

MANAGING ORGANIZATIONAL AND GEOGRAPHICAL COMPLEXITY: THE ‘POSITIONALITY’ OF ADVANCED PRODUCER SERVICES IN THE GLOBALIZING ECONOMIES OF METROPOLITAN REGIONS

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With 2 figures, 1 table and 1 appendix

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Summary: The purpose of this paper is to explore some of the spatial dimensions of service provisioning in the globalizing economies of metropolitan regions. To this end, we draw on an analysis of the economic- and urban-geographical tenets of advanced producer service (APS) procurement based on a survey and semi-structured interviews with managers from automobile companies located in the port of Ghent (Belgium). Our analysis suggests that three dimensions are of prime interest: (i) a functional dimension focusing on APS firms’ influence on managerial and/or operational capabilities; (ii) a governance dimension focusing on APS firms’ ability to influence wider geographical patterns; and (iii) a concrete spatial dimension focusing on the geography of APS procurement. In this paper, we primarily deal with the spatial dimension. Our analysis suggests that the intra-firm allocation of decision-making power as regards service procurement is a key variable when accounting for the urban APS geographies. The relevance of this and other findings are discussed in the context of the study of globalizing (systems of) metropolitan regions.

Zusammenfassung: Der Beitrag untersucht einige räumliche Dimensionen der Dienstleistungsversorgung globalisierter Wirtschaftszweige in Metropolregionen. Basierend auf einer Bestandsaufnahme und semi-strukturierten Interviews mit Managern der Automobilbranche im Hafen von Gent (Belgien) wurde zu diesem Zweck eine Analyse der wirtschafts- und stadtgeographischen Grundsätze bei der Versorgung mit höherwertigen unternehmensbezogenen Dienstleistungen (*advanced producer services* - APS) durchgeführt. Die Untersuchungen zeigen, dass drei Dimensionen von übergeordnetem Interesse sind: (a) eine funktionale Dimension mit Fokus auf dem Einfluss der APS-Firmen auf die betriebswirtschaftlichen und/oder operativen Ressourcen, (b) eine steuernde Dimension mit dem Fokus auf der Fähigkeit von APS-Firmen, geographische Muster zu beeinflussen und (c) eine konkret räumliche Dimension mit Fokus auf der Geographie der APS Versorgung. In diesem Beitrag werden vorzugsweise die räumlichen Aspekte behandelt. Die Analysen deuten darauf hin, dass der innerbetrieblichen Organisation von Entscheidungsbefugnissen hinsichtlich der Dienstleistungsbeschaffung eine Schlüsselfunktion bei den urbanen Standorten von APS zukommt. Die Relevanz dieser und weiterer Erkenntnisse wird im Kontext der Studie globalisierter (Systeme von) Metropolregionen diskutiert.

Keywords: Advanced producer services, economic geography, metropolitan regions, world cities, Port of Ghent, Belgium, automobile industry, positionality

1 Introduction

In the last decade or so, ‘world city network’ (WCN) research has emerged as one of the fastest-growing literatures in urban geography at large (TAYLOR 2004). Above all, WCN research can be seen as one of the urban-geographical answers to the wider social-scientific plea to acknowledge the (mounting) importance of trans-state processes. In this context, ‘world cities’ are generally defined as those metropolitan areas that function as organizing centres for the (re)production of the global economy. Because of its unambiguous focus on a seem-

ingly more appropriate scale of economic and social activity (‘transnational’ rather than ‘national’ urban systems), world cities research entailed the intrinsic promise to break free from the iron grip of territorial states on the metageographical imagination in the social sciences in general and in urban geography research in particular.

One major strand of ‘WCN research’ relates to the role of advanced producer services (APS) firms in sustaining the interdependent skein of material, financial, and cultural flows that together sustain contemporary globalization. For instance, some of the exercises to map the spatialities of the WCN

are in practice large-scale empirical analyses of APS firms' location strategies (DERUDDER et al. 2010), while qualitative appraisals of metropolitan regions' insertion in the global economy are often based on an in-depth analysis of the networking abilities of APS firms (e.g., LÜTHI et al. 2010; PARNREITER 2010).

This APS dimension of research on globalizing urban systems has, however, also emerged in research on regional urban networks under contemporary globalization. Thus HALL and PAIN (2006) apply some of the methodologies developed to understand the WCN for analyzing the polycentric development of regional urban systems such as Île de France and Southeast England in the context of economic globalization.

Set against the backdrop of this APS/urban systems-nexus, this paper has two related purposes. Our first purpose is conceptual in that we seek to analyze the potential reification involved in the a priori choice of a relevant scale for analyzing the APS dimension of cities and city-systems under contemporary globalization. That is, in this paper we seek to contribute to the emerging body of research on the implications of globalizing APS geographies for *urban systems at different scales* (see also TAYLOR et al. 2008; HOYLER et al. 2008b).

Our second purpose is methodological in that, rather than *assuming* that urban geographies of APS can be gleaned from the mere presence of such firms, we focus on the *actual position and function of APS firms* for their clients. To this end, in this paper we focus on the urban geographies of *APS procurement*. One key advantage of this approach is that it allows researchers to assess how in a 'globalizing region' APS firms are used to enable other firms' and institutions' functioning in the global space economy.

Our empirical focus in this paper is on Belgium, which has a very open and globally integrated economy, thus providing a good test case for outlining how and to what degree APS firms can be considered key networking agents in globalizing urban geographies. More specifically, the empirical material in this paper is based on a survey and semi-structured interviews conducted at several automobile companies in the Port of Ghent. The purpose of these surveys/interviews was to tease out some of the key elements of the 'positionality' of APS firms in the globalized production networks of their clients. 'Positionality' hereby refers to the geographical interpretation of this term as elaborated by SHEPPARD (2002), who uses this concept to describe how different entities are positioned with respect to one an-

other in space/time. In our view, three dimensions of the positionality of APS are of major interest:

- A functional dimension examining what services APS firms provide to their clients and how this input affects their clients' managerial and/or operational activities in a globalizing space economy;
- A governance dimension examining whether/how this input influences their clients' strategic decisions and, therefore, the geographical distribution of value and value creation;
- A spatial dimension examining the geographical location of APS firms in absolute and relative (i.e. vis-à-vis their clients) terms.

Although we will be touching on each of these dimensions in the research reported upon here, the focus will be primarily on the third dimension. In addition, it is important to emphasize from the outset that we are not seeking to develop 'general' models for the patterns found in these dimensions: The data on which we draw is intensive (e.g., a set of exploratory surveys, complemented with semi-structured interviews) rather than extensive (e.g., a large-scale survey), so that our results lead us to a set of possible scenarios rather than a generalizable set of 'predictions' as to the contemporary positionality of APS in globalizing regional economies. And finally, the reason for referring to the concept advanced by SHEPPARD (2002) is directly based on the motivation for this research: APS geographies are not just about the location of APS firms, but also – and perhaps even more – about how their functionality, governance capabilities and relative location vis-à-vis their clients shape regions at various spatial scales.

The remainder of this paper is organized as follows. In the first section, we provide a closer consideration of the three 'positionality' dimensions through a literature review of how APS impact metropolitan geographies. The second section presents the results of the fieldwork conducted in the Port of Ghent, which are *inter alia* used to provide an overview of the different aspects of the spatial dimensions of APS provision. The paper concludes with an overview of possible avenues for future research with regards to the framework developed in this paper.

2 APS in city economies: 'overcoming global differences'

At a very general level, it can be said that the role of APS firms in 'economic globalization' principally relates to the observation that they help overcom-

ing “differences between parts of the world in terms of technology, product specification, language, culture, politics, legal institutions, infrastructure and forms of regulation” (BRYSON et al. 2004, 61). These differences may impede the development of an integrated, global economy, and what is thus required is a complex institutional infrastructure that overcomes some of these differences.

The APS dimension of this ‘complex institutional infrastructure’ for overcoming ‘global differences’ is related to the production of services that enable clients to compete in the global economy. Put differently: Confronted with the increasing spatial and organizational complexity of their production and distribution networks, firms have become ever more dependent on the expertise of law firms, accountancy and consultancy firms, insurers, etc. to successfully run their business. Although ‘APS’ may thus seem like a chaotic conception in that they produce sometimes very different types of services, their myriad functions may be thought of as comparable in that they reduce the relative distance between places. This ‘relative distance’ has both a geographical and a socio-cultural dimension.

APS reduce geographical distance between places through the mobilization of assets. Banks and financial institutions, for example, enable and manage transnational flows of financial capital (DANIELS 1993; PARNREITER et al. 2004), ICT firms facilitate instant exchange of information and data between geographically remote places (BRYSON et al. 2004), and transportation and logistics companies fulfil the often immensely complex task of just-in-time distribution of goods (HESSE and RODRIGUE 2006; HESSE 2007).

The socio-cultural distance between places, in turn, is reduced by APS firms through the acquisition, assimilation, and strategic implementation of knowledge of local cultures, languages and legal frameworks. Advertising firms, for example, set up advertising campaigns meticulously adapted to the specificities of different consumer segments all over the world. By creating and manipulating consumers’ tastes and their emotional or material needs, they open up new markets for companies to sell their products or services. As such, advertising companies have become key actors in the reproduction of contemporary consumer capitalism (TAYLOR 2006; HUDSON 2008). Law firms, in turn, not only provide their clients with detailed explicit knowledge on both international legal frameworks and local law systems concerning corporate, commercial and financial law, they also master indispensable tacit

knowledge on political and cultural sensitivities (BEAVERSTOCK et al. 1999)¹.

The overarching rationale for the analytical connection between emerging APS geographies and globalizing urban systems rests on two key observations. The first observation is that, to keep ahead in their business, APS firms require access to a skilled labour pool, information-rich and prestigious environs, and superior office, transport and telecommunications infrastructures, all of which are predominantly found in leading cities across the globe (GLÜCKLER 2007; PEREIRA and DERUDDER 2010; see, however, HARRINGTON and CAMPBELL 1997). The second observation is that APS firms have increasingly become multinational firms in their own right as they look for a foreign presence in an international market to service existing clients and find new ones (AHARONI and NACHUM 2000; WARF 2001; HARRINGTON and DANIELS 2006). As a result, we have seen the emergence of multinational APS firms with branches in cities all over the world, thus generating a seamless global service provision through a transnational web of global service centres also known as the WCN. Combining both insights, a central argument in WCN research is that a number of metropolitan centres have secured a particular component in their economic base that gives them a specific role in the current phase of the world economy (SASSEN 2001): They have become prime centres for the production and consumption of APS in the organization of global networks of capital. As locales for service innovations in areas such as multi-jurisdictional law and new financial instruments, these metropolitan centres constitute concentrations of information and knowledge necessary for new service productions by APS firms.

The above line of reasoning is, of course, implicitly adopted in the research on the WCN/APS-nexus. Thus at the global level there have been analyses of WCN-formation by aggregating information on the office networks of APS firms (see, for instance, DERUDDER et al. 2010), while at the regional level APS geographies are invoked for assessing the shape of urban systems (see, for instance, HALL and PAIN 2006; HOYLER et al. 2008a). This bifurcation can also clearly be observed in a recent special issue

¹ One other possible way for framing this discussion on the role of APS firms in economic geography research would have been to place it in the context of different forms of proximity in the interaction between different agents (e.g., spatial proximity, organizational proximity, cognitive proximity, etc.) (SCHAMP et al. 2004; BOSCHMA 2005).

of *Raumforschung und Raumordnung* (69 (3), published in June 2011) edited by THIERSTEIN et al. (2011) on German cities: On the one hand there are contributions on German cities as nodes in the overall WCN (e.g., HOYLER 2011), while on the other hand there are papers on the German urban system per se (e.g., GROWE and BLOTEVOGEL 2011).

However, closer scrutiny reveals that some of the assumptions within this line of reasoning are not without their problems. The work of Hamburg-based geographer CHRISTOF PARNREITER is very instructive in this respect. In a paper on world city-formation processes in Santiago de Chile and Mexico City, for instance, PARNREITER (2003) notes that although the increased integration of Mexico/Chile in transnational commodity flows on the one hand and the mounting presence of internationalized APS firms in Mexico City/Santiago on the other hand run parallel, no-one has ever provided qualified evidence about how both these processes of global economic integration are interrelated. Put differently: Although the functional and spatial linkages between the presence of globalized APS clusters and 'economic globalization' seem straightforward if not commonsensical, these have not yet been explicitly broached by geographers. The main reason for this, PARNREITER (2003) argues, is that there is a systematic lack of information on the spatial and functional relations between APS firms and their clients. In his later work, PARNREITER et al. (2004, 2005) therefore tries to reveal some of these missing links for *inter alia* the financial services sector by investigating how internationalized APS firms act as key network makers in the global economic integration of both countries through, for instance, the facilitation of transnational stock market transactions.

In his most recent contribution on the topic, PARNREITER (2010) additionally explores the linkages between auditors, law firms and real estate firms located in Mexico City, and their manufacturing, wholesale and retail clients. In the process, PARNREITER (2010) also addresses the issue of governance by examining to what degree the outsourcing of service activities simultaneously involves the outsourcing of strategic decisions. His main conclusion is that there is a wide variety of options, ranging from mere facilitative servicing to allow for transnational interactions (e.g., a logistics firm) to decision-making servicing that actually shapes the organization and spatiality of global economic integration (e.g., a bank). Apart from the type of APS, this governance dimension also depends on other factors. For instance, the particular position of the 'service

user' will have an impact: It is unlikely (but not impossible) that small executive branches will be able to make decisions with global implications, so that APS firms servicing these branches have less leeway to influence the distribution of value in production networks.

When scrutinizing the different aspects of the 'positionality' of APS in the unfolding globalization of economies apparent in PARNREITER's research, we can identify the three dimensions that may be the focus for future research on this topic:

- The question of how, e.g., financial firms and law firms facilitate the integration of the Mexican economy in the global economy is a clear example of the functional dimension²;
- The difference between, e.g., a Guadalajara-based ICT firm as a mere facilitator versus a Mexico City-based bank as a decision-maker illustrates the different degrees of governance;
- The observation that globalized APS firms tend to concentrate in Mexico City evidently relates to the spatial dimension of the positionality of APS firms.

In the remainder of this paper, we further elaborate on the 'spatial dimension', i.e. the geographical dimensions of APS procurement in the context of the globalization of (systems of) urban economies. Not only has this third dimension been the least researched topic, it is perhaps also the most crucial dimension from a geographer's point of view. In recent years, a limited number of publications has dealt with the way in which the location of APS firms relates to their clients' position in space. In addition to PARNREITER's work on this topic, JACOBS et al. (2010) have discussed the co-location and interaction between corporate control and APS capacity in port cities, while LÜTHI et al. (2010) have assessed spatial patterns of service procurement by high-tech firms located in the greater Munich area.

The most systematic assessment of the linkages between APS and their business partners to date is the work by ROSSI et al. (2007). Drawing on a survey amongst Brazil's leading firms on the outsourcing of APS in different service sectors, the authors are able to map the urban geographies of the transac-

² Within the broader literature on APS or KIBS (knowledge-intensive business services), there exists a specific strand of research that implicitly deals with this first dimension (see, amongst others, DANIELS (1991) for the accountancy sector, MOULAERT et al. (1991) for the IT consultancy sector, BRYSON et al. (2004) for management consultancy, and VANZHAN (2007) for the industrial design sector)..

tion links between ‘decision cities’ (i.e. cities where MNEs are headquartered) and ‘service cities’ (i.e. the cities where the APS are bought). The most innovative element of this study is that the authors not only investigate the geography of transaction links, but also some of the functional factors influencing this geography. The latter is achieved through a statistical analysis of the associations between the characteristics of the MNEs (ownership, sector, and scale of business) and the location of their service firms.

In the next section, we aim to deepen the insights of these analyses by developing a heuristic scheme for assessing the spatial dimension of APS provision in the context of economic globalization. This is achieved through an analysis of the different geographical dimensions of APS provision to firms in the automobile cluster in the Port of Ghent in Belgium (Fig. 1).

3 Spatial patterns in the provision of APS

3.1 The automobile industry in the Port of Ghent

According to the annual report on the economic importance of the Belgian ports published by the National Bank of Belgium (MATHYS 2009), the Port of Ghent is the country’s third largest sea port, both in terms of maritime freight conveyance and employment. It is preceded by the ports of Antwerp and Bruges-Zeebrugge, and followed by the ports of Brussels and Ostend. In terms of value added, the port of Ghent is the second largest port after the Port of Antwerp. In 2007 the Port of Ghent directly accounted for 0.7% of the total employment in Belgium and for 1.2% of its GDP. Apart from the maritime and trade cluster, the port of Ghent accommodates several important industrial clusters of which the automobile industry is the third largest in terms of employment and value added - only the metal industry and the chemical industry are larger in both respects. The main part of the automobile cluster is comprised of Just-In-Time suppliers concentrated around Volvo Cars Gent, the Belgian subsidiary of the Swedish car manufacturer Volvo Cars.

In our survey, we concentrated on this automobile cluster to assess the spatial dimension of APS provision in greater detail. Based on a list of all the firms located in the Ghent sea port area (www.portofghent.be/Business), all thirteen companies active in the manufacturing and distribution of motorized vehicles were contacted. Six of them did not want

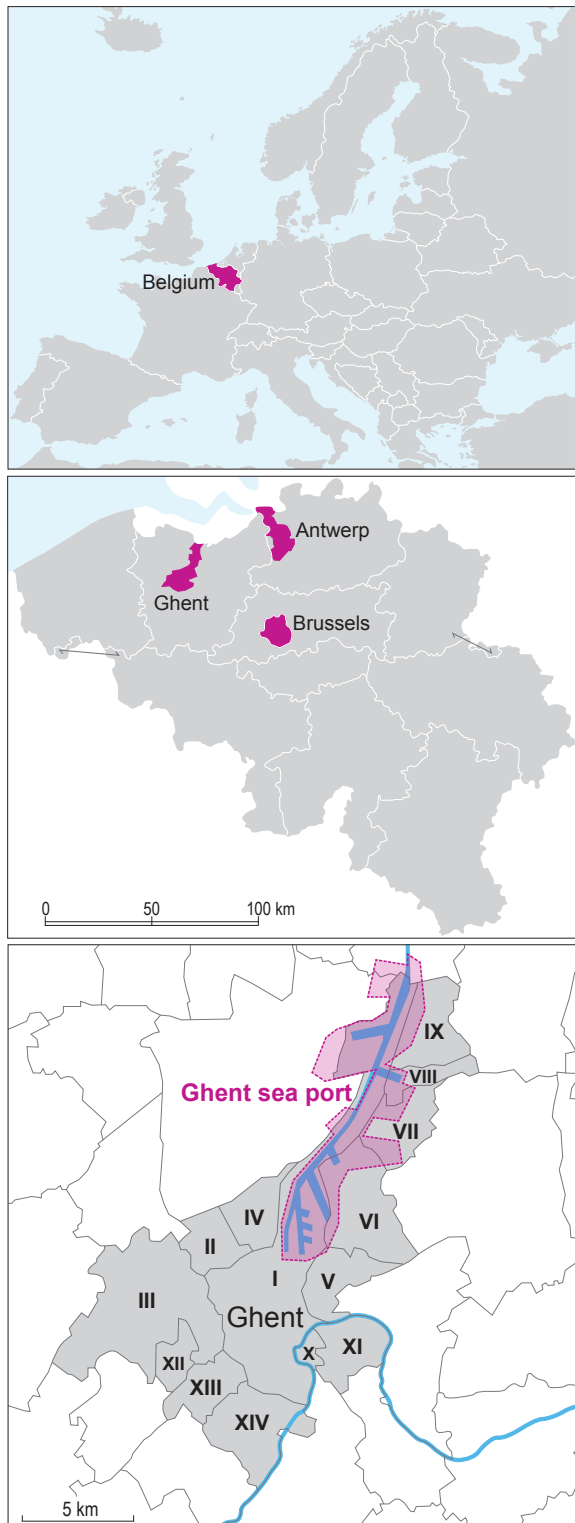


Fig. 1: Location of Ghent and the Ghent sea port area

to participate due to corporate policies regarding public or private surveys or lack of time and/or interest. Of the remaining seven companies, two completed and returned our questionnaire, while a further five companies agreed to make an appointment for a semi-structured interview based on the questionnaire, which ranged in length from 30 to 45 minutes (for an anonymized list of the corporate positions of the interviewees, see Appendix 1). The results of this survey provide the empirical basis of our framework. Our questionnaire and semi-structured interviews inquired about the procurement of APS in six sectors: Accountancy, insurance, financial services, law, management consultancy, and ICT³). The questionnaire was divided into six sections so that correspondents could easily skip the sections for those services procured in-house or not procured whatsoever. Each section contained the same set of questions concerning (i) the location of the service partner⁴, (ii) its nationality, (iii) the length of the contract, (iv) where decisions on this contract are made, (v) the factors influencing the selection of the service partner, and (vi) the nature of the services.

3.2 The geography of transaction links and its underlying location factors

Table 1 summarizes the geography of transaction links by automobile companies located in the port of Ghent in terms of intra-city and inter-city relations. It clearly shows the dominant position of Ghent and Brussels as service cities, in particular for accountancy and insurance and financial services respectively. The only other Belgian service cities are Antwerp (two links) and Courtray (one link), whereas five transaction links are with cities abroad.

A first aspect of the spatial dimension of APS involvement relates to the geography of APS procurement in the strict sense. Recent research on APS geographies has focused on the locational prerequisites that seem to be abundantly present in key

³ We did not include advertising in our survey since most of the firms are manufacturers for whom the marketing of a product is less relevant.

⁴ The 'location of the service partner' refers to the location of the office where the contract is signed and, thus, where the service is procured. It is however very well possible, e.g. in the case of complex legal matters, that the service is 'produced' in cooperation with other (foreign) branches of the same service firm. This distinction was however not pursued in our survey.

metropolitan areas aka 'world cities'. Table 1, however, suggests a more variegated picture. Although companies in the Port of Ghent do indeed acquire quite some services in Belgium's premier world city (Brussels), other patterns of spatial involvement emerge. First, 'spatial proximity' matters in that respondents indicated that in some cases the choice for a particular APS firm was influenced by the fact that it was 'conveniently' located (i.e. in Ghent itself, see LÜTHI et al. 2010). For other firms/services space did not matter that much in that sometimes APS firms were primarily selected based on their 'reputation' and 'expertise' more than spatial proximity per se. The latter is of course related to the fact that in a small country such as Belgium, the notion of 'spatial proximity' is quite relative: All national inter-city links are with cities located at less than 60 kilometres from the Ghent sea port area.

Second, although the automobile sector in the Port of Ghent is a key example of a 'cluster' embedded in a transnational 'value chain', the 'global presence' of APS firms was only mentioned a couple of times as an important selection criterion. In other words, for this particular case, quality-related criteria were deemed more important than 'global presence', and no analytical connection between both was made on behalf of the respondents.

Third, beyond the 'spatial proximity' versus 'world city' dichotomy, there are a number of – at first sight 'unexpected' – international transaction links with cities such as Karlsruhe, Oderzo, and Gothenburg, showing the complex character of the spatial involvement of APS. It is however obvious that the transaction link between, say, Ghent and Gothenburg is in reality not that 'unexpected' as it can readily be explained through patterns of 'organizational proximity' (BOSCHMA 2005), i.e. the fact that the ICT service provider has been 'imposed' by the parent automobile company in Sweden.

This last example leads us to the consideration of a second aspect of the spatial dimension of APS involvement, i.e. the different types of decision making regarding *where* in the value chain power is ultimately wielded with respect to the choice of an APS firm. In the above overview of transaction links, we implicitly assumed a complete decentralization of corporate decision-making power, which is in practice not tenable. For instance, while company G did explain that its parent company grants a relative large degree of independence to its divisions in order to avoid bureaucratic rigidity (thus allowing the local branch to make its own decisions regarding, say, ICT), company B is part of a corporation

Tab. 1: Geography of transaction links

	Intra-city	National inter-city		International inter-city		Total
Accountancy (audit)	5	Brussels	1			7
		Courtray	1			
Insurance		Brussels	4	USA	1	7
		Antwerp	1	Karlsruhe	1	
Financial services	1	Brussels	4	Karlsruhe	1	6
Law	3	Brussels	2			6
		Antwerp	1			
Management consultancy	1					1
ICT	2			Gothenburg	1	4
				Oderzo	1	
Total	12	Brussels	11			31
		Antwerp	2	5		
		Courtray	1			

that maintains rather tight structures and centralizes most power at the top levels (thus imposing APS firms).

Based on the different types of organizational architecture outlined below, we can further refine ROSSI et al.'s (2007) singular notion of transaction links between decision cities and service cities: Based on the results of our survey/interviews, a more detailed distinction can be made between (i) first order decision cities where the corporate headquarters of a firm are located, serviced by (ii) first order service cities; (iii) second or lower order decision cities where local subsidiaries are located, serviced by (iv) second or lower order service cities, and finally (v) production or commercial nodes with little or no decision-making power⁵⁾. Although the configurations of the functional and spatial linkages between these different nodes can theoretically result in many different patterns, only four variations reappeared throughout our interviews (see Fig. 2)⁶⁾.

⁵⁾ It should be noted that the classification of a service city as a first, second or lower order city only depends on the position of the APS office's client in the corporate hierarchy and not on its own position in the corporate hierarchy. Put differently: if a city houses a local APS office that provides services to the corporate headquarters of a client company, the city in question will be classified as a first order service city. A city, on the other hand, that houses an APS firm's headquarters providing services to a local branch of a client company will be classified as a second or lower order service city.

⁶⁾ Although our survey focuses on the automobile industry, we believe that these spatial models depict more general patterns that are also applicable to other sectors.

(1) In the case of centralization, decision-making power is concentrated at the level of the parent company (PC). The flows between the first order decision city and the first order service city include strategic knowledge, contractual arrangements, capital transfers, etc. while the production or commercial nodes and the first order service city merely exchange information, ideas, products, services, etc. This was for instance the case for company F whose production activities were audited by a management consultancy firm subcontracted by its PC. Generally, such contracts are temporary and designed for one assignment at a single company. The selection of the APS firm therefore mainly depends on the specificities of the assignment and the expertise of the consultancy firm. This requires a thorough knowledge of the management and production processes of the client. Hence, although the parent company is formally in charge, outsourcing decisions are often made in consultation with the subsidiary.

Apart from the centralization of services for a single subsidiary, services for several or even all subsidiaries can also be centralized, for instance in the case of financial services (loans) or insurance products. As our correspondent at company G explained, economies of scale are often an important factor. Combining financial or insurance products for several subsidiaries in one contract reduces costs and grants the client a stronger negotiating position. Company A explained how its financial services, together with those of the other European subsidiaries and one subsidiary in South Africa are all handled at the level of its PC through a contract with a single bank in Brussels.

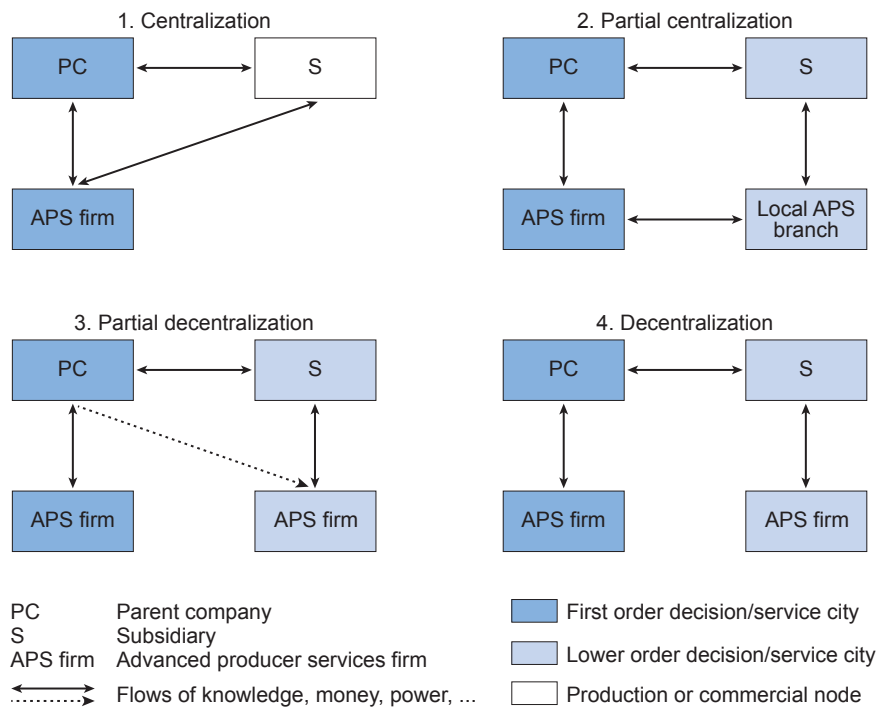


Fig. 2: Four spatial models of APS transaction links

(2) For accountancy, all but one of the seven companies in our case-study indicated that their business partner is a local branch of their PC's accountancy firm. This is not very surprising as accountancy firms are amongst the most globalized companies in the world (DANIELS et al. 1989; HANSENS et al. 2011). Since the PC selects the APS firm and sets out the broad lines of the contract, decision-making power is concentrated in the first order decision city, which has a strong relation with the first order service city. The specificities of the local contracts, however, are the responsibility of the subsidiaries, located in the second or lower order decision cities, and serviced by second or lower order service cities. Hence, accountancy is a typical example of partial centralization. Another example of this spatial model, although not applicable to our case-study, is that of global advertising. A PC contacts a multi-locational advertising firm to promote a product in all countries where it is sold. The use of a single agency ensures that the advertising campaign contains a coherent message, while the local branches adapt the campaign to the specificities of the local markets (BRYSON et al. 2004).

(3) In spatial terms, the third and the fourth model are identical. In both cases the PC and its subsidiary are serviced by different APS firms, so that we are dealing with decentralised decision making. The two models differ as regards the flows between the first order decision city and the second order service city. In the case

of partial decentralization, the subsidiary selects the APS firms, but the PC still has a say in the outsourcing process. Company F for instance, indicated that it can set its own contracts with local banks and ICT firms albeit by mutual agreement with its PC. Company G, on the other hand, illustrates how this model can be the result of an acquisition in which the PC allows the new subsidiary to maintain its former contracts with its law firm.

(4) In the case of complete decentralization, a subsidiary subcontracts a local APS firm without the PC influencing or controlling the decision-making process. Companies C, D and E indicate that this is the case for their legal issues. Company C mainly consults its law firm for issues relating to labour law. The fact that this is a local matter explains why the parent company is not involved in the decision-making process and a 'global presence' is not important at all. A similar argument is made by our correspondent at company G, who explains that the involvement of the parent company depends on the nature of the legal issue. Job disputes are local concerns, while the acquisition of a subsidiary will be coordinated from the PC. Company C exemplifies how this can also be the case for insurance: While labour insurance is serviced by a local insurance company, other insurance products such as property insurance or casualty insurance are procured at the level of the PC.

4 Discussion and conclusions

In this paper, we have tried to provide some new insights into the ‘black box’ of the positionality of APS in the globalizing economies of metropolitan regions. First, based on a critical literature review, we identified three dimensions to the relevance of considering the positionality of APS. The first dimension explores the functional relations between companies and their service partners. It identifies relevant APS firms, investigates what services they provide to their clients, and how these services affect their clients’ managerial and/or operational activities. The second dimension studies the positionality of APS in terms of their clients’ network governance by focusing on the question which service firms influence their clients’ strategic decision-making process and hence the distribution of value (creation). The third dimension describes and explains the spatial configurations of the transaction links between ‘service cities’ and ‘decision cities’.

Second, drawing on qualitative research on the location of APS firms servicing the automobile cluster in the Port of Ghent, we have tried to enhance our understanding of the complexity of the spatial dimension. Our main finding relates to the complexity of the transaction links, which shows that the spatial link between globalizing APS geographies and globalizing urban geographies can neither be summarized as a matter of ‘spatial proximity’ nor as matter of APS clusters in ‘world cities’. Furthermore, this finding relates both to the location of APS firms in the absolute sense and the relative sense (i.e. the location where decisions regarding which APS firms to use is wielded). In the process, we identified four recurring spatial models of decision-making which underline the validity of JONES’ (2002) qualitative research on heterarchical arrangements in the organization of multinational firms.

Taken together, our findings corroborate and further spell out PARNREITER’S (2010) call for a more comprehensive appraisal of the interrelations between globalizing tendencies in APS geographies on the one hand and metropolitan economies and city-systems on the other hand. Having said this, there is scope for further specification and testing of our findings. One example is that figure 2 does not do full justice to the incredibly complex economic and urban geographies under conditions of contemporary globalization. For instance, the heuristic model employed here assumes a simple division between parent company and subsidiary, which is often unrealistic. Furthermore, the practical value of the dif-

ferent models summarized in figure 2 needs further scrutiny because of the limited scope of this case-study: Other empirical settings – both in terms of economic sector and regional background – would provide us with the necessary comparative material to solidify and/or alter and/or complement the heuristic model outlined in figure 2.

Nonetheless, we believe this exploratory research has enough analytical substance to suggest at least two guidelines for future research on the urbanization/APS-nexus. First, there are good reasons why geographical research on APS should not be simplified into analyses of the mere location of APS firms: The multifaceted character of the functionality, governance scope and spatial ramifications of APS location suggests that a more nuanced approach is indeed required. And second, the complex scalar patterns in the APS geographies that thus emerge, suggest that neither ‘global analyses’ nor ‘regional analyses’ on their own terms are capable of appreciating the scope of these geographies (see also LÜTHI et al. 2010).

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Appendix 1: List of corporate positions of the interviewees

Company A: Plant Manager*
 Company B: Employees of financial and legal departments*
 Company C: Plant Manager*
 Company D: CFO
 Company E: Logistics & IT/IS Manager
 Company F: Business Process Manager*
 Company G: Plant Manager*

For companies with an *, the questionnaire was supplemented with a semi-structured interview
 Companies without an * emailed the completed questionnaire

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