

TOWARDS THE ESSENCE OF CITY (LOCAL) COMPETITIVENESS IN MODERN GLOBALIZATION TRENDS

The economic competitiveness is about absolute or comparative ability to produce comparatively high economic growth rates in terms of real spatial context — whether it is country, region, or elementary taxonomic level — city. In this respect *city (local) economic growth* is the process of welfare production through mobilization of human, financial, capital, financial and natural recourses in order to generate market goods and services. [1] Thus *city competitiveness* is viewed as ability of economy of one city to compete with other city economies for the level of effective usage of all possible production factors, increasing of economic productivity and providing on this base high and positive growth of life quality in local community. [2] The city economic productivity is evaluated on the basis of indicator of city gross domestic product per capita. Classic international economy theory is inclined to connect it with the level of functional specialization and absolute factor provision with population.

While the size of city in the beginning of XX century was strongly connected with its productivity, today the majority of the world's largest cities no longer located in the world's most productive economies. But the most productive cities are currently located in the world's most productive economies. Today's investigations show that it's fairly \cap -shaped relationship between city per-capita productivity and population scale. The calculation of relative performance of city defined as city gross domestic product per capita divided by national gross domestic product per capita can clearly reveal this relationship [3]. Obtained analysis for OECD cities shows that relationship between city size and productivity is nowadays not so straightforward for rich countries; but there is still clearly a very important role for large cities in industrialized world in terms of driving productivity. Yet, it may be that other characteristics of the city are also as important as scale, and much recent research suggests that these could be key centers of knowledge, creativity and innovation.

Over past decades, urban studies and planning literature strongly acknowledges that cities compete in product markets, inward investments, firm establishments, population, tourists, hallmark events and government funding [4, 5, 6]. These inter-city 'place wars' [7] in

various ‘markets’ can take place at local, regional, national, continental, or even at global spatial scales [8]. In a world in which the role of physical distance is apparently declining [9], cities have to work on their ‘competitiveness’ — or their ability to successfully compete with other cities in attracting firms and workers — in order to maintain or strengthen their position within in the urban hierarchy and hence increase their standards of living [10, 11, 12]. On the face of it, competition between cities is at an all-time high and local authorities have to put ever more effort into enabling and maintaining their cities as attractive locations of residence. Nowadays, not only cost reduction of targeted populations (e.g., tax credits, project financing), but also the maintenance of amenities, physical infrastructure, and public transportation networks are pivotal to attract and retain firms and workers. As a result, city marketing and city branding have become ‘booming business’, while budgets for place promotion are ever increasing.

This increased interest in the concept of ‘urban competitiveness’ has led to a substantial number of urban ranking lists, in which cities are compared on the basis of their economic performance [13], global connectivity [14, 15] creativity and innovativeness [16], access and quality of services [17], or environmental sustainability.

Recently, there has been increased interest in the role and nature of the dynamics of urban systems. In this literature, it is contended that the rise of the *network economy* is exemplified by recent advances in transport and communication technology, ongoing globalization, rising common markets, individualization of production and the growth of multinational firms — with significant impact on the spatial economic structure of cities and regions. This, while simultaneously the monocentric city is transforming into a polycentric urban network, and where social and economic processes are taking place at ever larger geographical scales than those of the ‘traditional’ city itself [18]. Hence, physical and administrative boundaries have become insufficient to characterize spatial entities, in which cities are no longer confined by territorial delineations, but by patterns of interaction.

Hence, the competitiveness of cities is primarily determined by what flows through them instead of what is fixed within them [19, 20]. Nowadays, cities are known to gain their privileged status in the global network economy, by virtue of their relational position in a ‘global space of flows’ [20], hereby shifting attention from traditional developments around internal urban properties, towards an understanding of external relations between cities, such as trade

or business activities, with the implication that this knowledge will better define a city's prosperity. Thus, 'urban competitiveness' should be considered as a 'networked phenomenon' [21], dependent on a 'society of cities', in which 'no city develops in isolation' [22]- but forms part of system of cities [23], where interaction between cities is an essential component of the dynamics of urban systems. Thus, cities are relatively autonomous entities, whose evolution is highly influenced or disturbed by other cities in the interaction network [24], and where 'urban development can no longer be understood without considering the networks and systems to which cities belong'.

There has been the shift in paradigm of local economic development in global environment in the recent decades. In market economies the local community is the sales market. The alternative paradigm there is the «new traditional economy». It is based on idea of the response of competitive local economies to homogenization common in globalization era leads to the return to traditions and religious self-expression which gives differentiating advantages [25]. Consequently local communities should rethink themselves as proactive force which searches for sales market for its products and constantly sick for creating competitive advantages to attract and retain new enterprises and maintain existing economic base. These are local communities who must build independent economic system using local human, social, physical and organizational recourses.

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