditions for entrepreneurial activity and what (hard and soft) location factors create an entrepreneurial economy that is diverse, robust and competitive?

*(3) Labour market:* Many European metropolitan regions are currently dealing with high unemployment percentages, particularly the regions located in Southern Europe. These high unemployment figures are often the result of rigid labour market institutions and a mismatch between demand for and supply of labour. Low participation rates have a negative impact on labour productivity and, thus, on urban competitiveness at the metropolitan level.

(4) *Transforming economy*: Metropolitan regions in the new European member states are facing a period of economic change. There are major differences in the way how the metropolitan regions are transforming – from an economic perspective - in Central- and Eastern Europe. For example, some Polish cities recovered relatively quickly from the recent economic crisis while other cities – for example in the Baltic States - lagging behind. What are the challenges of the economic transformation process of the new European member states and the path to growth these cities will follow?

Tables 1 list for each theme the academic observations and urban policy-related questions for cities. The aim of this research is to formulate an answer on these urban questions which are of high relevance for cities. The aim of the research agenda is to actively involve urban practitioners in an earlier phase of the research. It is important that they set the agenda for this policy-driven research agenda. Therefore five metropolitan areas will be analysed in a comparative case study research as will be discussed in the following paragraph.

Table 1: Selection of main themes

	<b>(Academic) observations</b>	<b>Urban questions</b>
<b>Knowledge and innovation</b>	<ul style="list-style-type: none"> <li>- Shift from manufacturing towards a service-based economy.</li> <li>- Outsourcing of economic activities to low-cost countries</li> <li>- Appearance of new economic sectors (for high tech technology)</li> </ul>	<ul style="list-style-type: none"> <li>- How can cities attract innovation intensive sectors?</li> <li>- What are the characteristics of the new urban economy?</li> </ul>
<b>Entrepreneurship</b>	<ul style="list-style-type: none"> <li>- Shift from a more standardized economy towards a strongly differentiated economy.</li> <li>- Higher percentage of small and medium-sized entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>- Do cities need to choose for specialisation or differentiation of the urban economy?</li> <li>- How can cities stimulate</li> </ul>

	(rather than big industrial platforms).	entrepreneurship?
<b>Labour market</b>	<ul style="list-style-type: none"> <li>- Quest for high-skilled employees in the cities</li> <li>- Simultaneously, high percentage of unemployment, gap between low-skilled and high-skilled</li> </ul>	<ul style="list-style-type: none"> <li>- How can cities deal with urban labour challenges as youth unemployment</li> <li>- How can cities close the gap between low-skilled and high-skilled? (for example training, high investment in education)</li> </ul>
<b>Transforming economy</b>	- Although cities are always in transition, many East European cities are quickly transforming from a socialist planned economy towards a capitalist economy.	- Will these cities follow similar pathways as the Western European cities did?

#### 4.2 Comparative case study research: selection of five European metropolitan areas

As stated above, case studies will be written on five European metropolitan areas to find out which challenges and questions requires more in-depth academic research. What do the urban experts in a metropolitan area define as the missing blanks in academic research? Which questions are still unanswered and should be answered? The case studies analyse competitiveness from a broad perspective focusing on a range of determinants. The case studies are based on in-depth interviews with key-actors in the metropolitan area. In addition, roundtable discussions have been organised with an interdisciplinary group of urban experts: private partner actors, academics, policy-makers working for the local, regional and national government.

Across Europe there is a strong difference between metropolitan areas. Table 2 explains the case selection of five metropolitan areas across Europe: Munich, Madrid, Poznan,

Bucharest and Stockholm. In the Southern European countries the percentages of unemployment are high (especially amongst youth and migrants). Many cities in Greece, Italia, Spain and Portugal have a weak competitiveness position due to high percentages of unemployment and local economic downturn. Madrid is one of the Southern-European cities dealing with a problematic labour market situation and a declining economic growth. German cities, together with the larger Polish cities, survived the recent financial crisis without too much damage (Brookings Institute, 2010). The German metropolitan areas are often seen as ‘innovative hotspots’ with new economic sectors (such as high-tech clusters as nanotechnology and bioscience). Therefore Munich metropolitan area will be analysed to define the secret behind this innovation hotspot. Poznan metropolitan is an interesting case study due to its entrepreneurial economy. Transforming from a socialist planned economy it is interesting to see what role entrepreneurs are (and will be) playing in the new urban economy. Stockholm is been choosing because of its high percentage of high-skilled knowledge workers. Can this percentage been explained by its high-valued education system or are there other determinants at play as well? Romania is one of the new European member states and Bucharest is facing a strong transformation process. What will be new urban economic focus of Bucharest?

Table 2: Explanation of the case selection of five European metropolitan areas

<b>Metropolitan areas</b>	<b>Why interesting objects of research?</b>
Munich Metropolitan Area	<i>Innovation and knowledge driven economy</i> –Munich’s economy is based on innovation, strong technologically sectors. The economy is strongly driven by knowledge which may result in a high attention on education and training. But what is the secret behind Munich’s outstanding economic performance?
Madrid Metropolitan Area	<i>Labour market and unemployment</i> – Madrid, like many other Southern European cities, is dealing with a high percentage of unemployment and a declining economy. Urban economic policy might be strongly focused on reducing unemployment

	by creating jobs for the working class in the city. But what strategy does Madrid follow?
Poznan Metropolitan Area	<i>Entrepreneurial economy</i> – Despite the financial crisis the economic figures have shown an economic growth for the larger Polish cities. A successful transformation from a planned socialist economy towards a more capitalist entrepreneurial economy could be one of the explanations of this growth. But how does this new entrepreneurial economy of Polish cities actually work?
Stockholm Metropolitan Area	<i>Innovation and knowledge driven economy</i> - Like other Scandinavian cities Stockholm has a high percentage of high-skilled people. The reason might be a good education system or a high attractiveness of the city for high-skilled people (from the region or even abroad). But how can Stockholm maintain its position on the longer term?
Bucharest Metropolitan Area	<i>Transforming economy</i> – Romania is one of the new member states of the European Union. Bucharest is transforming from an industrial based economy to a more service-based and quaternary based economy. But how does transformation process take place? What is the new economic focus of Bucharest’s metropolitan area?

## 5 Conclusion and next steps towards a policy-driven research agenda

Perhaps rather untraditionally, this paper forms the foundation of a research based and policy-driven research agenda. Based on intensive desk-research and the consultation of various urban economic practitioners, four subthemes of competitiveness were determined and haven been discussed briefly in this paper. In order to create and substantiate a link between research and practice, five European metropolitan areas across Europe were selected: Munich, Madrid, Poznan, Stockholm and Bucharest. The following paragraph discusses the first research results of

the case study pertaining to the Munich metropolitan area. Munich is one of the five case studies eventually leading up to a research agenda on the competitiveness of metropolitan areas. In the final paragraph, the next steps towards a fully-fledged research agenda will be described.

## **5.1 Competitiveness of Munich Metropolitan Region**

The case study is based on a desk-research of policy documents on Munich's economy and on in-depth interviews with urban experts in the metropolitan area. During a roundtable discussion with sixteen urban experts the economic performance of Munich's economy was discussed. This discussion was led by Professor Alain Thierstein of Technical University Munich.

The Germany economy survived the recent financial crisis without too much damage and German cities such as Frankfurt, Munich and Stuttgart stand high on the economic ranking lists. What is their secret? What vision lies behind the economic policies of these cities? And what could other cities learn from this? These types of questions formed the starting point of the case study on the competitiveness of Munich Metropolitan Region. Munich metropolitan region, as one of Europe's innovation 'hotspots', strongly depends on a knowledge economy and a large pool of highly-skilled people. The main challenge for Munich is to maintain its position by investing in human capital, by - for example - investing in quality of life or in education and training. Another observation that can be made in the case of Munich is the lack of economic cooperation between the municipalities in Munich's Metropolitan Region. The traditional borders of the City of Munich do not fit with the 'daily urban systems' of people and business in the broader metropolitan area. There is not formal governmental authority (as of the time of writing) and informal economic cooperation is also missing. The urban experts agreed that there is not much urgency for the municipalities to start with economic cooperation. This is not a problem as the economy is doing well. Although they did agree that informal cooperation initiatives can be of significant added-value for the region. Table 3 discusses the first research results of the case study on the competitiveness of Munich Metropolitan Research. The observations of Munich's area have been translated into the main challenges, research

questions and policy implications. What are the challenges for the future urban economy of metropolitan areas? The research questions can be translated into (quantitative or qualitative) academic research. The policy implications are of relevance for cities; what should urban practitioners do in the face of these economic challenges and how can they respond to the observations made?

Table 3: first research results of competitiveness of Munich Metropolitan Region

<b>Observations of case study Munich</b>	<b>Challenges</b>	<b>Research questions</b>	<b>Policy implications</b>
Due to positive economic performance, no urgency for economic cooperation within the Munich Metropolitan Region.	Defining the so-called 'win-win' situations for economic cooperation between the municipalities within the Munich region.	To what extent must cities cooperate or compete with each other in order to stimulate urban competitiveness of the region?	Start informal cooperation between municipalities on economic issues that can be of added-value for the Munich region.
A lot of attention on stimulating the knowledge economy: investing in human capital to create a pool of highly-skilled employees.	Defining different ways to invest in human capital (e.g. investment in education or training, investment in quality of life).	What is the correlation between human capital and the output of the knowledge economy?	Integration of different labour market policies (on local, regional, national level). Collaboration with private companies to set-up joint training programs.
Economic policy strongly focused on clusters (high-tech clusters, production-orientated clusters).	Defining the (selection) criteria of a cluster. How can clusters be stimulated by economic policies	How do these clusters function within the region? What are the opportunities for	Selection of 'potential' clusters in the region and analysing the required conditions

	(e.g. investment in R&D, investment in branding, development of science parks).	spill-overs between these clusters in order to improve competitiveness?	for these clusters (in cooperation with the representing actors).
The economic success of Munich drives up the housing prices in the city with as result a lack of affordable housing.	Creating enough affordable housing to create a balance between the different income groups within the city.	What is the correlation between a lack of affordable housing and the economic sectors within a city?	Finding the balance between the different income groups within the city by maintaining enough affordable housing.
Munich's high standard of quality of life seems to determine – to a large extent – the attractiveness of the city for highly-skilled people.	Defining what are the determinants of quality of life i.e. a high percentage of amenities in a city, green space, a tolerant population, ect?	What is the influence of soft location factors, for example quality of life, on the competitiveness of a city?	More attention for soft location factors, such as quality of life, in urban economic policies. Using quality of life as marketing tool of the city.

Table 3 discusses the first research results on analysing the competitiveness of Munich Metropolitan Region. Based on the initial results of this research it is possible to state that there are many challenges (and threats) for urban economies that need to be taken into account in urban research and practice. These challenges will be translated into academic research questions and policy implications for urban practitioners. This is the added-value of ‘research based, practice led’ research. Future urban research should focus on the shift towards a knowledge-based economy whereby soft location factors, such as quality of life, play an important role. More research could be done to define the correlation between investments in human capital and the performance of the knowledge economy. The case study of Munich illustrates the diversity of challenges that affects the urban economy: from

housing policy to regional governance to urban (sustainable) development. The urban economy can no longer be analysed by a purely economic analysis since the urban economy is too diverse, dynamic and complex. The practice of urban policies is much more complicated and persistent than expected. Even the selected four sub themes of competitiveness: knowledge and innovation, labour market, entrepreneurship and transforming economy do not include the main challenges observed in Munich's case study. Urban economy is more than innovation, clusters and research and development, but should also focus on regional economic cooperation between municipalities within the broader metropolitan area and affordable housing for the low-income groups in the city. New urban research should focus on these economic themes as well on obtaining a deeper understanding of the underlying mechanisms and structures that lies behind urban competitiveness.

## **5.2 Towards a policy-driven research agenda**

This paper discusses the first steps towards a policy-driven research agenda on the competitiveness of European metropolitan areas. The aim of the agenda is to assess the challenges (and threats) of the urban economy of metropolitan areas. Moreover it aims to make academic studies on urban competitiveness applicable for urban practice by listing knowledge and research questions that are of interest for both researchers as well as urban practitioners. By setting up the contours of a research framework on economic competitiveness the gap between academic research and urban practices can be bridged by means of a policy-driven research agenda. Furthermore, the agenda will address the main research questions concerning the economic competitiveness of cities and regions in Europe. Besides the Munich case study four other case studies will be written, namely on the metropolitan areas of Madrid, Poznan, Stockholm and Bucharest. Together with the urban practitioners in these areas a policy-driven research questions will be formulated. By connecting academic researchers with urban practitioners it is possible to create a significant added-value for both worlds.

## **Acknowledgement**

This research is supported by the European Metropolitan network Institute. Special thanks to Professor Wim Hafkamp, Dr. Cees-Jan Pen and Dr. Ruud Dorenbos for their comments on this paper.

## **6 Bibliography**

**Begg, I.** (1999) 'Cities and competitiveness', *Urban Studies*, Vol.36, No. 5/6, p. 795-809

**Boddy, M. and M. Parkinson** (eds.)(2004) '*City Matters. Competitiveness, cohesion and urban governance*', Bristol: The Policy Press

**Brookings Institute** and LSE Cities, London School of Economics and Political Science (2010) '*Global Metro Monitor, The Path to Economic Recovery, A Preliminary Overview of 150 Global Metropolitan Economies in the Wake of the Great Recession*' Brookings Institute

**Castells, M.** (1996) '*The Rise of The Network Society*', Oxford: Blackwell

**Cheshire, P.C.** (2006) 'Resurgent Cities, Urban Myths and Policy Hubris: What We Need to Know', *Urban Studies*, Vol. 43, No. 8, p. 1231-1246

**Djankov, S., E. Glaeser, R. LaPorta,** et al (2003) 'The new comparative economics', *Journal of Comparative Economics*, 31 (4), p. 595-619

**Florida, R.L.** (2002) '*The Rise of the Creative Class*', New York: Basic Books

**Hall, P.** (2009) 'Looking Backward, Looking Forward: The City Region of the Mid-21<sup>st</sup> Century', *Regional Studies*, Vol. 43.6, p. 803-817

**Hall, P. and K. Pain** (2006) *'The Polycentric Metropolis: Learning from Mega-City Regions in Europe'*, London: Earthscan

**European Commission** (2010) *'Europe 2020 – A strategy for smart, sustainable and inclusive growth'*, Brussels: European Commission

**Friedman, J.** (1995) 'Where we stand: a decade of world city research' in: P. Knox and P. Taylor (eds.) *'World Cities in a World System'*, Cambridge: Cambridge University Press

**OECD** (2006) *'Competitive Cities in the Global Economy'* Paris: OECD

**Parkinson, M.** (1994) *'European cities towards 2000: The new age of entrepreneurialism?'* Mimeograph, European Institute for Urban Affairs, Liverpool, United Kingdom, John Moores University

**Porter, M.E.** (1996) 'Competitive advantage, agglomeration economies and regional policy', *International Regional Science Review* 19, p. 85-90

**Porter, M.E.** (2003) 'The economic performance of regions', *Regional Studies*, Vol. 37, No. 6/7, p. 549-578

**Sassen, S.** (1994) *'Cities in a World Economy'*, London: Pine Forge

**Storper, M.** (2010) 'Why Does a City Grow? Specialisation, Human Capital or Institutions?', *Urban Studies*, 47 (10), p. 2027-2050

**Storper, M. and A.J. Scott** (2009) 'Rethinking human capital, creativity and urban growth', *Journal of Economic Geography* 9, p. 147-167

**Turok, I.** (2004) 'Cities, Regions and Competitiveness', *Regional Studies*, Vol. 38.9, p. 1069-1083