

City Competitiveness in Poland: Innovative strategies and local governance in a globalized world – The case of Poznan

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Abstract

Globalization and European integration, newly emerging intergovernmental networks, economic globalization and the erosion of national borders have increased the room for manoeuvre of city councils. On the one hand, cities benefit from horizontal networks, contacts and transnational flows of goods and people. On the other hand, city governments are forced to promote their urban space as an arena for individual opportunities to enhance the attractiveness for foreign investors and highly qualified labour. There has been little attempt to examine these urban developments and strategy-led factors within Central Europe. Contemporary scholars refer almost exclusively to Western Europe when analysing the role of urban governments in inter-urban competitions. This is surprising as Central European cities experienced major changes as a result of de-sovietisation accompanied by processes of globalisation and European integration. This paper focuses on a case study from Poznan, Poland and analyses the responses of local authorities to ongoing globalisation processes and the demands for political recognition by urban residents. By looking at structural conditions resulting from the cities' communist history and the transnational and local strategies of the local government, the paper evaluates what has been done to create competitive and inclusive plans for Poznan's growth and development. Poznan – although not representative of every urban centre in Poland - serves as a microcosm through which to better understand the general process of de-sovietisation, de-centralization, and globalization in Central Europe. The use of cities, and Poznan specifically, offers a shift in focus from the traditional and dominant nation-state framework.

Becoming a Competitive city

European integration has changed the balance of power between national and sub-national governments and has altered the position of cities within the European Union. Although the concept of competition and the accumulation of favourable conditions for the residents and foreign businesses through local governments appears to be logical, “city competitiveness remains without a theoretical basis” (Szczech-Pietkiewicz 2013: 17). The competition between cities across and within countries is mostly defined by indices or measurable criteria. From a more contemporary socio-economic perspective, we can look at determinants which indicate how effectively local governments perform. In other words, we measure the cities' ability to attract foreign capital, international businesses, highly educated

labour force and visitors. Other indicators for the capacity of cities to be highly competitive include quality of life (Rogerson 1999), the existence of favourable conditions for businesses (Szczech-Pietkiewicz 2013) and how quickly innovative knowledge can be created (Nijkamp and Kourtit 2013). One of the most complex models of city competitiveness is presented by Ian Begg (1999). Begg brings factors together that affect urban competitiveness and demonstrates their dynamic interaction. This is one of the few models that explicitly addresses the urban level as opposed to the regional level, which is more common. It also attempts a more European approach by including factors that relate to the quality of life. This is in contrast to American researchers who focus more on productivity to measure urban competitiveness (Szczech-Pietkiewicz 2013).

When analysing the plethora of literature that attempts to describe the concepts of city competitiveness, we are able to identify three aspects which these studies have in common. First, most scholars emphasize the role of local governments in urban development and city competitiveness. Although dealing with the conditions of local economy is not an obligatory function of local urban authorities, it has nevertheless been a major concern for urban entities (Swianiewicz 2005: 110). In his study of city competitiveness of four Latin American cities, Harris also mentioned the fundamental role of local governments “to the working of the local economy, the welfare of the inhabitants and the competitive standing of both the city's firms and of the city (2007: 3). Sassen (1999) and Le Galès (2002) state that cities not only act as magnets for social and economic developments but that creative strategies and good governance are increasingly required by urban authorities to become competitive in a globalized world. However, the effectiveness of urban governments is difficult to measure. Not all policies are issued on a local level. National and regional institutions affect cities with their policies and globalisation “limits the freedom of manoeuvre of individual government at whatever level of governance” (Begg 1999: 804).

Second, most authors point out that city competitiveness is in itself a rather vague concept but often, economic aspects dominate the research. A city's abilities to offer favourable economic conditions, to allocate new businesses and to provide innovative economic strategies are measured on the basis of various indicators and with different models and methods. Therefore, any choice and combination of indicators may create controversy. Looking at a single variable is certainly appealing if the goal is to make simple rankings instead of encompassing the complexity of urban entities. Such ratings are challenged for offering simplistic statements at the expense of reflecting the cumulative influences that make a locality competitive (Rogerson 1999). Moreover, variables for city competitiveness are often defined

depending on the researcher's focus of interest. If the focus lies mainly on hard economic factors such as labour costs and employment rates, important aspects and more 'soft' factors, such as an open and tolerant urban climate, of a city's competitive ability might be overlooked. In *The rise of the creative class: And how it's transforming work, leisure, community and everyday life*, Florida (2002) identifies key factors of the new economic geography. He notes that technology, talent and tolerance (3Ts) are important to attract creative people who are the drivers of this new economy. Furthermore, public perceptions of urban places may be quite different from the image that statistical indicators generate. Urban territories influence the view of their residents only if the offered opportunities and strategies are perceived by them. Just because a city ranks on top for a given aspect does not mean that residents see it the same way. Morais et al., taking citizens' awareness into account in their study, emphasise the importance of the residents' perception of quality of life when evaluating city competitiveness (2011: 12).

Third, many of these approaches tend to ignore the influence of historically conditioned assets of individual cities. While the historic influence of globalisation processes is often highlighted as a crucial factor that strengthened the position of cities in the global marketplace, local historical developments are often ignored. Literature about the development of economic activities both mentions path – dependence and historically grown conditions as having an impact on urban development. In other words, the individual city's historic inheritance of assets may influence current opportunities for economic development (Musterd and Gritsai 2012: 344, Martin-Brelot et al. 2010: 856). Looking at European urban areas, Nijkamp and Kourtit write that they are “diverse and distinctive in their history and cultural heritage as well as in their ways in dealing with economic, social and environmental challenges” (2013: 301). This is especially observable when we analyse cities in Central and Eastern Europe (CEE). Cities in CEE, which were subject to a high degree of centrally planned policies and state-owned economy during the socialist system, underwent transformations towards a market economy, a democratic society and European integration. Additionally, these changes occurred in different forms across former European socialist states. The outcomes have been described as path - dependent and individual for each urban entity, “determined both by the starting position of the city, and by political and economic development factors” (Tosics 2005: 71).

With the fall of communism in 1989, cities in CEE became exposed to globalisation processes that had a great influence on their paths of urban development. In this context, they witnessed some of the most significant events of the last century and in recent years have seen extensive changes in their cultural, economic and political systems (Szczerbiak 2015). Poznan presents an interesting case to analyse the innovative responses of local authorities to historical

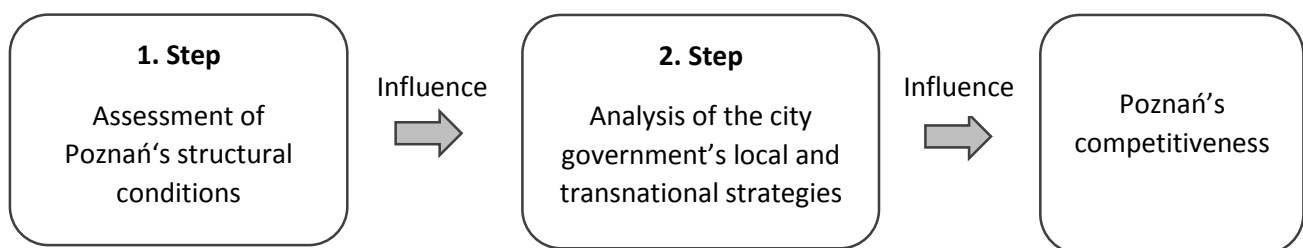
conditions and ongoing globalisation processes. It is not only one of the oldest and biggest but also one of the most rapidly transforming Polish cities in political and economic terms (Parysek and Mierzejewska 2006, Kotus 2006). Its location midway between Berlin and Warsaw “puts the city under strong competitive pressure from those capitals” (Musterd and Murie 2011: 97). At the same time, Poznan was one of the first Polish cities that introduced methods of public participation in 2007 (Kotus 2013) and thereby acknowledged the demands for political recognition by urban residents. In the ongoing processes of transnationalisation and globalisation, local governments have become important actors in Poland. Local authorities and institutions are required to adopt a much more proactive role in developing smart strategies to make their city attractive to investors and the residents.

Research Method and Data

Following the method applied by Musterd and Murie (2010), this research is conducted in two steps. In the first step, I analyse the *deep structural factors* (Musterd and Gritsai 2012), which have a crucial effect on the positioning of a city as a centre for creative solutions and innovative governance. These structural conditions reflect a city’s urban history, including its economic and social development and political factors. This is important for the understanding of the growth path of a certain city. These conditions are naturally unique to each city as much as each city went through different historical processes. In turn, every urban government is faced with specific settings and situations which will shape the possibilities for its city’s future development. The historical factors for economic development and improving competitiveness, are not equally applicable on a global scale. Some conditions occur only in certain geographical or political regions. Cities in Poland, shaped under the conditions of a planned economy and a rather homogenous social class, differ from cities shaped under regulations implemented by the market economy (Polish Ministry for Regional Development 2010). This calls for an open-minded and encompassing approach in order to analyse the trajectory of the city of Poznan and the strategies of the local urban authorities to increase the city’s competitiveness.

The second step analyses responses of urban authorities to ongoing globalisation processes and demands for political recognition by urban residents based on the historic development of the city. By looking at *local and transnational strategies* of Poznan’s government, I evaluate what has been done to create competitive and innovative plans for the city’s growth and development. These strategies not only include economic but also political aspects and soft factors. On the one hand, transnational activities, including attraction of foreign

investments and network activities within the EU. On the other hand, this includes local activities that refer to quality of life and public participation. In practice, the distinction between these different types of strategies is not always clear and rather complex. Not only do international and local strategies interact and overlap, they are also closely intertwined. If Poznan’s urban authorities improve the quality of life for the residents, they are also likely to attract foreign investors. On the other hand, attracting foreign investments might also benefit parts of the urban population directly by creating more knowledge-based job opportunities. Figure 1 presents the two steps of my research.



Figur1: The two steps of the research

Source: by author

Structural conditions in the socialist city

“The importance of the deep structural, historically developed conditions in the potential development of urban regions has received substantial attention in the academic literature” (Musterd and Gritsai 2012: 344). These approaches are also applicable to cities in CEE. Young and Kaczmarek (2008) suggest that research on urban identities in post-socialist countries need to consider the cities’ historic conditions. The conception of most formerly socialist cities is not only related to the one of being an industrial city but also as a centre of political support for the communist rulers (Polish Ministry for Regional Development 2010). The urban society was, to a large extent, homogenous and their social life revolved around the work place. This prevented the formation of local community groups and movements in the city. These historically grown contexts present a challenge for urban governments in restructuring not only economic sectors but also public participation. When looking at structural conditions a city has developed, it is crucial to distinguish between societal and economic dimensions. The societal dimension refers to the city’s historical, cultural and political context as well as innovative strategies and creative policies. The economic dimension reflects the general technological change, the stages of industrialization, the development of the labour market and financial systems.

Based on research conducted by several authors and edited by Musterd and Murie (2010), I analyse Poznan's structural factors and describe its transformation towards a creative and knowledge-based city. Though Musterd and Gritsai (2012) emphasise the role of structural conditions mainly for the development of the urban economy, their hypotheses provide a suitable starting point for the second step of my research: the analysis of local and transnational approaches of the urban government with a focus on soft factors and political conditions. According to Musterd and Murie (2010) cities known as major centres of economic and political decision-making have a better chance to attract creative industries. Moreover, cities that are recognized as historical and cultural centres, including a tradition of being a focal point of education are more likely to build a knowledge-based industry. Additionally, cities specialised in high-tech activities have a better chance of attracting innovative resources than cities with a dominating heavy industry. These findings demonstrate that deep structural factors also play a role in the considerations of investors to increase their activities in a certain city. For example, having a long history as a University town with a recognised quality of education is an important factor in the competition for foreign investment. Highly qualified labour force is an asset to foreign investors. At first sight, with the exception of being recognized as centre of services, Poznan seems to lack the abovementioned advantages. Despite these unfavourable conditions, Poznan became the third-largest academic centre in Poland and has shown one of the most dynamic economic growth rates in recent years (Radzimski et al. 2010: 75). However, the direction of development and the urban government's strategies to increase Poznan's future competitiveness remain somewhat unclear.

Transnational strategies of the urban government

Processes of globalisation and the rise of supranational entities have both contributed to the change in the position of states in the global market and political system. Lackowska concludes that the "national territories ceased to be units that control and enclose economic and power relations" (2014: 32). As mentioned above, this statement may be challenged as the national context and influence of state authorities is still important and has to be taken into consideration when analysing opportunities for urban residents (Kazepov 2005). The loosening grasp of the state on cities and global economic pressure have not only contributed to the cities increasing political autonomy but equally to their application of competitive strategies (Lackowska 2014) and the development of new opportunities in order to position themselves in a globalised world. Clark (2009: 366) summarizes this process by stating that it is striking

how European cities use challenges – such as inter-urban competition and the high mobility of urban residents – to strengthen their performance. New ideas, implemented by innovative local authorities transmit across the urban networks. With ongoing globalization and new political and economic configurations, every city must consider its own interests, dynamics and development - goals and choose the right strategies to reinforce its own advantages. (Radzimski et al. 2010). Horizontal, transnational relations increasingly outpace traditional vertical relations with the state (Veltz 2000). This is clear in the case of enlargement of the EU, a process that facilitates the operation of transnational capital and the flow of international capital. Galent and Kubicki (2010: 217) argue that inclusion in a European network of exchanges allows for the dynamic spread of cultural patterns and creates the opportunity to experience multiculturalism and political pluralism through direct contact. In this sense Polish urban centres are going through a very dynamic process of social and political change. Warsaw, Poznan, Wroclaw, Krakow and Gdansk, being among the biggest urban settlements in Poland, have specifically taken more and more responsibility for their own lobbying, strategic decision-making and for inclusion in the European framework. Lackowska notes that European “network activities have the strongest political orientation and the biggest influential power” (2014: 37). At the same time, cities find themselves in a process of economic and political change. They are forced to enhance the cities’ attractiveness for new business sectors and to improve their infrastructure. Therefore, the second transnational strategy to be included is the attraction of foreign investment. While networking can be seen as a strategy to influence transnational policy-making processes, the accumulation of foreign investment can be understood as a return of investment to local government’s policies and decisions.

I analyse two transnational strategies that local governments can undertake to position themselves in the global network and to benefit from this position. The first is taking a role in existing networks, in this case the Eurocities network. Being the largest network in Europe, Eurocities takes on an influential role regarding access to EU policy-making and can be “treated as the most relevant body when speaking of urban political rescaling” (Lackowska 2014: 38). I analyse the range and scope of activities the city of Poznan has been part of within the Eurocities network. The second aspect is the attraction of foreign capital. This will be assessed by the scope and quality of foreign investments and by a critical analysis of Poznan’s official reports on its international market position.

Local strategies of the urban government

When analysing how the contemporary dynamics of European integration are changing the transnational strategies of local governments, we also have to consider how local urban governments use their increased autonomy to improve the attractiveness of the urban space for urban residents. More specifically, how are urban residents involved in, and how they benefit from policies conducted by these local governments?

Rogerson (1999), in his paper *Quality of Life and City Competitiveness*, argues that competitiveness of cities is not only reflected in their current capacity to engage with global capital and to attract foreign investors. An important factor is the ability of urban governments to provide local conditions “sufficiently attractive to lure potential capital into the area (Rogerson 1999: 971). Stanilov (2007), analysing urban transformation in Central and Eastern European cities after socialism, built on this statement. He notes that as the countries in CEE are being integrated in the global economy, the national, regional and local governments become aware of the importance of their efforts in securing the future success of their entities as competitors in the global market place. In this competition, Stanilov argues, “the quality of life in urban areas is recognized by international investors as a main factor“ (2007: 14). Rogerson (1999) also states that research into place promotion illustrates that quality of life is an important attribute for competitiveness among cities and can be employed to attract foreign investors. In contrast, Fainstein (2013), refers to quality of life as decisions made by the urban governments’ that have an influence on the life of city residents in various ways. She specifically mentions policies such as “housing, transport, and recreation that differently affect people’s quality of life” (2013, 16). Rogerson (1999: 981) also mentions alternative measures of quality of life such as life satisfaction, happiness and well-being. To date, little emphasis has been given to these factors. On the one hand, this is due, he argues, to “the privileging of capital’s notion of quality of life” (Rogerson 1999: 980). On the other hand, quality of life, as a concept to evaluate the cities’ competitiveness, is very complex and not easy to measure. Difficulties arise from the lack of explanations, what quality of life actually means, for whom it is an important factor and to what extent. There is, at present, no consensus in the literature on a clear definition of quality of life (Rogerson 1999, Morais et al. 2011). While some studies provide no definition at all, others list certain social and environmental indicators or provide a basket of attributes under this theme.

Despite these difficulties, Morais et al. argue that quality of life is an “important factor to explain why cities are considered attractive by some segments of the population” (2011:

190). They see highly qualified people as the key factor in promoting development and economic growth. They argue that the perception of quality of life by urban citizens cannot be ignored in the evaluation of city competitiveness. Moreover, they conclude that mobility of highly qualified labour in Europe exists mainly at a national level. In the search for a better quality of life, urban citizens prefer to relocate within their own country. These findings are underlined by Cheshire and Magrini (2009) who conclude in their study that “there is no unified European urban system” (2009: 107). National borders still represent significant barriers. This was analysed further by Martin-Brelot et al. (2010). According to their findings, the costs of relocating are quite high. Therefore, soft factors, such as quality of life, play only a marginal role in attracting members of the young well-educated class to another city within the EU. On the other hand, these factors do play a role in retaining them once they have relocated (Martin-Brelot et al. 2010).

Quality of life is an important but not the only factor that has an influence on the competitiveness of cities and on how residents perceive the performance of their respective city. Another widely discussed concept of the city is the shared experience of a place that provides individual opportunities for involvement of urban citizens. This notion of the city implies a concept of urban citizenship that denotes actors with rights, duties, possibilities and constraints. The city as a place also describes a space for human communication. People do not merely inhabit a city, Hill (1994) argues, they attach meaning to it through political and cultural interaction. Urban citizens, therefore, experience their city not only as spatial but also as social. In this social area, common and individual interests interact. People often have a strong common sense of belonging to their city and want this to be recognised by the political authorities (Walmsley 1988). Many people in cities live and work in relatively small, defined areas. The services they receive as residents of a particular spatial area also have to be of local character. In this setting, local government has been the leading actor, and administrative, economic and political structures develop significant meaning for citizens (Hill 1994). Despite this importance of political representations, local involvement in political decision-making, beyond voting, remains a relatively undeveloped factor within cities. An important aspect of the relative negligence of local participation is access to information. The process of gathering information is time-consuming and requires a general interest in local political activities. This lack of involvement is a current concern for local authorities and debates revolve around more empowerment of citizens to claim their rights. The goal is to make the city truly constitutive for the residents (Hill 1994).

To assess Poznan’s quality of life, I combine the quantitative findings of the 2011 PricewaterhouseCoopers (PwC) Report on major Polish cities with a qualitative analysis of Poznan’s government’s own policies to improve the quality of life in the city. The PwC report states that “Polish cities have taken more and more responsibility for their own strategic decision-making, and for delivering ever greater affluence and quality of life for their residents” (PwC 2011: 1). The indicators they use to measure quality of life in Polish cities include: the condition of the natural environment, level of healthcare quality, level of education quality and sense of security. For the assessment of public participation, I analyse the participation methods introduced by the local government in Poznan. These activities are not only supported by authorities but are possibly enforced by citizen organisations operating within the urban entity (Kotus 2013: 228). Table 1 presents an overview of the analysis on Poznan’s transnational and local strategies.

Local government’s strategies¹	Approaches	Method
Transnational strategies	Network activities within the EU	Quantitative/qualitative
	Attracting foreign investments	Quantitative/qualitative
Local strategies	Improving quality of life	Quantitative/ qualitative
	Public Participation	Qualitative

Table 1: Poznan’s transnational and local strategies

Source: Table by author

City Competitiveness in Poznan – structural conditions

Poznan is the capital of the Greater Poland region (Wielkopolska), located in west-central Poland. In the 15th century, Poznan was already one of the major trade and craft hubs in Central Europe due to its favourable location on the major East-West transit routes (Parysek and Mierzejewska 2006). This makes it an exception as before World War II, Poland was a predominantly agrarian country and was among the most weakly urbanised regions of Europe. Between 1660 and 1793, Poznan suffered from a series of invasions, natural disasters and epidemics which greatly affected its growth. The city was occupied by the Swedish army, Saxon troops, Russians and Prussians who plundered and damaged the city. In 1793, the city was again occupied by the Prussian army as a result of the second partition of Poland, and subsequently

¹ As mentioned above, clear distinction are sometimes difficult to make as local and transnational strategies might interact and be mutually dependent.

incorporated to Prussia. Despite the restrictive rule and the efforts undertaken by the Prussians occupants to Germanize the region, intellectual and economic life flourished. Polish academic and social institutions were set up and private enterprises competed with the companies installed by the German occupying forces. With the German defeat in 1918 and the regained Polish independence, Poznan's economy and social life continued to grow until 1939. Following the outbreak of the Second World War, Poznan was taken by the German army and incorporated into the Third Reich. During the Nazi occupation, many residents were deported or murdered. Shortly after the end of the Second World War, all countries in CEE went through a process of Sovietisation (Musil 2005: 31). A centrally planned command economy was established which meant that means of production were nationalised and prices did not reflect costs and demand. Economic decision-making was determined through the centralised administration and not through the market. The occupation of Poznan by the Soviet army and the following years of communist rule were disadvantageous for the development of social sectors and creative knowledge. Central planning instead of market allocation mechanisms, political centralization and redistribution of resources engendered the differences between socialist and capitalist urbanization (Musil 2005: 42).

The collapse of socialism in 1989–1990 brought an entirely new situation in which strong external and internal forces started to exert their influence (Tosics 2005: 44). Dramatic changes occurred within Polish cities which led to their political and economic reconfiguration and the creation of new strategies by local authorities. These led to the dissolution of the socialist city-model, occurred in different forms across Polish cities. With the end of Communism, the sudden changes, impacting on all the important factors of urban development made “the transition-period one of the most turbulent and interesting phases of development in CEE cities” (Tosics 2005: 53). One of the most essential internal factors of change in Poznan, compared to Western European cities, was the decentralizing shift of decision-making to the local level after 1989. The new legislations ensured the establishment of independent local self-governments, and much of the public sector decision-making rights (and responsibilities) could be transferred from the central to the local government level. This transition has spurred a series of economic reforms together with political, social and cultural changes (Bachtler et al. 2000).

The present competitive position of Poznan, like that of most Polish cities, is still a consequence of the former centralised system which inhibited the emergence of competitiveness and prevented creative strategies by local governments. “As a result, the development of the creative knowledge sector lags behind that in the West-European cities, and so do the policies and strategies applied” (Strykiewicz et al 2010: 1). Szczech-Pietkiewicz

(2013) also notes that in economic terms, Polish cities still fall behind other cities in the EU despite the improved access to horizontal networks across national borders, perhaps with the exception of Warsaw. Musterd and Murie describe Poznan, compared to other European cities as “Known as strong high-tech centre or early service centre where manufacturing industry was never dominant” (2010): 39). At the same time, they state that Poznan is less known as centre for education and international economic and political decision making centre. Against the background of other Polish cities, the picture looks differently. Table 2 shows Poznan in comparison with other Polish cities² with data from the Statistical Yearbook of Poznan 2014.

	Poznan	Krakow	Lodz	Wroclaw	Gdansk	Warsaw	Poland
Population (in thous.)	545.7	761.9	706.0	634.5	461.5	1735.4	38478.6
Unemployment rate (in %)	3.1	5.1	10.7	4.1	5.5	4.2	11.4
Average monthly gross wages (in zloty)	4354.4	4152.52	3837.47	4337.99	4814.14	5385.80	4003.99
GDP per capita (in zloty) 2010 - 2012	77971	61802	49001	61614	28138	115889	39859
Economic entities	107117	126547	91488	110344	71093	383617	-
Students of tertiary schools (in thous.)	117	165.9	80.7	122.1	76.6	247.5	-

Table 2: Poznan in Comparison with other Polish cities

Source: Data from GUS, Poznan, Table by author

1 Euro \approx 4.37 Zloty (Status 10.02.2016)

Despite this gap between Polish and Western cities, Poznan’s economic and educational conditions are quite favourable compared to other large Polish cities. The low unemployment rate and high GDP per Capita make Poznan an attractive city for innovative businesses and residents alike. Other factors such as the well-preserved historic centre, accessibility by public transport and the wide range of higher education institutions put Poznan in a very competitive position. Moreover, the current development demonstrates that after 1989, Poznan successfully discontinued its development path imposed by the socialist system. The new situation after the collapse of socialism in CEE enabled the renaissance of entrepreneurship and public participation among the residents of Poznan and restored the city’s commercial and strategic

² All data from the Statistical Office in Poznań, 2014 except GDP per Capita which was gathered from 2010 - 2012

functions. It also allowed the local government to actually manage the city (Musterd and Murie 2011). Despite the unfavourable effects, resulting from years of central planning, for its economic and political development, Poznan is nowadays one of the most dynamic and innovative Polish cities. As Stryjakiewicz et al. note, „this type of development path has been far from common in post-communist East-Central Europe” (2008: 8).

The city government’s strategies

Parysek and Mierzejewska note that “one of the key systematic changes after 1989 has been the re-establishment of local government (after 50 years of non-existence)” (2006: 293). In 1994, the local government introduced the Poznan City Strategic Development Programme (City Development Department 2005). This strategic plan included the efficient use of local resources, to increase the city’s attractiveness and to create a favourable environment for the business community. The opinions and issues addressed by the Poznan community were factored into the final formulation of the strategic objectives, which were adopted on 17 May 1994. The mission was formulated as

“The cooperation of local authorities with the society will ensure conditions for improving life quality, self-fulfilment of the inhabitants and for CREATING A PEOPLE FRIENDLY CITY OF OPPORTUNITIES, which as the capital city of Wielkopolska is aware of its essential responsibilities in respect of key areas of social and economic life of the country, as well as its place among the capital cities of the regions of the integrating Europe. “

The mission and the objectives for the strategic development of the city were still considered topical when the local government presented its development plan for the years 2005 – 2010. Five objectives were formulated to ensure the city’s continuing development (City Development Department 2005). 1) To improve the quality of the environment, quality of life of people and public safety; 2) To modernise, develop and improve the operations of city structures; 3) To create a balanced and modern economy; a city open to investors, economic partners and tourists; 4) To stimulate the development of Poznan as a centre of international significance through the integration of the scientific, economic and cultural potential; 5) To consolidate Poznan’s position as a supra-regional services centre.

These objectives provide a valuable insight into the local government’s views’ on the city, its goals and its inclusion of and accountability to Poznan’s inhabitants. From the strategy and objectives, we can further draw the pictures of a City Council that was not only focusing

on economic aspects but also on environmental and cultural factors which were neglected during communist rule.. Moreover, the policies followed two different routes to enhance the city’s competitiveness: One can be termed as transnational, promoting the city’s quality of location and participating in European networks. The other, which can be labelled local, utilizes local resources, good governance and the inclusion of city inhabitants into decision-making processes.

Poznan’s transnational strategies

With EU enlargement in 2004, Polish cities were offered the opportunity to become full members of the Eurocities network. The network promotes itself as a platform to exchange ideas and to find solutions for common problems through forums, working groups and events (Eurocities 2013). Looking at the Polish cities current activities³ - as presented in Figure 2 - one can observe significant variations in participation. While Warsaw, Gdansk, Rzeszow and Bydgoszcz participate in a number of forums and working groups, other cities remain fairly passive.

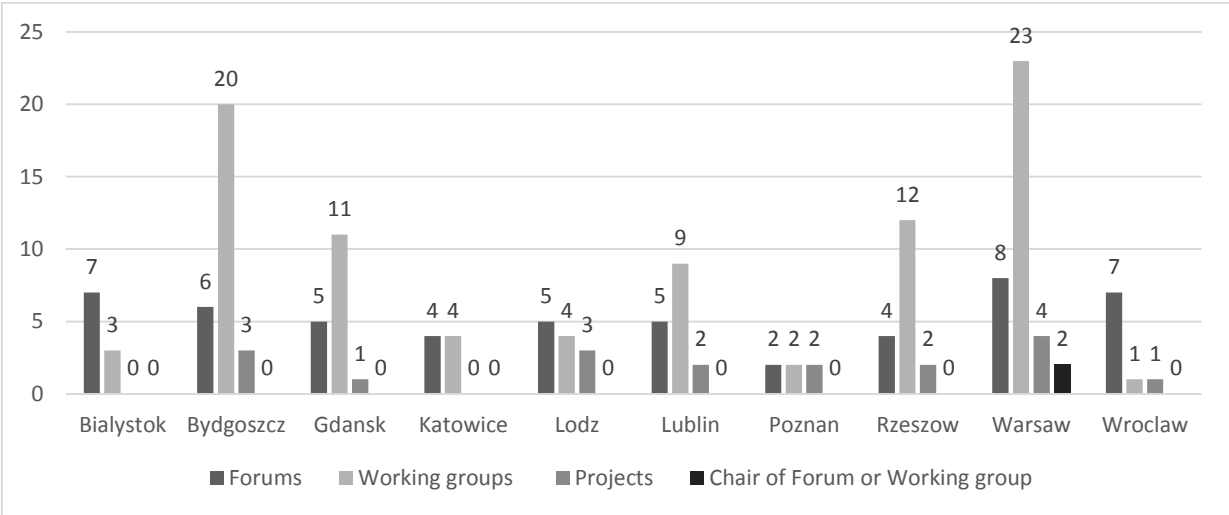


Figure 2: Activities of Polish cities within the Eurocities network

Source: Data from Eurocities, Figure by author

This lack of involvement seems, at first sight, rather counterproductive. According to Lacksowka (2014), membership in the network is expensive. Paying for access and not being fully involved and active appears to be a missed opportunity for putting forward the cities’

³ Four factors were included: Participation in forums and working groups and projects and chairing subgroups

interests. Specifically, the inactivity of Poznan, as one of the leading economic hubs in Poland seems not to coincide with its own objectives, to promote the city as a centre of international significance. Looking closely at the working groups Poznan is taking part in, reveals a possible strategic approach that focuses on quality instead of quantity. Poznan is member of only two economic working groups: Entrepreneurship and small and medium size enterprises (SME's), and Metropolitan areas. The first aims to develop new instruments and policies to support urban entrepreneurs and SME's, the second focuses on the cooperation between cities and their surroundings and serves as a platform for metropolitan governance strategies (Eurocities 2013). These groups are operating in some of the key areas identified by the local authorities to be addressed in order to facilitate networking opportunities, to manage business incubators and develop integrated local planning. Participating in these groups can be understood as an efficient and targeted use of the city government's resources to create a balanced and modern economy and to consolidate its position as a supra-regional service centre.

Another important aspect for the city's development and its competitiveness are foreign investments. These investments take on a key role in modernising and restructuring the industry and trade (Parysek and Mierzejewska 2006: 299). Since 1989, Poznan became one of the major destinations for foreign investments in Poland. What attracts investors is the city's diversified economy, a well-developed transport infrastructure and access to a well-educated labour force. The local government is also actively engaged in searching new investors. The Poznan City Hall provides potential investors with necessary information through its Investor Relations Department. This department is also responsible for the organization of visits from investors, meetings with members of the local government and assistance in establishing contact with business offices, housing agencies, universities and public administration bodies. From 1990 – 2009, the added value of foreign direct investments in Poznan amounted to 6.6 billion USD (Investor Relations Department: 2016). Most of the foreign capital came from Germany, Great Britain, USA, France, Japan and Sweden. The biggest investors are Volkswagen, GSK, Bridgestone, Wrigley, SAB Miller. In the fDi intelligence report on Polish cities of the Future 2015/2016 (2015), Poznan ranks third behind Warsaw and **Kraków** in terms of attractiveness for foreign investments. The index compares cities according to their human capital and lifestyle, economic potential, cost effectiveness, business friendliness and connectivity. Table 3 shows Poznan's ranking and the highest ranking city for each indicator.

Indicator	Poznan	Highest ranking city
Human capital and lifestyle	5.	Warsaw
Economic potential	2.	Warsaw
Cost effectiveness	Not in Top 10	Piotrkow Trybunalski
Business friendliness	2.	Warsaw
Connectivity	Not in Top 10	Warsaw
Overall	3.	Warsaw

Table 3: Poznan's ranking in terms of attractiveness for foreign investments

Source: fDi Intelligence report: Polish cities of the Future 2015/2016 (2015), Table by author

Poznan's local strategies

One of the factors contributing to economic success of Polish cities is the quality of life. A high quality of life is expected to cause people to decide that they want to live and work there instead of taking offers in different domestic or foreign cities and investors use it as an indicator to decide where they want to locate their businesses (PwC 2011). Quality of life is influenced by many factors and PwC (2011: 18) acknowledges that it is a debatable concept and difficult to measure. Figure 3 illustrates the level of quality of life in eleven Polish cities with the data always being measured relative to the average for all cities, which is 100. The figure shows that the highest levels of quality of life can be found in Bialystok, Warsaw and Szczecin while Tricity (Gdansk, Sopot and Gdynia), Lodz and Katowice present the lowest quality of life. The figure also shows that these Polish cities – with the exception of the Tricity – have similar levels of Quality of Life. This homogeneity indicates similar issues and strategies used by local urban governments in making their city competitive. However, Szczech-Pietkiewicz (2013) notes that a city must offer more to attract the well-educated class. Quality of life might act as an additional incentive as part of a competitive strategy but other factors, such as economic and political opportunities also have to be available to compete on a domestic and European level.

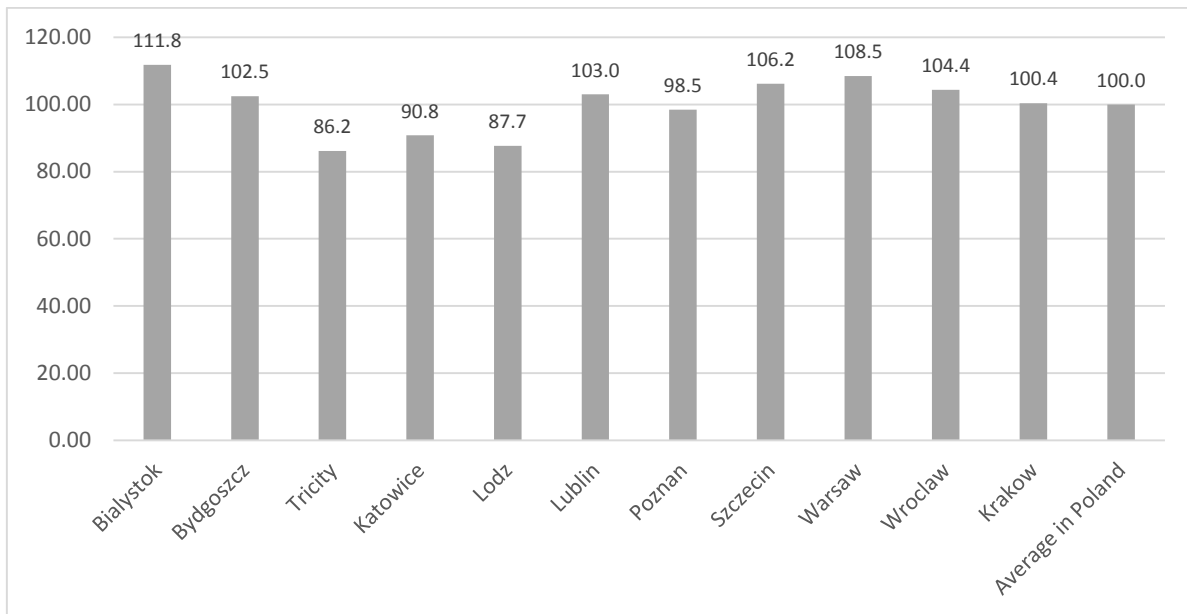


Figure 3: Quality of Life in Polish Cities

Source: Report on major Polish cities, PwC 2011, Figure by author

Poznan is one of the cities ranking below Polish average. This fairly low level can be explained by a poor health care service and low sense of security. On the other hand the city performs well in the maintenance of its natural environment and ranks average in regards of the quality of education. The assessment of education is mainly negatively influenced by low passing rates of high-school exams and low grades of exams in junior high-schools and primary schools. Figure 4 presents the indicators measured to assess quality of life in Poznan.

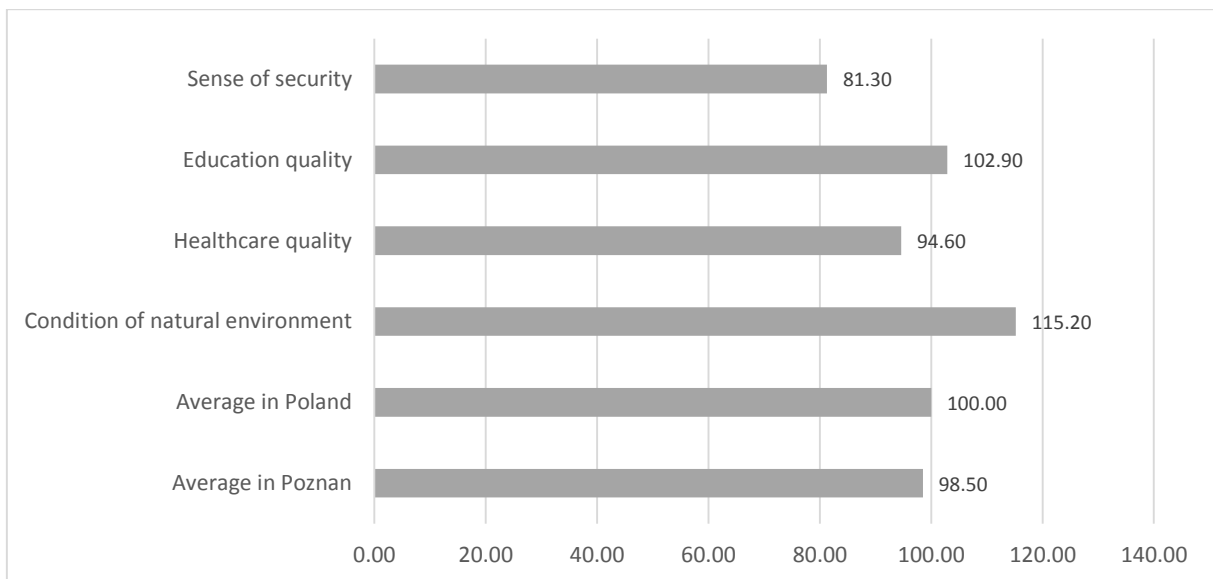


Figure 4: Quality of Life in Polish Cities

Source: Report on major Polish cities, PwC 2011, Figure by author

Polish cities have also tried to improve the services for the urban residents and the involvement of the local community in their decision-making process. Poznan sets a good example for both a normative and inclusive interpretation of political participation and local governance. Kotus (2013) states that at present time, public participation recognized and promoted by local governments takes two different forms.

First, according to Polish law, the Physical Planning and Spatial Development Act, which came into effect in 2003, states that drafts of planning documents must be accessible by the city's inhabitants and that public debates have to be organized too. Unfortunately, this legislation is quite vague and general and therefore often treated as discretionary and at best as an unpleasant necessity by local governments. Moreover, planning offices in the city halls often complain that public participation would increase the costs for projects and reduce the competitiveness of local construction companies.

Secondly, the preservation of democratic rules and respect for the public opinion suggests the empowerment of citizen organizations to actively engage in decision-making processes. Among cities in Poland, "Poznan is one of the first that seek to implement the rules of public participation" (Kotus 2013: 228). The new instruments of public participation, implemented in 2007, were generally targeted towards a better inclusion of the city's inhabitants in processes of urban planning. Kotus (2013) identifies three units that are mainly concerned with social communication and public participation: the City Hall's Public Relation Office, the Urban Renewal Section of the Projects Coordination Office and the Urban Planning Bureau. Unfortunately, the units that prepare documents and that should be interested in the citizens' opinion have no social communication manager, while the Public Relation's office that offers consultations and social communication has no expertise in urban planning.

Public consultations were also adopted in other areas of political decision-making processes. In 2009, the Poznan City Council prepared a draft of the Development Strategy for the City of Poznan to 2030. From the very beginning, the council emphasized the important role of the urban residents in collaborating. In its strategy paper, the government states that "the final shape of the document was largely influenced by numerous comments submitted by Poznan's inhabitants during public consultations" (Poznan 2010).

Another important actor in Poznan, influencing spatial management and development strategies, are civic organizations. The biggest two are *My – Poznaniacy* (Us – Poznanians) and *Inwestycje dla Poznania* (Investments for Poznan) (Kotus 2013). Both groups support a sustainable and coherent spatial development and promote the citizens' right to contribute in

planning Poznan's future. They also initiate discussion topics and collaborate with other civic organizations to put forth their concerns.

Conclusion

Obviously, the positioning of a city within the competitive European urban system is the result of a complex interplay of economic, geographic and historic socio-cultural conditions (Griffinger et al. 2007). These structural conditions do not apply to the whole world or even the same country in the same way. The same is true for cities within a country that may develop differently because of different historic legacies and contexts. For cities in CEE, the twofold task to provide local political services for residents while at the same time responding to the pressure of globalized capitalism and the European network society is very important but also difficult. Depending on their respective political situations, economic backgrounds and histories, central European cities will grow at different paces and evolve in different directions (Hamilton et al 2005). For Poznan and other Polish cities, the collapse of communism, the introduction of free-market rules and the newly gained responsibilities of local governments has generated a revival of entrepreneurship and innovative strategies. At the same time, the historical assets and disadvantages brought about by decades of communist rule are still present. Looking at the strategies of the city government in Poznan and combining different theoretical explanations of city competitiveness, this paper focused on two different types of actions undertaken to promote the city and to position it: Transnational and local strategies.

The city's participation in working groups within the Eurocities network is rather marginal, but the specific groups (Entrepreneurship and SME's and Metropolitan areas) point towards political lobbying in areas that are of high interest for the City Council. The 'Strategy for the City of Poznan 2030' notes that enterprise development and creation of the Poznan Metropolis are among the priorities of the Poznan authorities (Poznan 2010). In terms of attracting foreign investment, the city seems to be on the right path in promoting its own advantages, but two factors appear to be challenging. Poznan's location between the economic and creative hubs Warsaw and Berlin can pose a threat regarding the attractiveness as innovative hub for Poznan's knowledge-based economy. To overcome this disadvantage, Poznan's authorities need to promote the city's soft assets, specifically its image as an important regional focal point for knowledge and people friendly urban environment. This includes a continuous effort on the promotion of the local tertiary education institutes. The potential for action in this area was also addressed by the local authorities, who suggest strengthening the

cooperation between the universities and the city to improving knowledge transfer to increase the amount of foreign investments.

Regarding local strategies, the quality of life in Poznan and the opportunities for public participation should be further fostered and improved. Reducing the crime rate and increasing the sense of safety for inhabitants and tourists should be of concern for the City Council. In terms of public participation, “the authorities of Poznan are at a stage of learning the basic rules” (Kotus 2013: 236). In a democracy, for decades being ruled by a central political system, city authorities have to learn how to organise collaborative planning on a local level. This also includes an increasing inclusion of inhabitants into urban policy processes. Top-down and bottom-up approaches need to be carefully planned and coordinated. In the words of Nijkamp and Kourtit, what Poznan needs is a “pro-active and open-minded governance structure[..], with all actors involved, in order to maximize the socio-economic and ecological performance [...] and to cope with negative externalities and historically grown [conditions]” (2013: 300).

In conclusion, Poznan is developing towards a modern networking space-economy and provides a good example how a former socialist city makes the most of its historical legacy, the cultural heritage and economic opportunities. Moreover, the city serves as an informative example for strategies applied by local authorities in cities in CEE to increase their competitive position in a globalizing world. Such an encompassing approach to competitiveness includes not only economic aspects but equally assesses flexible strategies based on the individual city’s historically developed conditions. It also takes into account more soft factors conducted and implemented on a transnational and local level. In this context, Central European cities offer an opportunity for new insights on the particular features of this part of the EU and its local spatial dimensions.

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