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THE RE-BIRTH OF THE COMPANY TOWN: HOW CORPORATIONS ARE RESHAPING LIFE, WORK AND PLAY IN THE CITY

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Wien, 25 August 2016

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ABSTRACT

The Re-birth of the Company Town:

How Corporations are Reshaping Work, Life, and Play in the City

Matevž STRAUS and Razvan ZAMFIRA

Company towns of the 19th Century, established to explore new unexplored and unexploited territories and deal with social problems stemming from large cities, have been normalised or demolished with the advent of the welfare state. Nevertheless, changes over the last decades have radically altered the conditions of contemporary urbanism and in many ways paved the way for the new political, social, economic and technological organisation of our cities. Gaps in urban governance have given large companies the opportunity to fill them with their own interests, while the retrenchment of welfare state provisions and the liberalisation and deregulation of the economy have left the provision of social and public services to de- or less-regulated free markets. At the same time the rise of prosumerism is forcing companies to enable co-creation of their products/services, thus opening up the office and the factory. Several companies are already responding to market failures with their own engagement and the provision of certain services to their employees and their families, while positive externalities of the urban environment, surrounding large employers, have provided untapped potential for increased innovation. All these changes are resulting in the emergence of contemporary company towns, a model of redefined relationships between society and businesses, in which the socially-aware and innovation-driven company plays the major role in urban life and urban development. Based on a hypothesis-generating case study method of 12 different contemporary company towns, this master thesis defines contemporary company towns with four deeply connected and overlapping elements: contemporary company town as an innovation milieu; contemporary company town as a labour force organiser; contemporary company town as a symbolic node; and contemporary company town as a political institution. Master thesis end with several suggestions for further research of this topic that challenges predominant contemporary theories in urban geography, urban economics, urban sociology, political science and urbanism.

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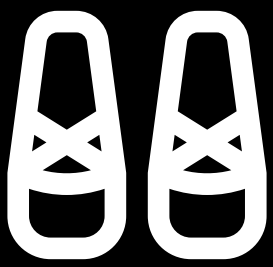
CONTENT



LET'S TALK ABOUT SHOES

From protecting our feet to today's endless number of personalized customizations, shoes have gone a long way and the same can be said about shoe companies and their corporate landscapes.

A shoe might be an item intended to protect and comfort our feet while doing various activities, but as all items of clothing it is also a status symbol that can at a glance describe you as a person. As the saying goes, you are what you wear - but what can shoes tell us about the evolving nature of the corporations behind their production?

As an introduction, we invite you on an enlightening short walk through the history of shoe making in the 21st and the shifting nature of contemporary corporate landscapes behinds their production.

In the 1930s, inspired by Fordist theories, garden city principles and socialist ideals, the Czech shoe company Bata went on a mission to “shoe the world”. To do so, it built 55 company towns all around the world, all structured around “The Bata System”. It was a centralized vertical system of control aimed at the entire production from the processing of raw materials to selling the finished product, covering not only the production of shoes, but also social welfare, architecture, urban planning, communication and social behaviour. Bata meant not the production of shoes but a way of standardized life. All aspects of the Bata life had to be profitable, that way the system was self-sustaining. Bata shops selling Bata shoes; grocery stores selling products from Bata farms; cinemas and theatres for workers to enjoy their evenings and weekends; sport facilities for workers to spend their weekends at and to participate in events; schools for children to study and be formed as Bata young men and women. This meant that the money paid to the workers always returned to the company while the workers themselves barely had the necessity to leave the premises of the factory, being on call 24/7. By fulfilling all needs of the locally recruited workers the company created fidelity. By controlling all the production facilities it created profit.

The architecture of the Bata System in Zlin

While the Bata System was a worldwide network of factory towns, Niketowns are not towns per se but a concept store chain. Established in 1971, Nike Inc. exemplifies the shift to post-Fordism in terms of its organizational culture and flexible specialization. These arrangements increase pluralism and fragmentation, making its corporate geographies harder to define. Nike is everywhere and nowhere at the same time. While its headquarters remain fixed in Beaverton, Oregon, shoe production takes place under several subcontracting arrangements that allow the company a higher degree of flexibility in dynamic and fluid markets. Thus, Nike no longer owns the means of production or its shops but relies on subcontracting and franchising in order to produce and sell their products.

Moreover, Nike products themselves become abstract “cultural signs” that reinforce a belief in a potential to get things done, to accomplish athletic achievements and “Just Do It” rather than buying the shoe itself. This new relationship with the product allows Nike to better adapt to the changes on the market but also to expand its line of products in new ways by promoting new types of experiences associated with sports and healthier lifestyles.

NikeTown in Manhattan, New York City

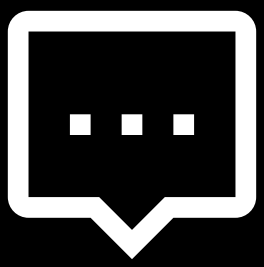
Our next example is not even producing shoes. Zappos.com is no longer a shoe manufacturer but an online platform that delivers happiness, along with shoes, to its customers. While delivering happiness allows the company not to own goods but rather just work as a matchmaker between costumers and production companies, it also allows it to expand freely in new and completely

Container Park, downtown Las Vegas

different markets but most importantly for our argument, the urban environment. This is the case of the Downtown Project in centre Las Vegas which started from the search for a new type of company campus and has transformed itself into an urban incubator for start-ups, all curated by Zappos.com in the name of delivering happiness to its employees and the visitors of the area.

The story of the transformation of shoe-selling companies is therefore a story of the changing relationship between businesses, society, and space. It does not just depict the transformation of the production systems but shows the changes in the ways how a company fits in its social, spatial, political and economic environment and how it tries to manage it. Moreover, it narrates the changes of the last century: from emergence of company towns, their decline and development of globalised production networks, to re-emergence of a new type of company towns within globalised production networks.

Until now, this topic has not been studied from an interdisciplinary perspective. Several authors from different backgrounds touched upon the topic of agglomeration, corporate-led development, corporate citizenship and private urban planning, yet they never combined economic, social, technological and political perspectives in the case of private, city-wide projects. Besides several case-specific journalistic articles, the metaphor of company towns has only been used in anthropologic studies of Silicon Valley (English-Lueck, 2000).



RESEARCH QUESTIONS

This master thesis thus has the ambition to understand and present possible reasons for the return of company towns and conceptualise this new type of relationships between large companies and small cities.

Research question(s) can be formulated as:

1. **HOW TO DEFINE THE POLITICAL, ECONOMIC, SOCIAL AND TECHNOLOGICAL ASPECTS OF EMERGING CONTEMPORARY COMPANY TOWNS?**
2. **HOW TO EXPLAIN THE EMERGENCE OF CONTEMPORARY COMPANY TOWNS?**

METHODOLOGY

This master thesis can be regarded as an “urban futures studies” master thesis as it combines urban studies with futures studies. Both urban and futures studies are transdisciplinary approaches to studying the urban and the future, thus this master thesis tries to understand contemporary company towns in their full historical, contemporary and future perspective.

To conduct the analysis we use several techniques, combined within hypothesis-generating case-study research method. Despite the common use of this research method, a consensus about the definition of case-study method has not been reached (Ragin and Becker, 1992; Gerring, 2007) and researchers have many things in mind when they talk about case-study research (Gerring, 2004: 342). The case-study research method should thus be understood as an ideal type and not a method with well-defined, rigid rules (Gerring, 2004). For this reason, the case study method is one of the most demanding research methods.

Nevertheless, case studies are very appropriate for developing new theories (Gerring, 2004: 350), as they are likely to have important strengths, such as novelty and empirical validity, given that case-oriented methods stimulate a rich dialogue between ideas and evidence (Ragin in Öz, 2004: 167). The need for case-study research methods is evident in research topics that require an understanding of complex social problems and processes, and need to be structurally observed in multiple dimensions. Another issue is generalisability as we cannot talk of generalisability of case studies in a statistical sense. Yet it is possible to make analytic generalizations (Yin, 1994: 10) derived from the case-study material where case studies are generalized to theoretical propositions, not to populations. “The goal of the investigator conducting case studies is therefore to extend and to generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization)” (Öz, 2004: 168).

In this master thesis we use hypothesis-generating case-study method and find our procedures and processes on four analytical techniques proposed by Yin (1994): pattern matching, explanation building, time-series analysis, and program-logic models.

Our case study analysis thus follows these five steps:

1. FORMULATION OF A THEORETICAL IDEAL-TYPE MODEL OF A COMPANY TOWN

In order to construct a theoretical ideal-type model of company town, we use TSEP analysis to scan macro-economic environment and identify main characteristics on technological, social, economic and political levels.

2. ANALYSIS OF MATCHING OF A THEORETICAL PATTERN AND AN OBSERVED PATTERN

Based on the analysis of the Fortune Global 500 list and Forbes Worlds’ Most Valuable Brands List, a limited number of top world companies is selected and their activities compared with patterns of the theoretical model.

3. TIME-SERIES ANALYSIS OF SYNCHRONIC AND DIACHRONIC WITHIN-UNIT VARIANCE

Selected units will be described and analyzed in depth to show their characteristics as company towns and discussed in the light of the changes of the 20th century.

4. EXPLANATION BUILDING

Comparison of theoretical and empirical patterns is discussed and conceptualized.

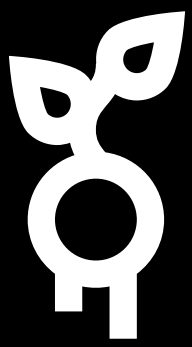
5. FORMULATION OF CONTEMPORARY COMPANY TOWN MODEL

Finally, our theoretical model will be revised and updated, ready to be empirically tested with quantitative methodology and further explored with subsequent studies.

Most of the data is gathered through internet search of company websites and brochures, annual financial and CSR reports, company strategies, magazine articles, municipal websites, municipal development plans and strategies, and project descriptions.

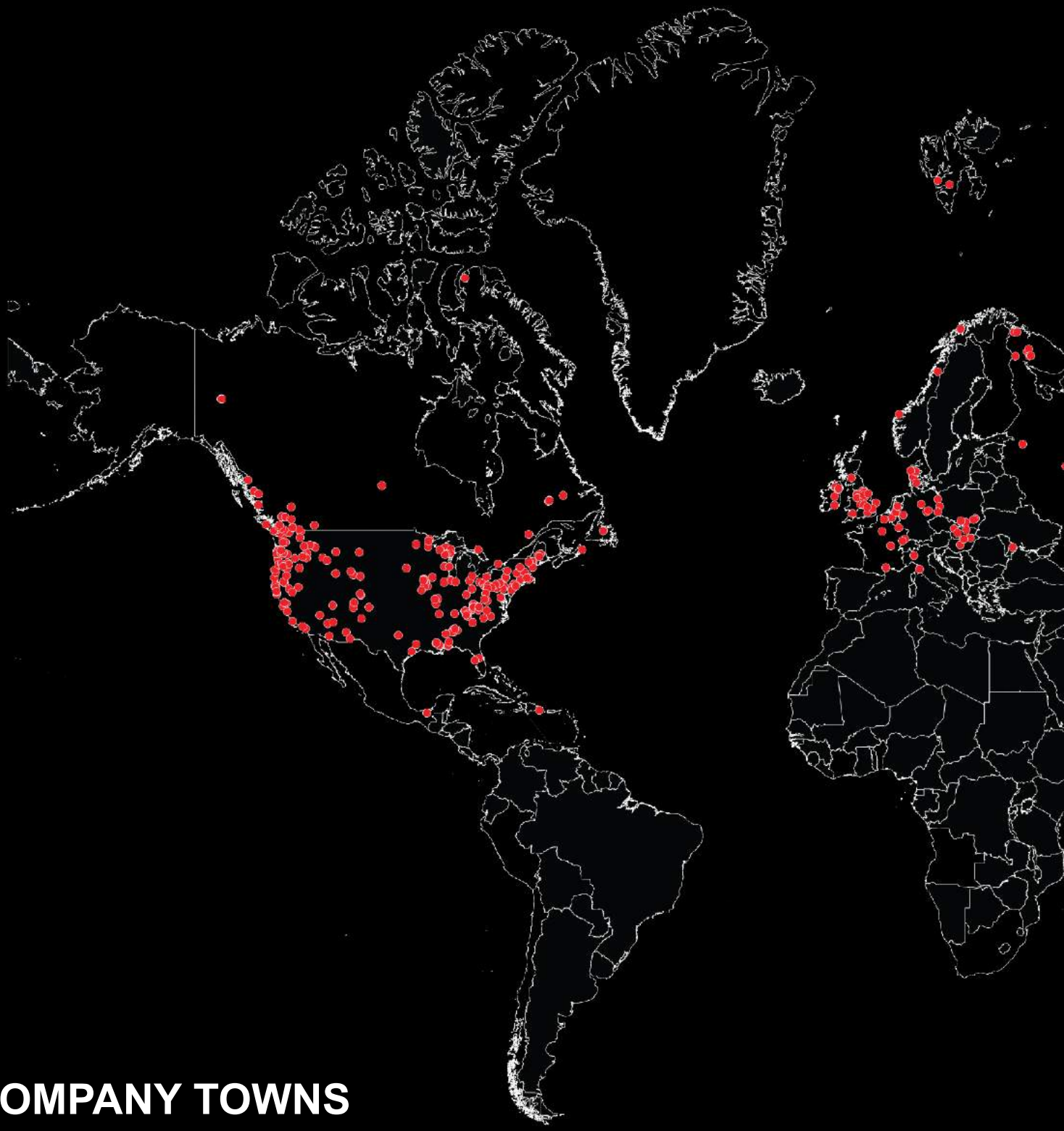
Throughout this master thesis, we use PEST analysis that provides a framework of macro-environmental factors (political, economic, social and technological) for environmental scanning. Since PEST analysis is often used in strategic management of companies, it provides a useful insight in the changed environment that led to re-emergence of pro-active and engaged companies and company-led urban developments. However, instead of a classic PEST Analysis, we present the factors in a changed order: TSEP (technological, social, economic, and political) to stress the importance of technological and social factors.

Firstly, we thus present the historical company towns, their reasons for emergence and characteristics, and explain their decline. Secondly, we explore the TSEP changes in the 20th century. The third part comprises three examples of analyses of selected contemporary company towns, while in the fourth part we compare historical and contemporary examples that lead us to a formulation of a contemporary company town model. The fifth part suggests further research and recaptures the thesis.



THE (FIRST) BIRTH OF THE COMPANY TOWN

History is dialectical. Each new epoch is a negation of the previous one, a negation of negation (Marx, 1936). Thus emergence, decline and re-emergence of company towns always comes as a negation of previous models of socio-economic and spatial organisation of society around the company. It is a reaction to the drawbacks and failures of previous models of organisation.



COMPANY TOWNS THROUGHOUT THE WORLD

Rapid industrialisation and urbanisation brought also unfavourable conditions that forced big socially conscious industrialists to create their own company towns. As industrialisation spread around the globe, company towns followed: first in Europe, then US, and recently in Asia.

Source: compiled list of company towns from www.wikipedia.org and the International New Town Institute

1800 - 1850

1850-1900

1900-1950

1950-present

The first company towns emerged in the 19th century as a reaction of big industrialists to the unfavourable conditions in the cities and the lack of social care for their employees – rapid urbanisation and industrialisation also meant a segregation of working class, terrible working conditions, an almost non-existent provision of health services, exploitation, environment pollution, housing shortage and high rents, low life expectancy, low level of education, social polarisation, malnutrition and starvation (see Engels, 1845). Big industrialists, often associated with the thought of utopian idealism (Wedgwood, Cadbury, Richardson, Salt, Lever, Price), established first company towns in England (Porteous, 1970: 129), in the Netherlands, France and Germany, and extensively in the United States (Porteous, 1970). Moreover, many socialist and developing countries saw the emergence of one-company towns (e.g. »monogorod« in the Soviet Union) in the 20th century, which were supposed to exploit economies of scale, reduce import dependence, promote regional development, hide plants from outside world or satisfy sentiments of national pride (Rama and Scott, 1999). However, in this master thesis we mostly deal with the company towns under capitalist production system, as the different relationship between private and public in the socialist countries resulted in different one-company towns.

New Lanark established in England in 1816

Company towns under capitalism were prone to boom and bust of the anchor company (anchor company being the largest and main company in the city) as they were often located away from the big cities, in peripheral locations, and housed relatively homogenous – but spatially segregated – population, needed for the efficient functioning of the factory and supporting services. Company towns thus took the shape of a physical expression of an economic enterprise (Porteous, 1970: 133) and were a “temporary pioneering device” (Porteous, 1970: 129) – in political, social, economic and technological terms.

POLITICAL: DOMINANCE OF THE ANCHOR COMPANY

Politically, the anchor company was the main actor in the city as the town was in many cases initially financed, built and operated by only one company (Porteous, 1970). While many of these towns were, at first, privately owned by a single concern to avoid the threat of a conflict of interests and ensure rapid construction (Garner, 1971: 221), and later also housed non-basic (independent) workers (mostly in services) (Porteous, 1970: 131), the political influence of anchor company was retained.

Rationalist planning in Port Sunlight, USA

The influence and even dictate of the company was evident in spatial planning that aimed at efficient organization of the production, social care that supported the need of the company for healthy workers, education that promoted skills relevant to the company… The majority of company towns were characterized by a ban on unionization and any kind of (political or social) organization outside of the company's structure, personal control of spare-time activities and company's full control over expenditure on social and public services.

SOCIAL: EVERYTHING REVOLVES AROUND THE SUFFICIENT SUPPLY OF LABOUR

Cadbury's chocolate factory in Bournville, England

The majority of such communities came into being "through the dictate of economic necessity" (Porteous, 1970: 129) and the need to ensure the sufficient supply of labour and limit social unrests. Company towns have primarily not functioned as the means of production, but as "parts of the infrastructure which makes production possible" (Porteous, 1970: 127) and an attempt to renegotiate the relationship between capital and labour through socially-engineered environment (Crawford, 1999).

This socially-engineered environment comprised of provision of basic, standardised housing, healthcare, education and leisure activities through company-built and -operated infrastructure and numerous societies and (mostly sport) clubs, transport and other infrastructure, and basic amenities, such as grocery shops, hairdressers and barber shops, clothing shops, shoemakers… (although often outsourced).

ECONOMIC: SHOWCASE OF COMPANY'S SUCCESS

As the product of the company was defined by its materiality, the product was mostly experienced at consumers' locations. Nevertheless, the company towns were often associated with the companies in them – however not necessary with the intention of experiencing the brand or promoting the consumption of the product, but rather to portray the founding industrialists as philanthropic, socially-conscious and enlightened reformists.

Company towns and their engineered environment supported business networking as it projected an image of the owner as a reliable and well-standing business partner. Company town thus primarily facilitated business-to-business connections.

TECHNOLOGICAL:
PIONEERING DEVICE AND A METHOD OF OPENING-UP NEW POTENTIALS

Company towns were “a method of opening-up the possibly unexplored, usually unexploited, territory” (thus often connected with extraction industries), but also of unexplored and unexploited human potential that was impossible in diseased, polluted and miserable “normal” cities. Company towns thus took shape of a physical expression of economic enterprise (Porteous, 1970: 133), by locating different production- and supporting processes (including housing) in close proximity to maximize efficiency and productivity.

Panorama of Boulder City, Nevada

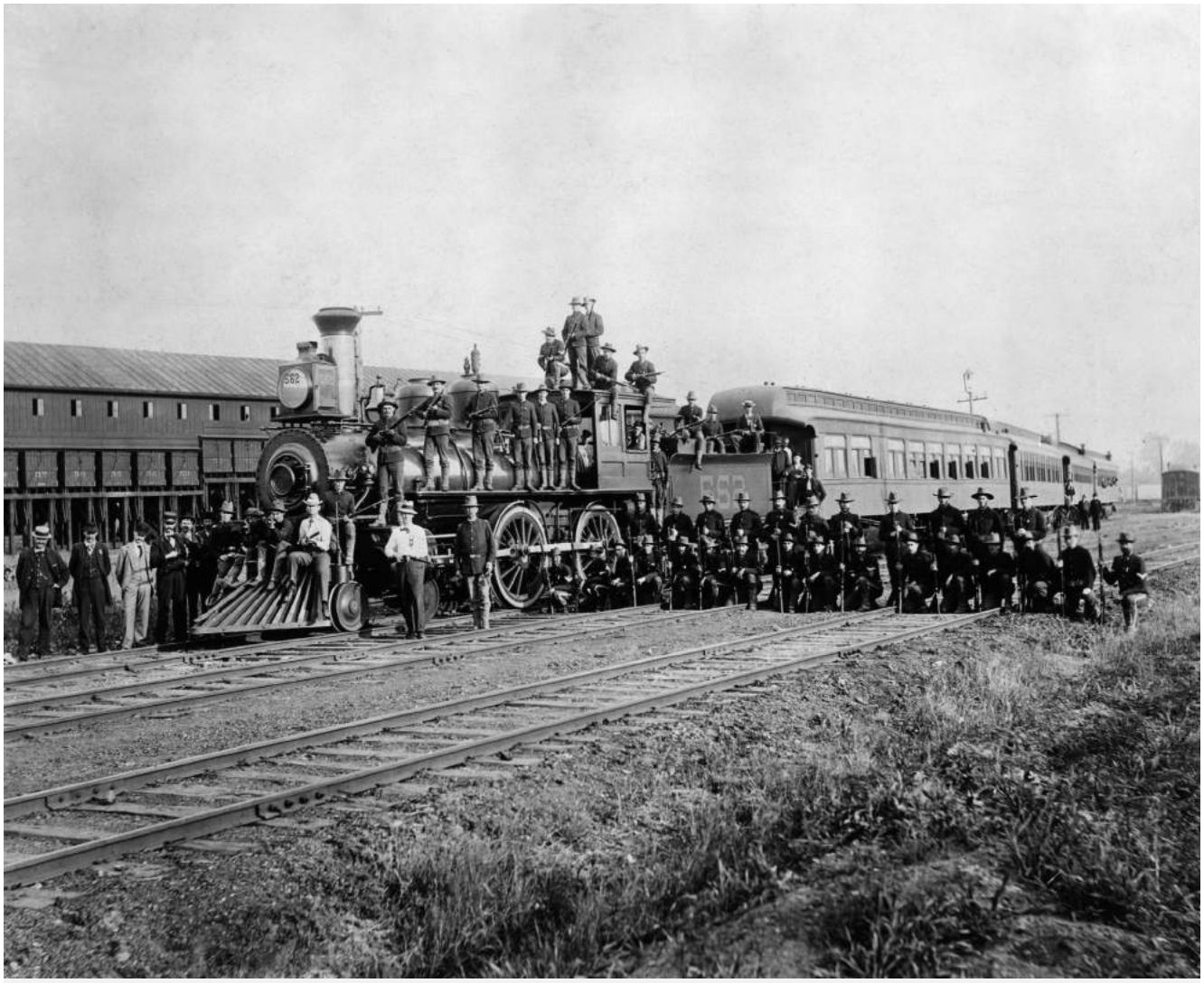
However, there were two business models at work in company towns: one within the factory and another within the town itself. While all non-primary activities associated with company towns (social care, education, services, housing…) served as an enabler of primary production, they at the same time also provided another stream of revenue, leading to the circulation of money within the town (and company) itself. This was in many cases facilitated by paying wages in produce (e.g. grain), not in money. The second business model was thus characterized by the economic monopoly of the anchor company’s diversified portfolio, serving to all of the needs of town’s inhabitants.

DECLINE AND NORMALIZATION OF COMPANY TOWNS

The first wave of difficulties for the company towns emerged at the end of 19th century with the crisis in industrial relations as excessive paternalism also meant ban on unionization, personal control of spare time activities and company’s full control over expenditure on social and public services. The railroads strike of 1894 in Pullman that was a result of George Pullman’s refusal to lower rents in his company housing demonstrated this the best (Crawford, 1999). As a response to these difficulties, in the US “new” company towns came to the forefront instead of vernacular company towns dominated by industrial landscape (Crawford, 1999) – these “new” company towns were designed by professional designers, architects, planners and landscape architects, designing “fantasy environments” of social harmony and industrial peace with the intention of socially-engineering (e.g. Taylorism) social unity and coherence in the times of dramatic social and economic change (Crawford, 1999).

Secondly, welfare programmes that emerged in many Western countries saw a competition in company-sponsored activities and in general opposed the idea of company towns (e.g. in 1932, the Roosevelt administration attacked company-sponsored housing and welfare programmes and demanded industrial self-government and higher wages for workers). As the

basis for a labour-capital compromise was collective bargaining, individual arrangements within towns were not accepted by the welfare state. Moreover, to increase aggregated consumption mortgage insurances became available to larger segments of working class, wages increased and state established housing, health- and education programmes that eliminated the need for company-subsidized housing and provision of social services (Crawford, 1999: 56). With increased state intervention and the decrease of the need for this way of capital-labour organisation, company towns were partially “normalised” (usually the diversified ones) and partially demolished (usually the specialised ones) (Hayter, 2000).



The Pullman railroad strike of 1894

THEORETIC MODEL OF A COMPANY TOWN

Based on the discussion of historic company towns, we can enlist several defining characteristics on five levels: context, technological, social, economic, and political.

CONTEXT

- Peripheral location
- Small city (on a national scale)
- Growth of the city is associated with the growth of the company
- Homogenous population (not ethnically mixed/working class majority)
- Physical segregation based on position within a company
- Paternalism

POLITICAL

Local governance structure

- The company is the main private actor in the city
- Not promoting citizen participation and citizen groups/unionization
- Informal influence on decision-making

Vision and strategy

- Long-term holistic pro-growth partnerships between city and company

SOCIAL

Motivation of CSR

- Provide sufficient supply of specialised labour
- Showcase of broader social responsibility

Subsidised social programmes and civic infrastructure

- Involvement in provision of housing (open market/subsidised/free)
- Involvement in provision of healthcare (service/built infrastructure)
- Involvement in provision of education (day-care/school)
- Involvement in provision of leisure activities (employees/general population)
- Investment in public infrastructure (transport, parks, sanitation...)
- Involvement in provision of basic services (groceries, clothing...)

ECONOMIC

Definition of the product

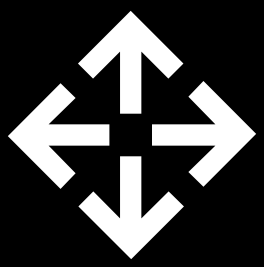
- The product is defined by its materiality

Experiencing the product and the brand

- The company brand defines the city brand

TECHNOLOGICAL

- Close proximity of production-, management- and R&D facilities
- Support of small (independent) enterprises in the city
- Diversified company portfolio in the city



TECHNOLOGICAL, SOCIAL, ECONOMIC AND POLITICAL (TSEP) CHANGES IN THE 20TH CENTURY

TECHNOLOGICAL:
FROM FORDISM TO POST-FORDISM AND INNOVATION-DRIVEN ECONOMY

Ford's Highland Park assembly line


1911
FORDIST MASS PRODUCTION
1948
POST-FORDIST JUST-IN-TIME PRODUCTION
1971
IDEA SELLING
2003
1913
Frederick Taylor publishes The Principles of Scientific Management
1923
Alfred P. Sloan becomes president of GM (Sloanism)
1965
Toyota Production System starts
1984
The collapse of Bretton Woods
The Benetton Group was founded
Piore and Sabel publish The Second Industrial Divide
Henry William Chesbrough promotes Open Innovation

Despite its many drawbacks and critiques (see Jessop, 2013), the distinction between Fordism and post-Fordism with its many forms, can be useful for our analysis, since it best describes the significant shift between the two regimes of accumulation and in turn can explain the differences and similarities between the historic and what we define as contemporary purpose of company towns.

1913 Ford assembly line Highland Park

The Ford Motor Company of the 1910s and 1920s is often seen as the prime example of large-scale mass production and it was Henry Ford himself who contributed to the popularisation of the concept of Fordism (Jessop, 2013). From the very beginning, the term was not clearly defined and had several different nuances that became even more obvious through time (Jessop, 2013). Jessop (2013) thus differentiates between four ways or levels at which Fordism (and consequently post-Fordism) can be analysed: the labour process, the regime of accumulation, its modes of regulation, and societalization. We touch upon the modes of regulation in the chapter on political dimension of our analysis, the regime of accumulation in the economic chapter and societalization in the social chapter. In this chapter, we deal predominantly with micro-economic aspect of labour process.

For Jessop (2013):

> "Fordism refers to a particular configuration of the technical and social division of labour involved in making long runs of standardized goods. Fordist 'mass production' is typically based on a technical division of labour that is organized along Taylorist lines, subject in its immediate production phase to mechanical pacing by moving assembly-line techniques, and organized overall on the supply-driven principle that production must be unbroken and in long runs to secure economies of scale. The assembly-line itself mainly exploits the semi-skilled labour of the 'mass worker' but other types of worker (craft or unskilled manual workers, foremen, engineers, designers, etc.) are employed elsewhere."

MANAGERIAL FORDISM

The main source of profits of a Fordist enterprise is its "relative surplus-value based on continual improvements in productivity and economies of scale," (Jessop, 2013) whereby companies try to establish a monopoly and thus engage in cost-plus pricing, price leadership behaviour, and competition through advertising (Jessop, 2013). For Fordism as a labour process to exist, it does not need every type of work or worker to be dominated by mass production. "For the dominance of mass production means that, by virtue of its impact on productivity and productivity growth, it is the main source of dynamism in a firm or sector; and that other processes and activities will be organized to support, enhance, or complement it" (Jessop, 2013).

The corporate estate, the embleme of managerial capitalism (Bouygues World Headquarters, France)

Compared to its first wave, the post-war geographically and technologically vast Fordist enterprises required the adoption of a new type of hierarchical managerial system that would counterbalance their expanding national and international geographies of production and their diversified portfolio. In this context, the ideal late-Fordist enterprise became one "in which ownership and control are separated. It has a distinctive multi-divisional, decentralized, market-oriented organization overseen by a central board that engages in long-range planning" (Jessop, 2013). Since this pattern was first developed by Alfred Sloan at General Motors, it is often referred as Sloanism or managerial capitalism and consists of three tiers of management ensuring its distribution across the entire corporate landscape while establishing a clear hierarchical chain of command and control.

The spatial decoupling between production and management combined with a corporations' growing reliance on qualified management and research personnel in order to maintain its market position represented the first signs of a shift towards what was later defined as post-Fordism and the service economy.

CRISIS OF PRODUCTION

In the 1970s, the crisis of Fordist regime of accumulation became apparent – this crisis is often attributed to "supply-side shocks, the collapse of Bretton Woods, the productivity slowdown, heightened labour conflict, and the growing popularity of state policies premised upon macroeconomic austerity and free-market ideology, that undermined the very institutions constituting the basis of support for the Fordist regime." (Pietrykowski, 1999: 181). A decrease in effective demand led to a breakdown in the mass production system and as the investment in fixed-cost special-purpose machinery led to over-accumulation, capitalists searched for new areas of investment (Harvey, 2014) as well as ways "to overcome the alienation and resistance of the mass worker, the declining quality of products, the competitive threat from low-cost 'peripheral Fordist' or 'bloody Taylorist' producers in the Third World, […] and/or to meet the growing demand for more differentiated products" (Jessop, 2013).

RESTRUCTURING AND FLEXIBLE SPECIALISATION UNDER POST-FORDISM

This combination of factors ultimately led to a radical restructuring of the industrial organisation from a system characterised by large scale integrated enterprises towards a (de)centralised system composed of small or/and large firms collaborating together in "flexible competitive districts" (Van Dijk, 1995). Several sociologists, economists, political scientists, cultural studies scholars, and geographers have noticed this shift and wrote extensively on it in the early 1980s: Aglietta wrote the Theory of Capitalist Regulation (2000 [1979]), Gordon, Edwards, and Reich wrote Segmented Work, Divided Workers (1982), Bowles, Gordon, and Weisskopf wrote Beyond the Wasteland (1983) and Kochan, Katz, and McKersie published The Transformation of American Industrial Relations (1986). Later, David Harvey linked these debates to the

wider context in The Condition of Postmodernity (1989b). However, it was Piore and Sabel's The Second Industrial Divide, published in 1984, that popularized the term flexible specialization, which was defined as "a strategy of permanent innovation: accommodation to ceaseless change, rather than an effort to control it. This strategy is based on flexible—multi-use—equipment; skilled workers; and the creation, through politics, of an industrial community that restricts the forms of competition to those favouring innovation" (Piore and Sabel, 1984). Compared to the old "market coordinated vertically specialized industrial enterprises" (Best, 1990: 7), the post-Fordist entrepreneurial firm is "an enterprise that is organized from top to bottom to pursue continuous improvement in methods, products and processes" (Best, 1990: 2) but more importantly, it relies on a new form of collective efficiency resulting from physical proximity and collaboration with other innovative producers (Van Dijk, 1995). Theory identifies two variants of flexible specialisation, the small scale where flexible specialisation results from "the clustering of small firms and a strong interfirm division of labour" (Van Dijk, 1995), and the large scale where "large firms decentralise and specialize internally outsourcing non-core activities to specialized suppliers" (Van Dijk, 1995).

Luciano, Gilberto and Carlo found the Benetton Group in 1965

OUTSOURCING, IN-SOURCING & SPIN-OFFS

Considering the topic of our thesis, we further focus on the second category which represents for large corporations a departure from the Fordist belief that "managerial power and pay within organizations are largely determined by the size of revenue created and the number of employees within managerial domain, towards concepts concerning the profitability of business units and the value added" (Kaplan and Norton, 1996; see also Venkatramen, 1997; Domberger, 1998). This new understanding allows the organization to focus only on the activities from which it can develop distinct "core competences" (Hamel and Prahalad, 1994) while gaining greater cost savings (Williamson, 1996) and flexibility in adjusting to competitive and fluid markets by tapping into networks of small enterprises, which can adjust more quickly and cost effectively to changing demand conditions compared to a large corporations (Hayek, 1945; Harrison and Kelley, 1993, Harrison, 1994; Upton, 1995).

This restructuring results in considerable reduction of host organization internal activities transforming them into "hollow corporations" (Lambooy, 1986), "shamrock organizations" (Handy, 1995) or "virtual organizations" (Davidow, 1992) but it also enhances, through in-sourcing, the development of new types of core competences required to maintain a competitive edge, the most relevant examples being knowledge-intensive activities like R&D, design, and marketing. Furthermore, this new and particular competences can become new company products or separate subsidiary organisations through spin-offs (Kakabadse and Kakabadse, 2000).

As a result, the ideal enterprise in post-Fordism is different than of the one in Fordism/Sloanism – it is a flatter, leaner, more flexible form of organization (Jessop, 2013) that to greater extend creates and manages strategic partnerships with inside and outside stakeholders (e.g. uses outside consultants, specialists, internal competition; creates joint ventures, licensing or contracting of technology, strategic alliances, collaborative R&D, design partnerships) (Jessop, 2013). This shifts the understanding of the enterprise from "a discrete entity towards an ever-varying cluster of common activities in the midst of a vast fabric of relationships" (Davidow, 1992), which can only be analysed and understood as a social, politic and economic whole, larger than the firm itself, where "the functioning of one, say economic, is shaped by the functioning and organisation of the others" (Pyke et al., 1990).

Their new spatial manifestations are industrial districts, first defined by Marshall (1920) and further developed by Piore and Sabel (1984), Krugman (1991) and the International Institute of Labour Studies in Geneva. These are "productive systems characterised by a large number of firms that are involved at various stages and in various ways, in the production of a homogenous product" (Pyke et al., 1990).

THE RISING IMPORTANCE OF INNOVATION

As mentioned before, the main source of profit for a post-Fordist company depends on "the capacity to engineer flexible production systems and to accelerate process and product innovation; the search for technological rents based on continuous innovation in products and processes; and economies of scope" (Jessop, 2013). Moreover, increased competition turns of non-price factors (improved quality and performance, responsiveness to customers and customization) give rise to the importance of innovation instead of manufacturing itself. If during Fordism, key technologies were developed within large enterprises by industrial research departments or by vertical integration, in post-Fordism and in its contemporary "knowledge based economy" (Drucker, 1969), research and development are "undergoing a paradigm shift toward practicing of open innovation" (Chesbrough, 2003a, b, 2006; Afuah, 2003; West et al., 2006). West and Gallagher (2006) describe open innovation as a holistic innovation management strategy that consciously explores and exploits a wide range of sources for innovation opportunities through multiple channels. It is based on an intensive interaction between lead companies, their spin-offs, subcontractors, SMEs, start-ups, customers, universities, public institutions and even competitors (Saxenian, 1995) collaborating in cross-functional projects (Lundin and Soderholm, 1995; Grabher, 2002; Zeller, 2002; Soderlung, 2005) through "external networking, co-development partnerships, R&D outsourcing to public research institutions, open source platforms, development communities, corporate venture capital and joint ventures, alliances" (Kakabadse, 2000).

GOVERNANCE AND SCALE OF OPEN INNOVATION

Due to "interactive, iterative and cumulative" (Lundvall, 2010) nature of this new learning- and creative process, the problem sequence follows a "chain-linked model rather than a linear one" (Kline and Rosenberg, 1986). This forces upon the system a new type of "open architecture

compared to the ‘silo-like’ vertical channels of hierarchies” (Cooke, 2002) and in turn imposes a new type of governance structure (Felin and Zenger, 2014) based on formal (Keil et al., 2008) and informal connections (Ahuja and Morris Lampert, 2001; Laursen and Salter, 2006; Tether and Tajar, 2008). In this new system, the performance of lead companies is no longer determined only by their internal capacity, but also by the relations with their collaborators (Moodysson and Jonsson, 2007), and their innovation incentives and capacity, in a combination of local nodes and global networks (Bathelt et al., 2004; Coenen et al., 2004; Gertler and Levitte, 2005).

While global sources of knowledge exchange are indispensable for competitive innovation (Moodysson and Jonsson, 2007), proximity between interacting partners has been proven extremely beneficial (Garnsey and Smith, 1998; Zucker et al., 1998; McKelvey et al., 2003; Coenen et al., 2004; Cooke, 2004; Zeller, 2004; Gertler and Levitte, 2005) and has been the focus of different theories – “regional clusters” (Porter, 1998, 2002), “learning regions” (Maskell and Tornqvist, 1999; Uhlin, 2001; Hudson, 1999), “innovation milieu” (Crevoisier, 2004), “industrial districts” (Marshall, 1920; Porter, 1990; Braczyk et al., 1998; Asheim, 2000) - each defining proximity in different but overlapping ways related to “spatial, institutional, cultural, organizational, relational and technological” (Moodysson and Jonsson, 2007) aspects.

POST-FORDIST LABOR AND WORKSCAPES

The rising importance of innovation also plays an important part in the shift towards the central role of immaterial labour in today’s Western economies/societies. As Lazzarato (1997: 1) argues in his famous essay, “the split between conception and execution, between labour and creativity, between author and audience, is simultaneously transcended within the ‘labour process’ and re-imposed as political command within the ‘process of valorisation.’”

Regional advantage literature (Saxenian, 1994; Florida, 2000, 2005) stresses the importance of local “quality of place” as an asset for attracting knowledge workers which are in turn crucial for maintaining a clusters’ competitive advantage. It is thus no longer only about influencing through governance and economic arrangements, the formation of strong private-private and private-public collaboration networks but also about engaging with the social fabric of a region and creating attractive living conditions and city life, cultural activities, promoting tolerance and an overall image of “openness”.

NEW BASINS OF IMMATERIAL LABOUR

The rise of post-industrial economy (audio-visual production, advertising, fashion, the production of software, photography, cultural activities) “force us to question the classic definitions of work and workforce, because they combine the results of various different types of work skill: intellectual skills, as regards the cultural-informational content; manual skills for the ability to combine creativity, imagination, and technical and manual labour; and entrepreneurial skills in the management of social relations and the structuring of that social cooperation of which they are a part” (Lazzarato, 1997: 4).

Furthermore, as production of immaterial labour is no longer defined by the four walls of a factory, the production happens in what Lazzarato (1997) calls “the basin of immaterial labour” where even the consumer is no longer a consumer (destroying while consuming), but a prosumer (producing while consuming), as we discuss in chapter on economic changes.

This brings us to the envisioning of the future of capitalism – in our view, in the future capitalism becomes even more attached to the city and the urban, as the urban represents the “basin of immaterial labour”. Already, as stated by Crevoisier (2004: 9):

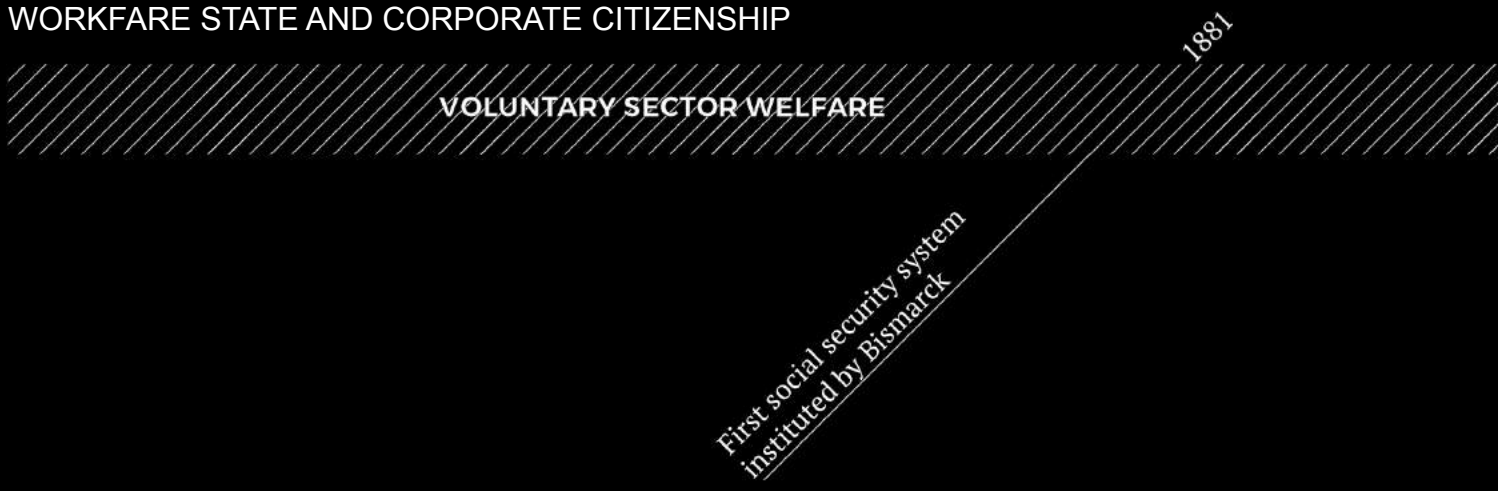
> “The city is understood as a social entity that is devoted to exchange, interaction, and economic efficency, and shares numerous characteristics with the innovation mileus. First, proximity underpins scale economies but, under certain conditions, also presents advantages of a dynamic character, as revealed by apprenticeship, economic and social innovation, and creativity in general. A city always tends to be considered a privileged place for creating something new: the effect and cause of its economic and political power. Second, a city shares with a mileu its capacity to network and to work with what is local alongside what is global. Finally, the most astonishing similarity between the two concepts is the relational, synergic element.”

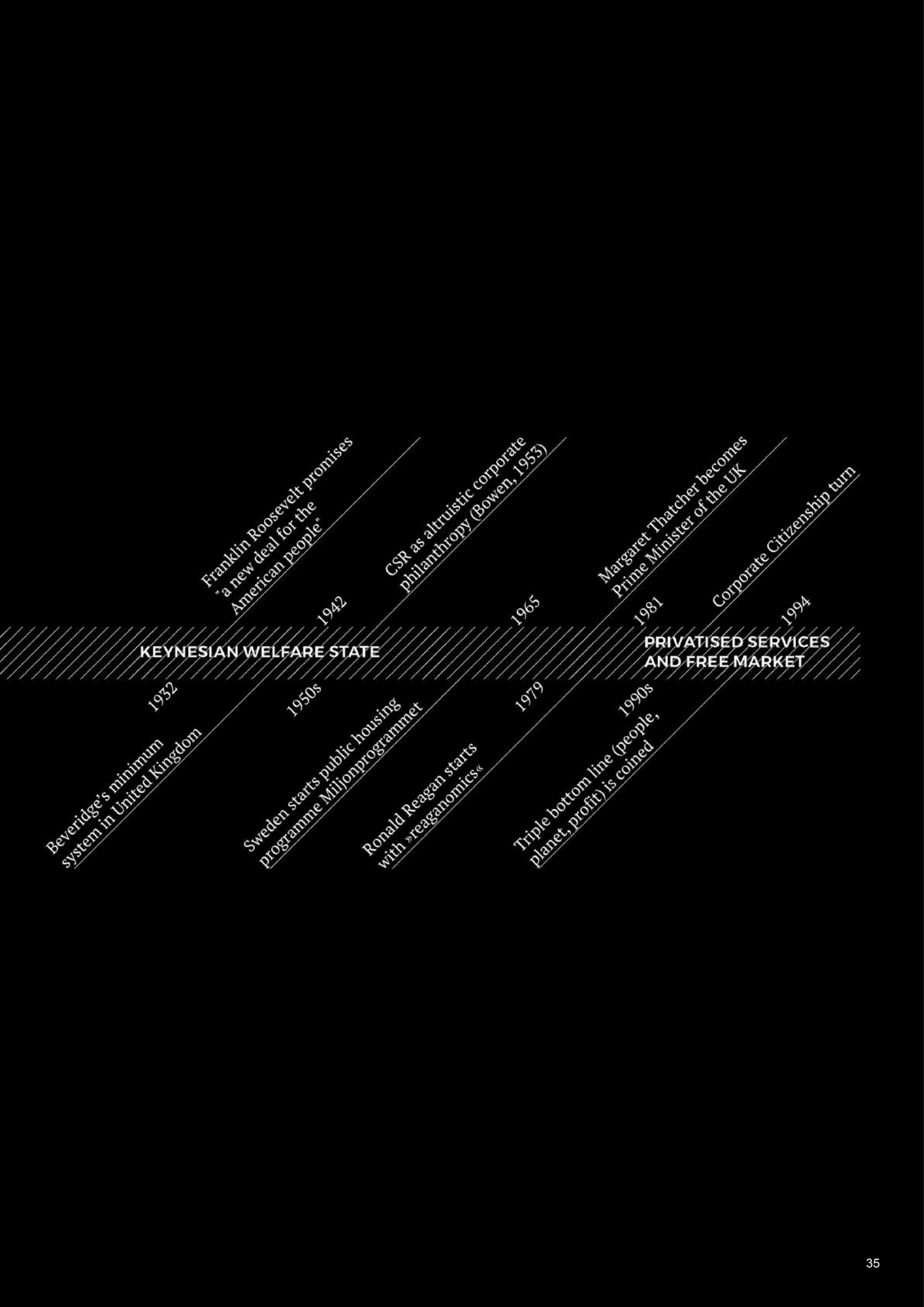
For Hardt and Negri, the metropolis is “the space of the common, of people living together, sharing resources, communicating, exchanging goods and ideas” (Hardt and Negri, 2011: 250) and thus “entirely inserted in and integral to the cycle of biopolitical production: access to the reserve of the common embedded in it is the basis of production, and the results of production are in turn newly inscribed in the metropolis, reconstituting and transforming it. The metropolis is a factory for the production of the common” (Hardt and Negri, 2011: 250-251).

Hardt and Negri (2011: 280) argue that “the key to understanding economic production today is the common, both as productive force and as the form in which wealth is produced.” The common – or what economists call urban externalities – is in the centre of biopolitical production – or “internalisation of the positive externalities”. For Hardt and Negri (2011: 256) the “organisation of joyful encounters of the multitude corresponds to the productive deployment of workers on the factory floor, in cooperative teams, clustered around specific machines, or coordinated in the sequences of the assembly line.” Nevertheless, biopolitical production is not only characterised by rent extraction from positive externalities – a major shift happens in the role of the capitalist. Since a capitalist cannot organise these productive encounters fully and does not have control over them, the people – or multitude in Hardt and Negri’s conception – gains an important degree of power.

SOCIAL:

FROM KEYNESIAN WELFARE STATE TO SCHUMPETERIAN WORKFARE STATE AND CORPORATE CITIZENSHIP




KEYNESIAN WELFARE STATE
PRIVATISED SERVICES AND FREE MARKET
1932
Beveridge's minimum system in United Kingdom
1942
Franklin Roosevelt promises "a new deal for the American people"
1950s
Sweden starts public housing programme Miljonprogrammet
1965
CSR as altruistic corporate philanthropy (Bowen, 1953)
1979
Ronald Reagan starts with »reaganomics«
1981
Margaret Thatcher becomes Prime Minister of the UK
1990s
Triple bottom line (people, planet, profit) is coined
1994
Corporate Citizenship turn

“The historiography of welfare states has tended to focus almost exclusively on the role of the state and to stress the eventual triumph of collectivism over individualism,” comments Lewis (1999: 10). In this manner, societies are portrayed “as emerging from the darkness of the nineteenth-century poor law into the light” (Lewis, 1999: 10). However, argues Lewis (1999: 10), “rather than seeing the story of the modern welfare state in terms of ever increasing amounts of state intervention, it is more accurate to see modern states as always having had a mixed economy of welfare, in which the state, the voluntary sector, the family and the market have played different parts at different points in time.”

There are several explanations and reasons for the emergence of welfare state in the end of 19th century – one of them is Salamon’s (1987) theory of voluntary sector failure which tries to explain the shift from provision of social services by voluntary organisations (mutual funds, charities, trusts…) to that by the state. Salamon (1987) argues that “voluntary organisations were perceived in most western countries as the first line of defence, but their weaknesses—insufficiency, particularism, paternalism and amateurism – rendered increasing co-operation with the state inevitable.” The first social security system was established by Bismarck in 1881 as an important continuation of the foundation of German Reich ten years earlier and was – just like the unification of Germany – “born under the pressure of what we can define a ‘middle class’, including influential industrial unions, narrow industrialized groups, politically important blue-collar, but not the poor” (Conde-Ruiz and Profeta, 2003: 6). Insurance schemes (old-age, sickness, accident, disability) were supposed to “combat dissent and cement the alliance of these social groups with the Reich, in opposition to the socialist forces” (Conde-Ruiz and Profeta, 2003: 6). Out of a different political-economical constellation emerged a different type of welfare system – when in 1942 Beveridge report introduced the idea of a minimum system in United Kingdom, Britain was “characterized by a liberal and democratic tradition, influenced by the individualistic ideology developed by leading political economists from Adam Smith to Ricardo, the lack of collectivist political movements, the expansion of private and voluntary collective welfare, the lack of notion of supremacy of the state responsibility, collective good and bureaucracy” (Conde-Ruiz and Profeta, 2003: 6). Beveridgian system thus had a purpose of reducing poverty, but additional needs had to be taken care of by individuals themselves, leaving “the maximum scope for private provision above minimum” (Hills et al., 1994).

Thus a “welfare state” is “a label for a certain class of democratic industrial capitalist societies, characterized by certain properties (i.e. social citizenship or the fact that more or less extensive welfare provisions are legally provided, or, in yet other words, the fact that the state plays a principal part in the welfare mix alongside the market, civil society, and the family)” (von Kempski, 1972). However, a welfare state is not merely the sum total of a nation’s social policy repertoire (Esping-Andersen, 1994: 712) – it is a regime in the relation between the state and economy, where this complex of legal and organizational features is systematically interwoven (Arts and Gelissen, 2002). At this point, we cannot avoid the connection between Fordism as a labour process (discussed in other chapters) and a social mode of economic regulation, also

often described as Fordism or Keynesianism. Keynesian welfare state is thus “an ensemble of norms, institutions, organizational forms, social networks, and patterns of conduct that sustain and ‘guide’ the Fordist accumulation regime and promote compatibility among the decentralized decisions of economic agents despite the conflictual character of capitalist social relations” (Jessop, 2013). This state has two key functions: “managing of aggregate demand so that the relatively rigid, capital-intensive investments of Fordist firms are worked close to capacity and firms have enough confidence to undertake the extended and expensive R&D as well as the subsequent heavy capital investment involved in complex mass production« and »generalising mass consumption norms so that most citizens can share in the prosperity generated by rising economies of scale” (Jessop, 2013) (for more on consumption aspects see next chapter).

THE THREE WORLDS OF WELFARE CAPITALISM

Nevertheless, constellations between state, market, and family took different shapes in different countries – they have been conceptualised by Esping-Andersen (1990) in his seminal book Three Worlds of Welfare Capitalism. For Esping-Andersen the three types spring from deep tradition in political philosophy (conservativism, liberalism and socialism) and historical characteristics of political class coalitions (Arts and Gelissen, 2002: 141).

CRISIS OF WELFARE STATE

However, after the periods of emergence in the late 19th century until 1945, and growth in the golden age, mainly until the 1970s, welfare regimes encountered limits or even crisis in the 1980s, as they were confronted by several challenges (Palier, 2006: 6). These challenges were internal and external. Internally, “ageing populations, declining birth rates, changing gender roles in households as a result of the mass entry of women to the labour market, the shift from an industrial to the service economy, new technologies in the organization of work, engender sub-optimal employment levels, new inequalities and human capital-biased patterns of social exclusion” (Hemerijck and Eichhorst, 2009: 2-3) have all challenged the existing system based on employment. Externally, “international competition is challenging the redistributive scope and de-commodifying power of the national welfare state” (Hemerijck and Eichhorst, 2009: 2). As already discussed, rescaling has decreased the power and room for manoeuvre of national welfare states (Scharpf, 1999). As “economic internationalization constrains countercyclical macroeconomic management”, “increased openness exposes generous welfare states to trade competition and permits capital to move to the lowest-cost producer countries” (Hemerijck and Eichhorst, 2009: 2). As argued by Jessop (1993: 7), a shift was under way “from the Keynesian welfare state (wherever it was established) to the Schumpeterian workfare state,” which provides the best possible political shell for post-Fordism (discussed in previous chapter). Jessop (1993: 8) summarizes economic and social objectives of this workfare state as: “the promotion of product, process, organizational, and market innovation; the enhancement of the structural competitiveness of open economies mainly through supply-side intervention; and the subordination of social policy to the demands of labour market flexibility and structural competitiveness.”

Nevertheless, these trends do not affect all welfare states in the same way and a rather popular conception of retrenchment of welfare state is misleading and over-simplified. Thus different welfare systems are changing differently and are being reformed differently (Ferrera and Rhodes, 2000; Leibfried, 2000; Stein, 2000). Hall (1993) distinguishes between three types of impacts reforms will have: no profound changes (change in the setting of instruments), substantial changes along the path-depended trajectory (introduction of new instruments), and paradigmatic changes (new instruments associated with new goals). With this latter change, Hall (in Palier, 2006: 10) refers to "the shift from Keynesian to monetarist policies; an equivalent in social policy might be the shift from unemployment compensation to activation policies."

Pierson (2001: 455) proposes that a specific type of reform is predominantly pursued in each type of welfare regimes: "re-commodification" in the liberal welfare states, "rationalising re-calibration" in the Nordic countries and "up-dating re-calibration" of the continental systems. Thus these reforms only reinforce the characteristics of each system. While "the liberal regime has adjusted in predictably liberal ways, rolling back already limited social protections" that resulted in "strong private sector job at the expense of a significant increase in inequality" (Levy, 1999: 242), "the social democratic has also stayed largely true to form, expanding public provision of health and social services in the 1970s and 1980s, thereby preserving full employment and incorporating women as full-time workers. Although this strategy reached its fiscal limits in the early 1990s and painful austerity measures became necessary, retrenchment has consisted principally of adjustments around the margins (less generous pension arrangements, lower reimbursement rates, and longer waiting periods for sick pay or unemployment insurance) rather than radical cutbacks" (Levy, 1999: 242).

To cope with these problems, "Bismarckian countries have created new benefit programs which follow new logics (means-tested benefits, private funded schemes in pension and health systems), have developed new modes of financing, partly replacing social contributions, and have implemented new management arrangements (privatisation of some administrative tasks, empowerment of the state at the expense of the social partners)" (Palier, 2006: 17). These developments show "a departure from the traditional 'conservative corporatist' way of thinking and doing welfare and a move towards a new world of welfare capitalism" (Palier, 2006: 17). This recombinant welfare state pragmatically combines elements of the three "worlds of welfare" and adds new variations within each policy and within each type of welfare state (Lamping and Rüb, 2010: 43), leading to a new era of hybridization (Schubert et al. in Lamping and Rüb, 2010).

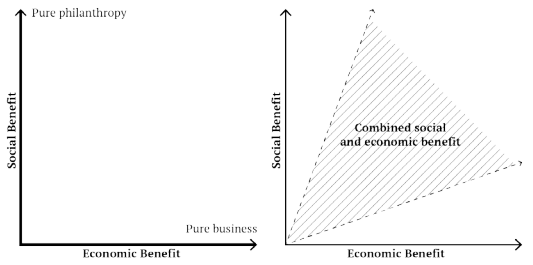
CORPORATIONS TAKE ACTION

These reforms of welfare states are more and more coupled with a parallel development and interest in Corporate Social Responsibility (CSR), which arises from changing the already complex relationship between business, the state, and civil society (Burchell and Cook, 2006). As argued by Brammer et al. (2012), the corporation has always been a political creation, to

which the state granted the benefit of limited liability in order to facilitate the accumulation of capital. But this freedom of limited liability places on the corporation also a set of responsibilities and expectations on the role of the corporation in the society.

Caroll (1999, 2008) identifies two distinct stages in the evolution of CSR, starting with the 1950s when its focus was on altruistic corporate philanthropy (Bowen and Johnson, 1953), uncoupled with the overall business strategy of a company (Vogel, 2005). In the second stage, starting from the 1980s, philanthropy becomes integrated with internal strategic objectives and is redefined as an economic tool to gain competitive advantage and social capital (Nahapiet and Ghoshal, 1998), conceptualising it as a method for global companies to develop strong links with the local communities, a method for alleviating risk and the threat of damaging publicity (Cannon, 1994; Carroll, 1993; Solomon, 1997) but also as a method of synergistic value creation by potentially tapping into unseen commercial opportunities.

For this new post-Fordist corporation the “driver for successful business is entrepreneurialism, opportunity and the competitive instinct … a willingness to look for creativity and innovation from non traditional areas - including CSR« (Grayson and Hodges, 2004). In this context Zwetsloot (2003) goes further to suggest that “continuous improvement and innovation should be one of the basic business principles for CSR” and that CSR should be used as a tool for innovation in products and services (see figure on page 41), to uncover unserved markets and build new business models around social innovation (Grayson and Hodges, 2004).



From disconnected pure philanthropy towards a convergence of interests (Porter & Kramer, 2002)

Despite being criticized as an oxymoron, strategic philanthropy represents a “useful paradox that goes to the heart of the role of business in society. The business organization as a legitimate societal institution has a critical role to play in the maintenance of societal infrastructure; yet, it must also respect the fiduciary responsibility it has to investors” (Buchholtz et al., 2003).

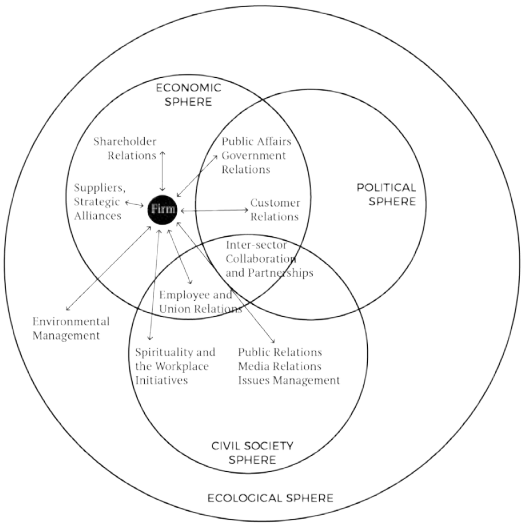
But while all forms of CSR have mainly focused on providing a strategic management tool for mostly negative externalities, it is corporate citizenship (CC) that adds another layer of understanding of the relationship between firms and society by connecting CSR with an enlarged understanding of “stakeholder management” beyond the traditional confines of shareholders and employees (see Blair, 1998; Donaldson and Preston, 1995) through Freeman’s definition of stakeholders as “any group of individuals who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984).

Under the umbrella of corporate citizenship, a firm can be classified either as a citizen of the state and is in this sense equivalent to the definition of CSR where “the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society

has of an organization at a given point in time" (Caroll, 1979) but it can also be understood as "taking the different stakeholder groups as citizens of the corporation, held to be an analogue of the state" (Sison, 2011). This second reading transforms the corporation into a "corporate polity whose flourishing is reciprocally dependent on the flourishing of its various stakeholder-constituents. In this regard, every stakeholder-constituent is admonished to actively take part in the deliberation and execution of the corporate common good" (Sison, 2011).

BIRTH OF A NEW TYPE OF INSTITUTION

This signals the beginning of a new type of institution (Palier, 2005) that plays an increasingly important role in the provision of services in the times of neoliberal economic policies of deregulation and privatisation (Kinderman, 2012). Matten and Crane (2003: 10) argue that "at the point where traditional governmental actors fail to be the 'counterpart' of citizenship", corporations enter the arena of citizenship and "partly take over certain functions with regard to the protection, facilitation and enabling of citizen's rights – formerly an expectation placed solely on the government" (Matten and Crane, 2003: 10-11). Within this domain of corporate citizenship (CC), corporation administers certain, but not all, aspect of citizenship to individuals and takes over considerate responsibility for such administration from governments. Matten and Crane (2003) distinguish between three roles a company can take with regard to the different rights: the providing role by supplying or not supplying individuals with social services; the enabling role by capacitating or constraining citizens' civil rights; or the channelling role by being an additional conduit for the exercise of individuals' political rights.

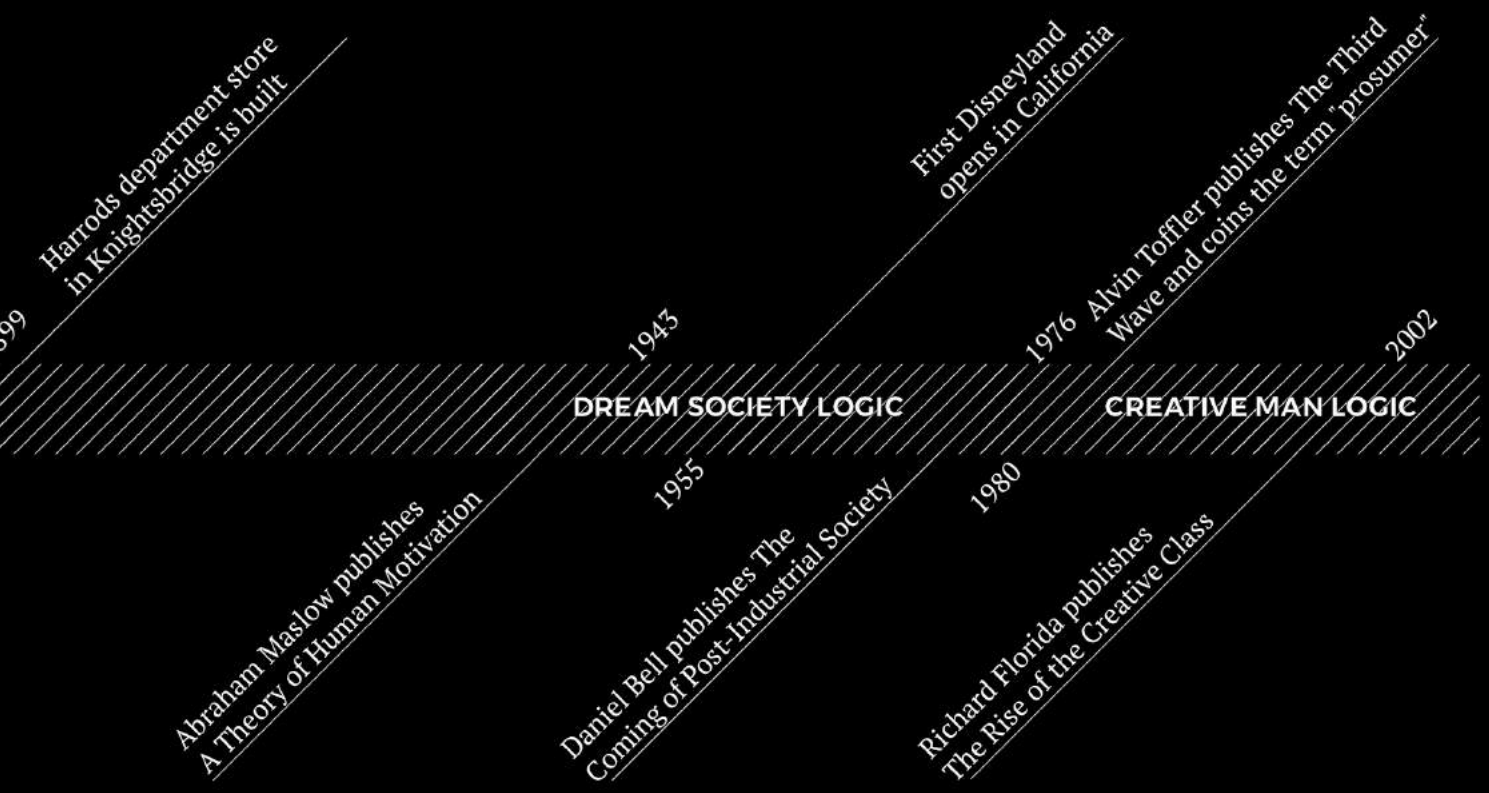


Boundary-Spanning Functions Typical of the Modern Multinational (Waddock, 2004)

This implies a much broader conceptualisation of CSR in connection with politics (Moon, 2002; Crouch, 2009), economics (van Oosterhout and Heugens, 2008), law (Mullerat, 2005) and sociology (Brooks, 2010; Brammer et al., 2012) rooted into a new holistic understanding of a company's business model which includes both economic and non-economic contributions which provide new paths towards financial performance (see figure on page 42).

Karl Marx-Hof in Vienna, part of an ambitious plan to build houses for whole working class

ECONOMIC:
FROM INDUSTRIAL LOGIC TO CREATIVE MAN'S LOGIC AND PROSUMERISM


Harrods department store in Knightsbridge is built
1943
First Disneyland opens in California
1976
Alvin Toffler publishes The Third Wave and coins the term "prosumer"
2002
DREAM SOCIETY LOGIC
CREATIVE MAN LOGIC
1955
Abraham Maslow publishes A Theory of Human Motivation
1980
Daniel Bell publishes The Coming of Post-Industrial Society
Richard Florida publishes The Rise of the Creative Class

All too often, we view economies and markets as something where “firms can act autonomously in designing products, developing production processes, crafting marketing messages, and controlling sales channels with little or no interference from or interaction with consumers” (Prahalad and Ramaswamy, 2004: 6) Even though this view was common among economists and marketers for a long time, a new understanding has been emerging for the past decades. Since consumer tastes are not endogenous to consumers, but rather a product and a creator of supply at the same time, this field offers an important insight in the ongoing changes of our societies. From this viewpoint, the relationship between the firm and the consumer is the object of analysis as it is believed this interaction is the “locus of value creation and value extraction” (Prahalad and Ramaswamy, 2004: 5).

Several stages have been proposed to understand the changes in the relationship between the firm and the consumer (Toffler, 1981; Pine and Gilmore, 1999), often using terms interchangeably, describing different aspects of the same phenomena with similar terms, and often with overlapping time-frames. As most of authors agree on the industrial stage of economy, naming and distinguishing further stages becomes more disputed. Furthermore, authors tend to focus on describing one stage distinguished by the previous one, most notably the industrial economy, without making a holistic view of all previous stages and development through time. To give some examples, researchers and authors have proposed the notion of knowledge economy (Drucker, 1969), information economy/society (Porat, 1977), post-industrial (Bell, 1976) or post-Fordist society (Jessop, 2013), post-modern society (Lyotard, 1984; Anderson, 1998; Giddens, 1990), network society (Barney, 2003; Castells, 1996) experience economy/society (Pine and Gilmore, 1999; Schultze, 1992); creative economy (Florida, 2005; Landry, 2000); and the attention economy (Davenport and Beck, 2002).

Pine and Gilmore (1999) distinguish between five economic stages: agrarian, industrial, service, knowledge and experience economy (see figure on page 47). The major economic offerings of the agrarian economy are commodities, of industrial economy goods, of the service economy services and of experience society experiences (Gelter, 2007: 30). Darmer and Sundbo (2008, 3) argue that in “the earlier stages of the economic development, the production of products was more or less related to needs”, “the consumers wanted commodities, goods and services to satisfy their needs for survival, later for materialism, knowledge and solving problems (which the service sector provided)”. With the shift to experience economy, the demand has changed – consumers want “to have an interesting life, experience new aspects of life or new places, be entertained and learn in an enjoyable way” (Darmer and Sundbo, 2008: 3).

Changes can be simultaneously observed on the side of production and consumption – the shift from agricultural to industrial economy was mostly (despite previous manufacturing developments) marked with the introduction of the steam machine that partly replaced human physical labour, allowing an increase in production, and new transport infrastructure (railway, steamship) that made concentration of production possible. In the industrial age, the production becomes standardised and the worker alienated.

ECONOMIC OFFERING	COMMODITIES	GOODS	SERVICES	EXPERIENCES
Economy	Agrarian	Industrial	Service	Experience
Economic Function	Extract	Make	Deliver	Stage
Nature of Offering	Fungible	Tangible	Intangible	Memorable
Key Attributes	Natural	Standardized	Customized	Personal
Method of Supply	Stored in bulk	Inventoried after production	Delivered on demand	Revealed over a duration
Seller	Trader	Manufacturer	Provider	Stager
Buyer	Market	User	Client	Guest
Factors of Demand	Characteristics	Features	Benefits	Sensations

Economic distinctions (Pine &Gilmore, 1999)

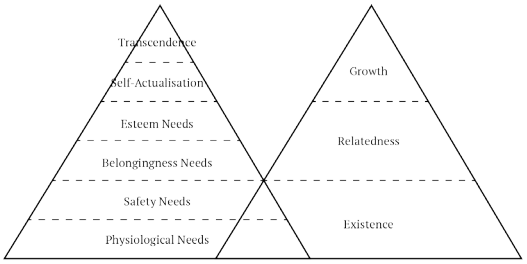
Later on, as specialized workers were highly productive on the market, but less productive in other work, the demand for services on the market increased (Buera and Kaboski, 1978) and led to the increase of service sector, predominantly high-skilled service workers and low-skill, low-paying services, e.g. “McJobs” (Clark, 1941; Stigler, 1956; Kuznets, 1957; Baumol, 1967; Chenery and Syrquin, 1975) in the first half of 20th century and in the decades after WWII.

Upheavals in technological innovations and the globally competitive need for innovation further increased the importance of research facilities and departments (R&D departments, universities, institutes) (Drucker, 1969) and brought on the knowledge economy, which could be defined as “a production and services based on knowledge-intensive activities that contribute to an accelerated pace of technological and scientific advance as well as equally rapid obsolescence”(Powell and Snellman, 2004: 201). This is marked by the increasing relative share of the gross domestic product attributable to “intangible” (Powell and Snellman, 2004) instead of “tangible” capital as in previous stages.

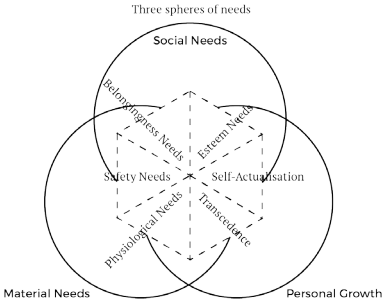
The last and current stage in Pine and Gilmore’s (1999) framework is the experience economy, where experiences are again intangible capital, vaguely defined as “memorable, rich in sensations created within the customer who have been engaged on emotional, physical, intellectual or even spiritual level”. Despite its common confusion with services, “experiences are a distinct economic offering, as different from services as services are from goods” (Pine and Gilmore, 1999), for example edutainment, eatertainment, shoppertainment. ”While prior economic offerings – commodities, goods, and services – are external to the buyer, experiences are inherently personal, existing only in the mind of an individual who has been engaged on an emotional, physical, intellectual, or even spiritual level” (Pine and Gilmore, 1999: 99). Thus in experience environment “individual patients (consumers) can create their own unique ‘personalized experience’« (Prahalad and Ramaswamy, 2004: 9).

As Pine and Gilmore (1999) acknowledge, the divisions are not neat and “the fact that the economy has moved from an agrarian to an experience economy does not mean that there are no remains of the other stages in the present economy” (Darmer and Sundbo, 2008: 2). Newer stages therefore do not supplement the previous ones, but are rather an addition to them or new steps in the progression of economic value.

This non-exclusionary characteristic is also recognised in the framework proposed by Mogensen (2004), who instead of stages talks about logics: The Industrial Logic, The Dream Society Logic and The Creative Man’s Logic. These three logics arise from three different needs and methods consumers use to satisfy them, and are a re-formulated Maslow’s hierarchy of needs (see figure on page 48-top) – they are without fixed priority or importance, and are reduced to only three spheres: material needs (safety and physiological needs), social needs (esteem and belongingness) and personal-growth needs (transcendence and self-actualisation) (Mogensen, 2004: 36). For Mogensen (2004), the three societies are mainly driven by one of the three spheres of needs: “Industrial society was mainly driven by the desire for greater fulfilment of material needs. Dream Society then rose because the focus shifted to emotional, social needs. Creative Man, in turn, is based on the need for personal growth” (Mogensen, 2004: 36) (see figure on page 48-bottom).



Maslow’s and Alderfer’s hierarchies of motivational needs (Mogensen, 2004)



Mogensen’s proposed three spheres of needs (2004)

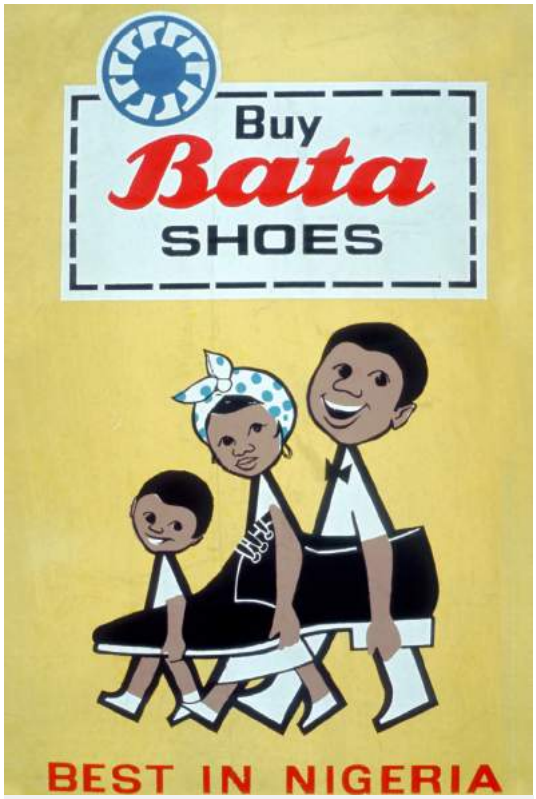
This leads to three different outcomes:

- “The industrial logic is driven by material needs that are satisfied through mass-production and systematisation. Other key words for this logic are efficiency, rationality, certification, and standardisation” (Mogensen, 2004: 36).
- “Dream Society’s logic is driven by emotional, mostly social needs that are satisfied through storytelling and exciting experiences. Other key words for this logic are branding, relationships, immaterialism, and emotional content” (Mogensen, 2004: 37).
- “Creative Man’s logic is driven by needs for personal growth that are satisfied through individualism and creativity. Other key words for this logic are interactivity, adaptability, self-actualisation, and networks” (Mogensen, 2004: 37).

The value of Mogensen’s (2004) model are its origins in futures studies – the Creative Man Society is thus for him not the last or the present stage but rather a society being currently developed. For him, this period is and will be a consequence of “a growing emotional need for

reclaiming the individual influence and creativity that people had before the industrial age«" (Mogensen, 2004: 27). This leads to the increase of importance of creativity and innovation in consumption and leisure as well as in business and the workplace, but also to the demand for flexible working conditions with increased individual responsibility. Mogensen (2004) talks of the prosumer, a combination of producer and consumer, and situals who are unlike individuals different from even themselves according to what situation they are in.

After approaching economy through a demand-side perspective, observing the shifts in consumer ideals, we will continue this chapter by looking at current academic literature describing the supply-side and understanding how companies are conceptualising this new relationship with their customers and how they are using space to enhance their brands and corporate identity.



The shoe as a product. Bata Shoes ad from the 1940s

FROM PRODUCT TO BRAND

Until the 1970s under what Pine, Gilmore (1999) and Mogensen (2004) describe as Industrial era or logic, the product represented the main focus of corporate marketing and communication (Bielzer, 2013). This was with few exceptions a unidirectional monologue, with the aim of making products known to their potential customers who acted as passive recipients of content. In comparison, under "service economy" or Dream Society and furthermore under "experience economy" and "Creative Man's Logics", products represent only one part of a much wider whole which is the brand, "a milieu where marketing management and consumer commitment co-exist" under "complex, heterogeneous, and experiential" (Brown et al., 2003) relationships. From the brand manager/owner perspective, brands are seen as techniques (Domizlaff, 1992), personalities (Aaker, 1997), identities (Elliott and Wattansuwan, 1998), symbols (Liebl, 2006), archetypes (Holt, 2004), social creations (O'Guinn and Muniz, 2010), performances (Singh and Sonnenburg, 2012) or cultural resources (Arvidsson, 2005). Thus, the brand no longer clearly refers to a physical product or service but to an atmosphere or experience which is "co-created" through a "polylogue" (Sonnenburg, 2009) or "a process of interagency" (Kozinets et al., 2004) between the brand owner and the brand agents (a brand's stakeholders).

"Brands may legally 'belong' to companies and be 'managed' based on decisions taken by management, yet they are 'in the possession' of consumers, because the latter exploit and experience brands, interpret them in their own way, compare them with other brands, and share their experiences and fantasies with other consumers. And the way a brand is perceived

often has little to do with the ideal image of the brand's essence in the heads of the marketing managers" (Liebl, 2006).

We can conclude that brands have escaped their owner and are now simple "vessels of meaning" (O'Guinn and Muniz, 2010) which need to be filled "by interactions of multiple parties, institutions, public and social forces" (O'Guinn and Munz, 2010) which make brand agents into »prosumers« (Toffler, 1970), »produsegers« (Bruns, 2008) or »bricoleurs« (Holt, 2002). The remaining goal of brand owners is "to pre-structure or design initial shape of the vessel and fill it with intended meanings to evoke responses from desired agents" (Sonnenburg and Baker, 2013).

Clothing as a statement. United Colors of Benetton ad from 1991

Similar to brands, space is neither given nor a pure construction but the interdependency between the two (Lefebvre, 1991). Its "day-to-day constitution involves perceptions that are grounded in both the external effect of social goods and other people and in the perceptual activity of the constituting agent" (Low, 2008). Similar to products, physical places can contain different superimposed spaces as perceived and experienced by different agents (Sonnenburg and Baker, 2013).

BRANDS IN URBAN SPACE

As brands and branding are being reconceptualised, brand owners have started to take into consideration the qualities of space for enhancing brand equity, using brand spaces as "icons, cornerstones or lighthouses for brands, for their image and for their relationship to their agents" (Sonnenburg and Baker, 2013) where space "increasingly becomes the brand" (Sherry, 1998). In contemporary literature, this shift has been documented under different names such as "brand spaces" or "brand lands" (Mikunda, 2004), "brandscapes" (Sherry, 1998) and "brand places" (Ponsonby-McCabe and Boyle, 2006) describing not only real spaces but also symbolic spaces, or combinations between the two. Bielzer (2013) has identified four dimensions of branded space: "architectural dimension", "program dimension/utilization concept", "economic dimension" and "organizational dimension" which coexist in different proportions and mutually influence each other in generating corporate/brand museums (Hollenbeck et al., 2008), corporate branded leisure parks/brandparks (Bielzer, 2013), corporate branded sports and event venues (Bielzer, 2013), flagship/concept stores (Kozinets et al., 2004) or mobile/temporary branded spaces (von Borries, 2004).

Considering the extensive amount of literature regarding the topic, there is still no mention of applying corporate branding to the scale of an entire urban area or region. This can be explained both because of the difference in scale and scope of such an undertaking and also due to the narrow focus of contemporary research on product brands and their brand spaces.

In order to understand what could be the goal for a corporation to brand an entire urban area, we have to look broader at what are the goals of corporate branding in comparison with product branding.

The first Apple all glass concept store opened in 2006 and has become an icon for the company

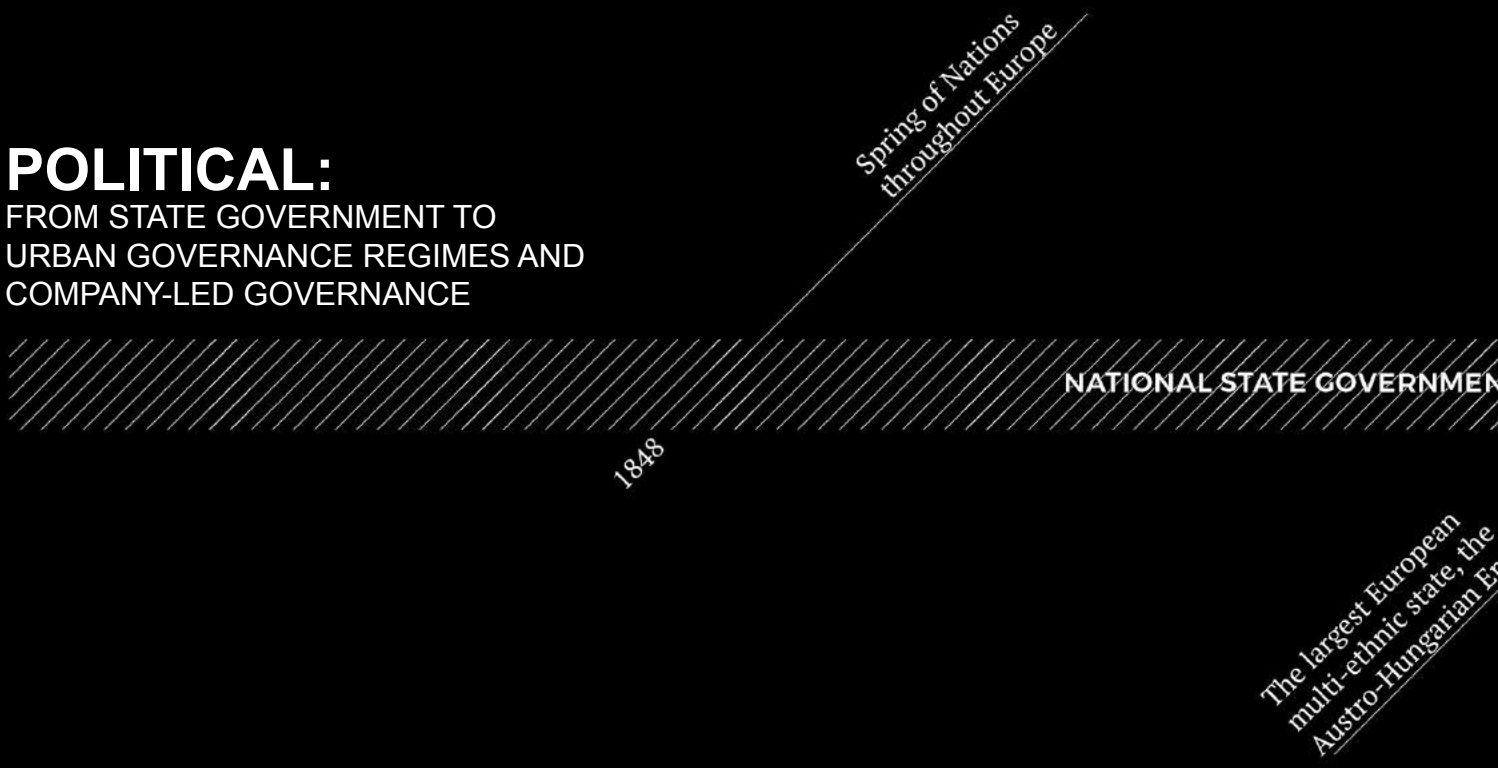
Corporate branding shifts the focus from emphasising the experience and atmosphere of a product towards the entire organisation and the stakeholders behind its brand (Knox and Bickerton, 2003) or as Balmer and Gray (2003) put it: "corporate brands are fundamentally different from product brand in terms of disciplinary scope and management, they have a multi-stakeholder rather than customer orientation and the traditional marketing framework is inadequate and requires a radical reappraisal". The goal of corporate branding is to reinforce a firm's corporate identity which consists of the following elements: "strategy (management vision, corporate strategy, product/services as well as corporate performance, corporate brand covenant, corporate ownership); structure (relationship between parent company and subsidiaries, relation with alliance or franchise partners); communication (total corporate communication, which encompasses primary, secondary and tertiary communication) and culture (the soft and subjective elements consisting of the mix of subcultures present within, but not always emanating from the organisation)" (Balmer, 2002).

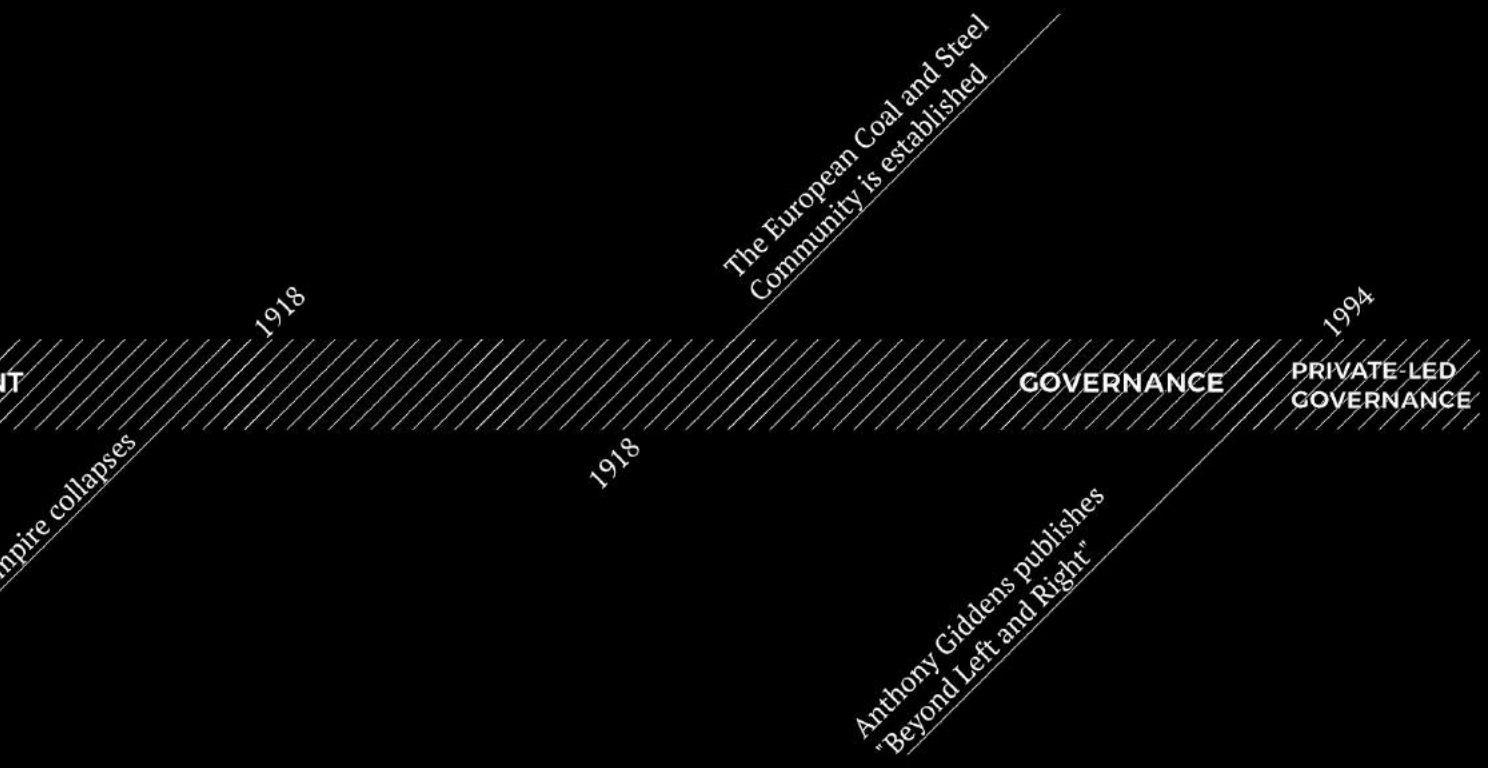
Applying the same logic as we did with spaces, cities and their brands are also fundamentally different from products and their brands. Their complexity arises, like in the case of corporate brands, from "the diversity of their stakeholders, the number of organisations steering the brand, the limited control brand steerers have over their product and the diverse target groups" (Kavaratzis, 2009).

From the perspective of a corporation, an urban region is both a space of consumption and a space of production. As seen in the chapter dedicated to technology, contemporary post-Fordist production expands far outside the boundaries of one particular firm, with global networks and regions/clusters of diverse stakeholders (including users) contributing to local innovation and competitive product creation. Similar to production, this chapter has shown that consumption and the definition of what we consume has also become a process of multi-stakeholder "co-creation" in space and place. We can thus conclude that the concentration of production and consumption objectives in one region could make a corporation or a wider constellation of like-minded stakeholders enforce their corporate brand at the scale of the city in order to better control its externalities. Furthermore, similar to theories regarding the benefits of brand synergies (Liu, 2013), a company and a city brand could simultaneously reinforce each other creating a much stronger identity and potentially inducing radical transformations to their definition, goals, and audiences.

POLITICAL:

FROM STATE GOVERNMENT TO
URBAN GOVERNANCE REGIMES AND
COMPANY-LED GOVERNANCE




NT
1918
mpire collapses
1918
The European Coal and Steel
Community is established
GOVERNANCE
1994
PRIVATE-LED
GOVERNANCE
Anthony Giddens publishes
"Beyond Left and Right"

As modern societies of 20th century have become more critical and demanding of the political sphere, the existing traditional model of governing society was challenged. It came "under practical and academic attack as an appropriate means of providing steering for the economy and society" (Peters, 2003: 6). Critics emphasised its lack of public involvement and limited influence of public on decision-making and opposed "the model of integration 'from above' associated with 'Fordist compromises' to the welfare-state during the years of strong economic growth" (Jouve, 2005: 290; see also Mayer, 1995). Proposed responses put forward the use of societal actors and networks of actors to shape public policies (Marsh and Rhodes, 1992; Kooiman, 1993; Kickert et al., 1997), arguing for "steering, not rowing" (Osborne and Gaebler, 1992), and – in extreme cases – believed in a "governance without government". Moreover, the delivery of public services was proposed to be altered – by inclusion of non-profit and sometimes even for-profit civil society in it (Peters, 2003, 6).

This new division of labour between scales (local, regional, national, transnational, global) led to the transfer of certain elements of political regulation to new political territories – mostly cities (Brenner, 1999). Nevertheless, re-territorialisation (Brenner, 1999) has not only shifted the focus of politics from the state to other levels, but has been also accompanied by a shift in the essence of politics. "The appreciation of local contexts represents a major shift away from the model of reform based on mechanisms of centralised, bureaucratic, 'top-down' implementation that dominated until the 1970s" (Jouve, 2005: 290). Managerial logic of Fordist-Keynesian welfare state compromises was supplemented with an entrepreneurial logic (Harvey, 1989a; Hall and Hubbard, 1998), which promised a better delivery of collective services in the times of constraining budgetary policies and a strive for the competitiveness of cities. The new public management (Larbi, 1999) promised to mobilise civil societies and enable large number of local actors to participate in the new collective decision-making process. Governance in normative terms thus aims at incorporating civil society in participatory projects of cities, and by this transforming cities into pluralist political spaces with new political culture (Clark and Hoffmann-Martinot, 1998).

URBAN REGIMES WITH INFLUENTIAL PRIVATE SECTOR

Nevertheless, as the capacity to govern is not equally distributed in space or in time (Dror, 2000), this governance "appears to enhance public participation in decision-making within the public sector" only on the surface (Peters, 2003: 7). Jouve (2005, 290) lists two reasons: "(i) the opening of urban institutions to civil society was effected through a process of institutionalising public participation, which has had direct effects on the real capacity of all segments of civil society to influence the definition of collective choices. Second, (ii) this institutionalisation has benefitted a particular group of local actors: the business community." As argued by Jouve (2005), paradoxically, the characteristics of the political system were reinforced by the institutionalised consultation of citizens, leading to a confrontation between elected political representatives and legitimate groups of citizens, in which the first is winning. "Everything is changed (in the discourse) in order that everything remains unchanged in the hierarchy of positions and roles" (Jouve, 2005: 291). Nevertheless, one group is profiting from this illusory change – namely, the business community (Duchastel and Canet, 2005). Once detached

political sphere is now – through institutionalised consultation and legitimised ad hoc private-public partnerships – easily accessible by companies that have the interest to affect decision-making processes. This newly established relationship between public and private actors has caught the attention of Marxist analysts (Pickvance, 1995), neo-pluralists (Lindbolm, 1977) and neo-elitists (Bachrach, 1967; Lukes, 1974), and was conceptualised in the theories of growth machines (Logan and Molotch, 1987) and, most popularly, urban regimes (Stone, 1993).

Stone's (1993) concept of urban regime rejects both pluralist assumptions of powerful government authorities and structuralist assumptions of determining effect of economic forces, and views power as fragmented. Urban regime is thus an assemblage of public and private actors, each possessing resources needed to govern (legitimacy on the one hand and capital on the other) – but it is only the joint partnership that can gather the capacity to govern (Mossberg and Stoker, 2001: 812). These "regimes overcome problems of collective action and secure participation in the governing coalition through the distribution of selective incentives" (Mossberg and Stoker, 2001: 812), whether it be purposive or material. Urban regimes can take several forms: maintenance or caretaker regimes (with focus on routine service delivery and low taxes), development regimes (with concern with changing land use to promote growth), middle-class progressive regimes (with inclusion of environmental protection, historic preservation, affordable housing, and linkage funds), and lower-class opportunity expansion regimes (emphasising human investment policy and widened access to employment and ownership) (Mossberg and Stoker, 2001: 813).

	MODELS OF URBAN GOVERNANCE			
DEFINING CHARACTERISTICS	MANAGERIAL	CORPORATIS	PROGROWTH	WELFARE
Policy objectives	Efficiency	Distribution	Growth	Redistribution
Policy style	Pragmatic	Ideological	Pragmatic	Ideological
Nature of political exchange	Consensus	Conflict	Consensus	Conflict
Nature of public-private relationship	Competitive	Concerted	Interactive	Restrictive
Local state-citizen relationship	Exclusive	Inclusive	Exclusive	Inclusive
Primary contingency	Professionals	Covoc Leaders	Business	The state
Key instruments	Contracts	Deliberations	Partnerships	Networks
Pattern of subordination	Positive	Negative	Positive	Negative
Key evaluative criterion	Efficiency	Participation	Growth	Equity

Models of Urban Governance: Defining Characteristics (Pierre, 1999)

Nevarez (2000: 199) lists three domains of this public-private governance regime – political, civil, and economic domain. Political domain entails direct relations between the business community and elected/appointed officials, whether it be by electoral coalitions supporting candidates (see also Ferman 1996; Whelan et al., 1994) or by working together in private-

public partnerships that give private actors more autonomy and less political accountability (see also Squires, 1989). Civic domain entails relations between community organizations, the business community, and political actors, either by networking and deal-making opportunities that complement the activities of civic groups (see also Domhoff, 1998; Useem, 1984), by constructing "we feeling" with financial gifts and personal service, or by empowering favourable civic groups and neglecting controversial groups through philanthropy (see also Silver, 1998; Jenkins, 1998; Haines, 1984; DiMaggio, 1983; Wright, 1985; Powell and Friedkin, 1983; Pertschuk, 1982). Business domain entails the interrelations of firms and business leaders involved or implicated in regime governance, producing shared practices, interorganizational networks, and common understandings about the nature of community politics.

INVOLVEMENT OF COMPANIES IN POLITICS

From the firm's perspective, we can distinguish two fundamental behaviours of corporate political behaviour (Meznar and Nigh, 1995): "political 'buffering' behaviours include proactive political actions on the part of firms, such as informing government decision makers about the impact of possible legislation, trying to actively reduce government regulation of the firm, and working alone or in trade associations to make campaign contributions, lobby, or otherwise influence legislative/regulatory processes", while "bridging, on the other hand, is a more reactive form of behaviour. It includes such activities as tracking the development of legislation/regulation so to have compliance in place when passed and exceeding compliance levels for regulation"(Meznar and Nigh, 1995).

Nevertheless, not all companies are equally active in political activities and a wide variety of researchers has tried to research this topic. While economists typically study industry factors, political scientists focus on institutional and political factors. However, an interdisciplinary approach to researching CPA (Corporate Political Activity, defined as "firms' efforts to influence or manage political entities" (Hillman et al., 2004) adds further complexity (Lux et al., 2011). A recent meta-analysis of 78 studies with a sample size of 72,265 (Lux et al., 2011) "indicate[s] that antecedents at the institutional level (i.e., incumbent politicians, ideology, political competition, government regulation, government sales, and dependent politicians), market and industry level (i.e., industry concentration), and firm level (i.e., firm size and competitive strategy) have positive and significant relationships with CPA". Lux et al. (2011) thus conclude that the biggest drivers of CPA are, not surprisingly, politician incumbency (as often suggested by political scientists), government regulation, and firm size (as advocated by economists, see Salamon and Siegfried, 1977).

Scholars suggest that firms involved in CPA have several motives for engaging in political behaviour: a desire to pursue the firm's private interest (i.e. domain advantage), to manage public policy that might be at odds with the firm's strategic goals (i.e. domain defence), or to influence public policy that might threaten the means by which a firm achieves it goals (i.e. domain maintenance) (Baines and Viney, 2010). Benefits of these activities can include reduced environmental uncertainty, reduced transaction costs, and increased long-term sustainability (Hillman et al., 1999). One of the key assumptions in many theoretical perspectives is also

that firms engage in CPA in order to obtain and/or maintain economic returns, but empirical evidence shows that "economic opportunities are not significantly related to CPA" (Lux et al., 2011: 237).

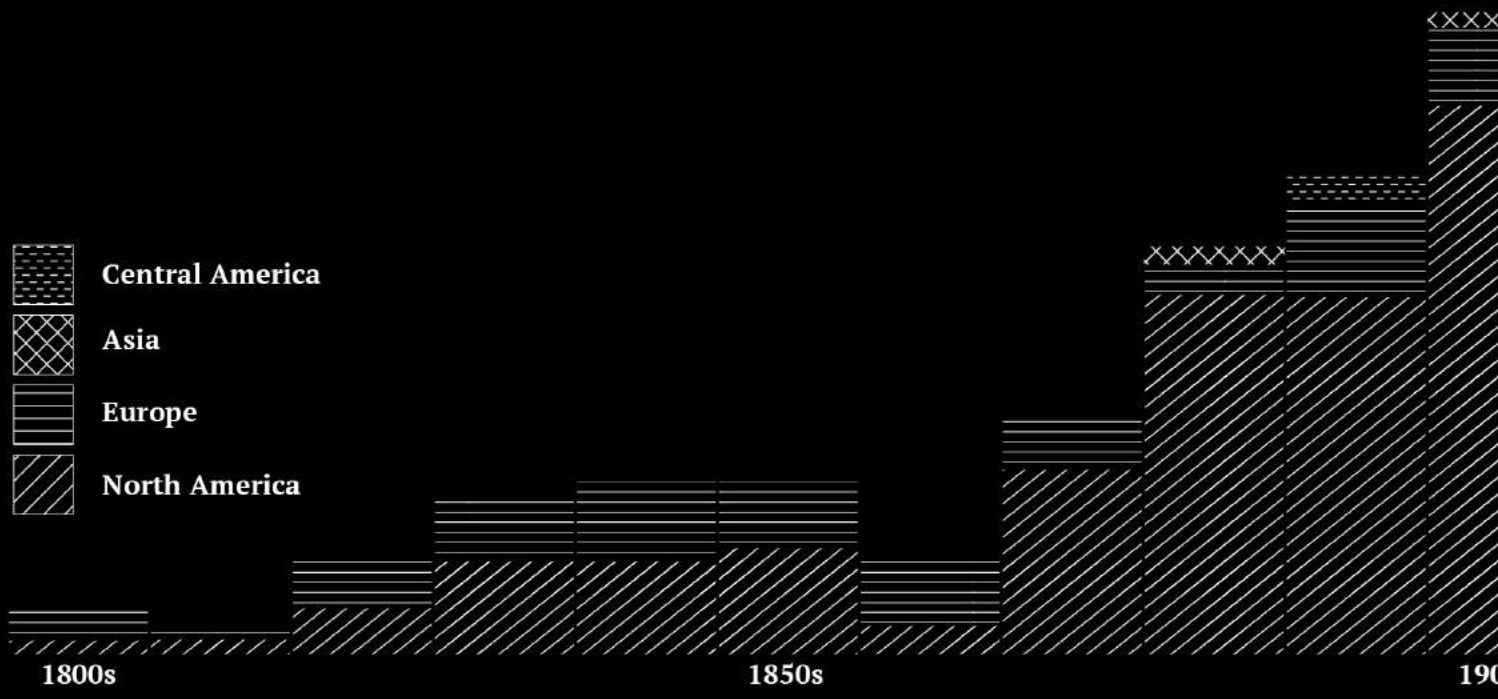
This can be explained with the inclusion of CPA in the firm's nonmarket strategy that is understood as "the firm's efforts to manage the institutional or societal context of economic competition" (Boddewyn, 2003) and through which a firm can influence the extent to which it obtains or maintains economic advantages. Nonmarket strategy is especially needed in companies with greater social exposure (the ones that come into contact with a greater number and diversity of society) (Pfeffer and Salancik, 1978) due to firm's market strategy, as it "enables firms to better manage their social exposure by countering constituent and special interest political actions not in the interest of the firm" (Lux et al., 2011: 231). Similarly, "firms pursuing diversification strategies are more likely to engage in CPA" (Lux et al., 2011: 231; see also Hillman et al., 2004).

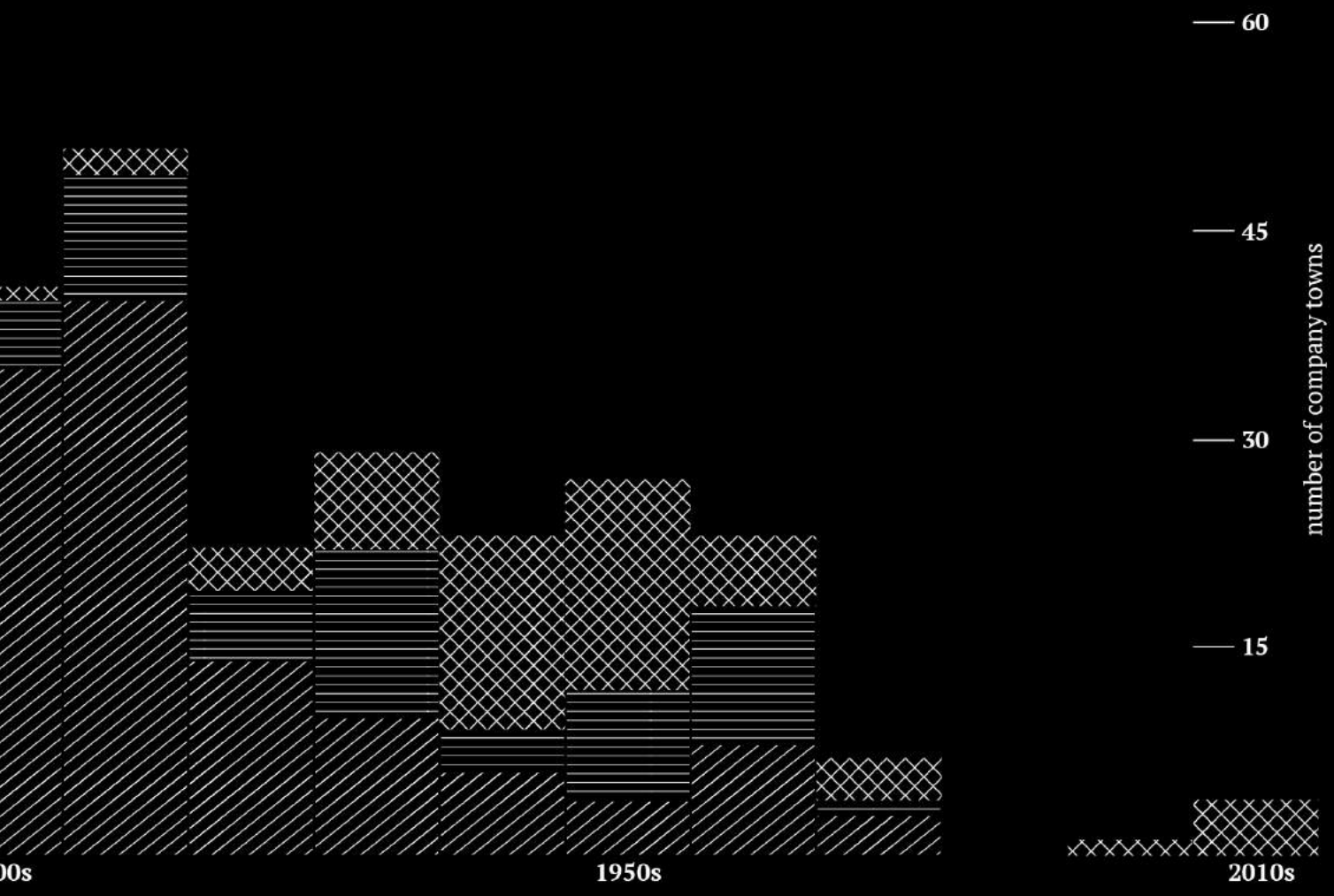
COMPANY-LED GOVERNANCE AND PRIVATE GOVERNANCE

With the global growth and diversification of companies' portfolios, corporate political activities are increasing (as argued above) and several companies are assuming primal positions within urban regimes (see discussion on "pro-growth governance model" by Pierre, 1999) that are a result of changed nature of urban governance under neoliberalism. Moreover, three substantive shifts (absence of problem-solving powers with governments, complementation of confrontation between companies, governments and civil society with partnerships, and institutionalized cooperation) are leading to the emergence of private governance (Haufler, 1993; Pattberg, 2005). For Pattberg (2005: 592), private governance consists of three analytical dimensions: "first, the procedural dimension of governance, which emphasizes the activities of private transnational actors; second, the structural dimension of governance, which highlights the distinct 'architecture' of a governance arrangement, including norms and rules, networks and actor constellations, as well as formal or informal links to other areas of governance; and third, the functional dimension of governance, which focuses on the material and ideational outcome of a private governance arrangement as a functional equivalent to forms of national or international public governance." This conceptualisation goes beyond privatisation of provision of public services and includes "new actor constellations and uncommon alliances between a wide range of actors that go beyond coordination or cooperation" (Pattberg, 2005: 592). Private governance thus does not necessarily mean a takeover of public (or public-private) governance structure, but rather a different approach to governing, springing from "a mismatch between markets and politics in terms of governance," in which the "demand for rules to govern commerce has given rise to a variety of sources of supply, and one of the most significant […] is the private sector itself" (Haufler, 2000: 121). These private governance regimes might – similarly to public regimes – provide collective goods, reduce transaction costs, decrease uncertainty (Keohane, 1984), incorporate all elements of urban governance (articulating a common set of priorities for society, coherence, goal achievement, feedback and accountability (Peters, 2003: 3), and in some cases achieve a hegemonic position over public regime.

THE UPS AND DOWNS OF COMPANY TOWNS

With the rising power of the nation state, flexible specialisation and globalisation of companies, golden age of the welfare state and Dream Society logic, company towns have mostly disappeared. However, recent changes might bring them back.





FORDIST MASS PRODUCTION

POST-FORDIST JUST-IN-TIME PRODUCTION

IDEA SELLING

KEYNESIAN WELFARE STATE

PRIVATISED SERVICES AND FREE MARKET

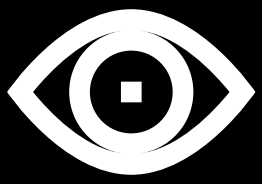
DREAM SOCIETY LOGIC

CREATIVE MAN LOGIC

NT

GOVERNANCE

PRIVATE-LED GOVERNANCE



ANALYSIS:
CASE STUDIES OF CONTEMPORARY
COMPANY TOWNS

SELECTION PROCESS

To proceed with the hypothesis-generating case-study method, study cases needed to be identified. To find as many different and diverse examples, we firstly conducted a study of Fortune Global 500 list for 2015. Fortune Global 500, compiled and published by Fortune magazine, is an annual ranking of the top 500 corporations worldwide as measured by revenue. This list was used as we assumed that anchor companies of contemporary company towns would be rather large companies. In the study, we did a scanning of all 500 companies, briefly looking at their urban surroundings using Google Maps. We were searching for hints of larger urban city-wide developments.

Additionally, we took a deeper look in companies located in cities with a population of less than 100,000 inhabitants as we assumed anchor companies would be large companies in rather small cities. In this process, we took a brief look at social programmes, political activities, marketing activities and innovation processes of 73 companies, mostly using Bloomberg media website and home websites of analysed companies. Moreover, we scanned Forbes World's Most Valuable Brands List 2015, looking at social programmes, political activities, marketing activities and innovation processes of enlisted companies.

Finally, a list of 12 companies and their cities (location of their R&D department) was established:

1. Adidas (Herzogenaurach, Germany)
2. Benetton (Treviso, Italy)
3. IKEA of Sweden (Älmhult, Sweden)
4. Lego (Billund, Denmark)
5. Nike (Beaverton, USA)
6. Novartis (Basel, Switzerland)
7. Philips (Eindhoven, The Netherlands)
8. Samsung Electronics (Suwon, South Korea)
9. Tata Steel (Jamshedpur, India)
10. Volkswagen (Wolfsburg, Germany)
11. Wal-mart (Bentonville, USA)
12. Zappos.com (Las Vegas, USA)

These companies and cities were further analysed in-depth on all parameters of a model of a company town, developed and presented previously. We used a yes-no checklist to quantify their characteristics. Due to space limitation we publish in main text only three exemplary cases, while others are presented in the annexe.

FORTUNE GLOBAL 500 WORLD MAP 2015

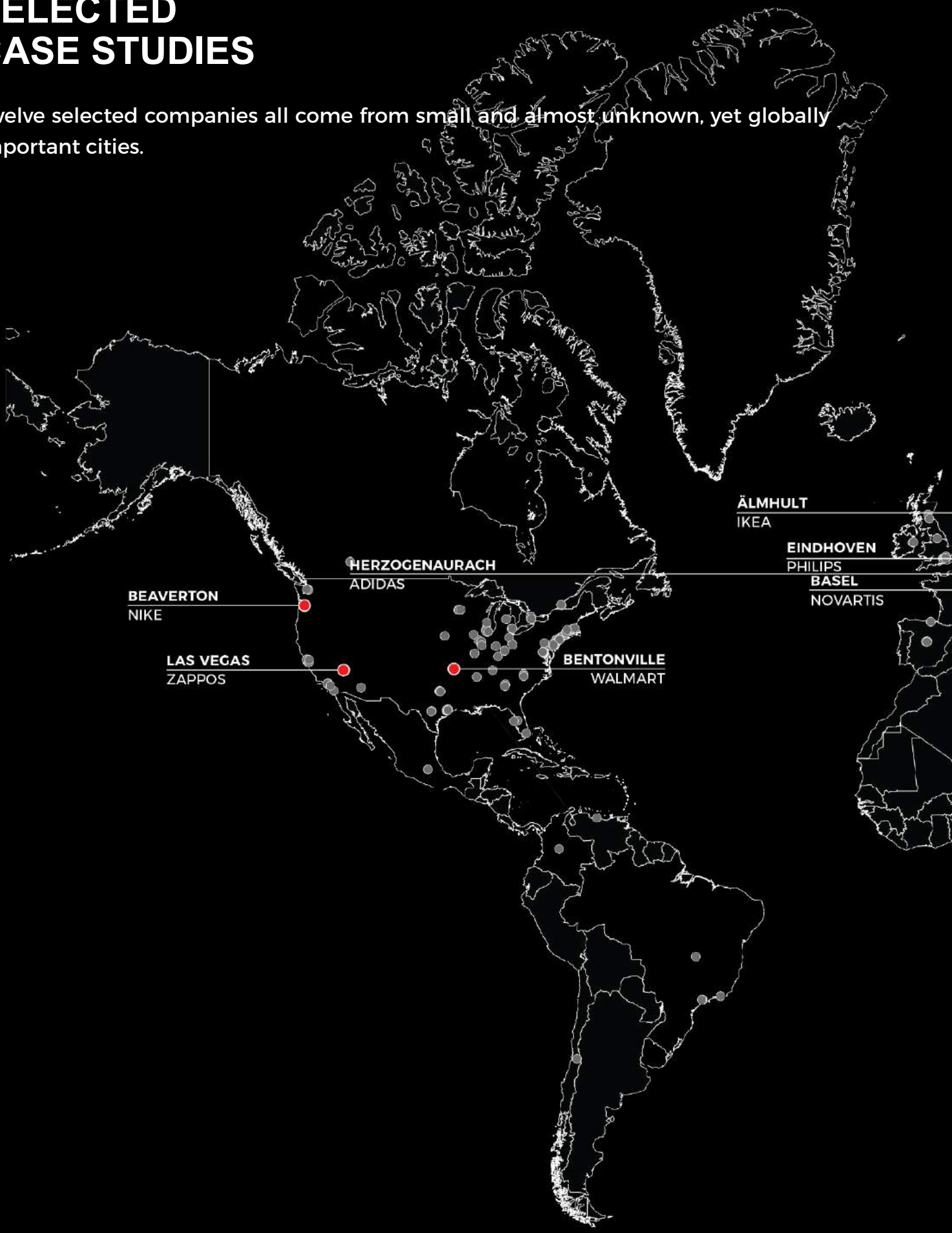
World's largest corporations are not evenly distributed around the globe nor are they evenly distributed in different types of cities. A rather large proportion of them are located in rather small cities.

Source: compiled list of companies from the anual Fortune Global 500 list


City population: 7.400.000 - 7.500.000
Nr. of companies: 70
City population: 8.300.000 - 8.400.000
Nr. of companies: 38
80
60
40
20
Number of companies
City Population

SELECTED CASE STUDIES

Twelve selected companies all come from small and almost unknown, yet globally important cities.

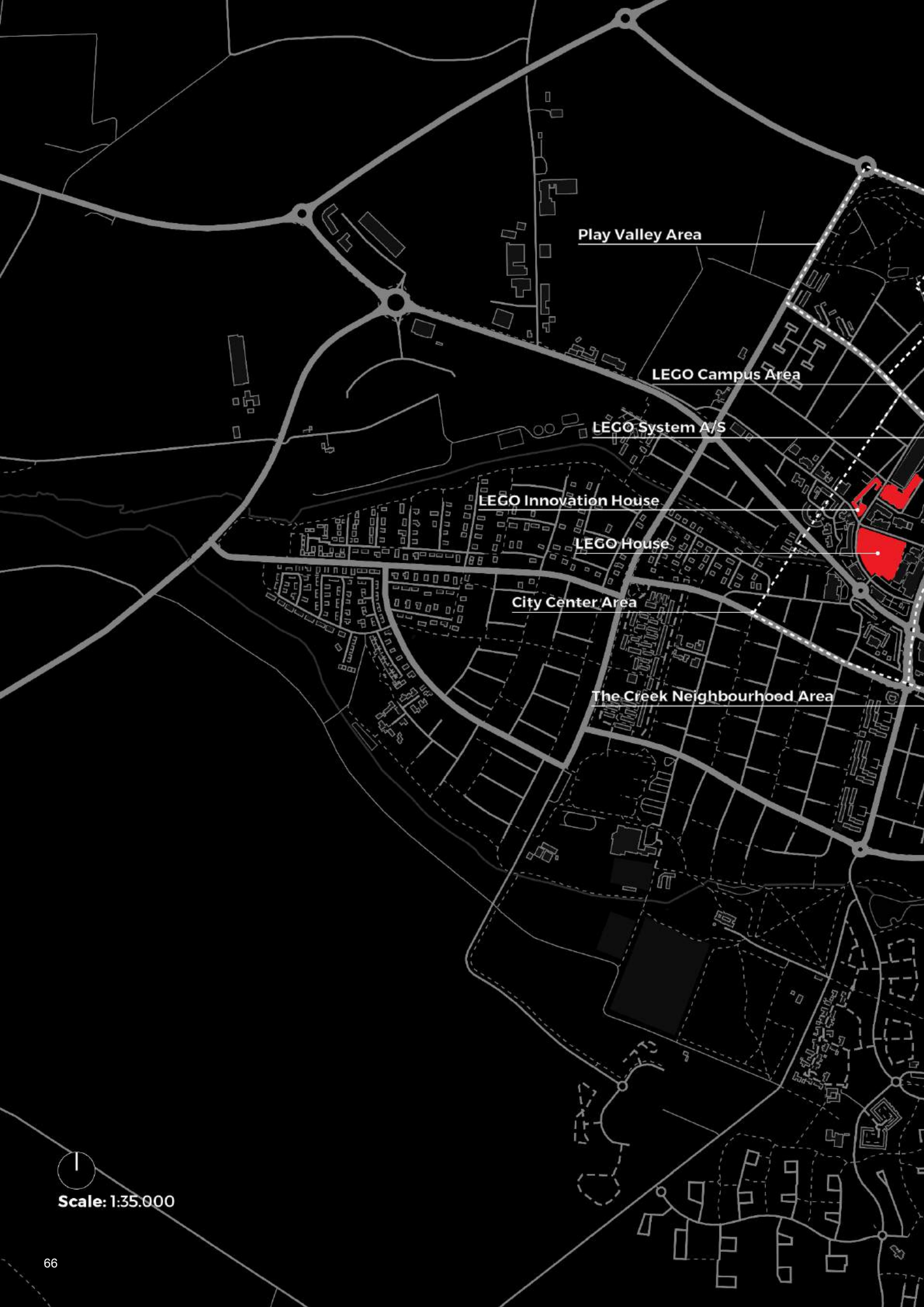



BILLUND
LEGO
WOLFSBURG
VOLKSWAGEN
TREVISO
BENETTON
SUWON
SAMSUNG
JAMSHEDPUR
TATA


LEGO

BILLUND, Denmark

Company(s): Lego Systems A/S, KIRKBI A/S, LEGO Foundation, Capital of Culture A/S
Industry: Retailing
City population: 6194 inhabitants
Number of employees: 4000
Welfare system: Social-Democratic


Play Valley Area
LEGO Campus Area
LEGO System A/S
LEGO Innovation House
LEGO House
City Center Area
The Creek Neighbourhood Area
Scale: 1:35.000


LEGOLAND Area
LEGOLAND Billund
Aerotropolis Area
LEGOLAND Hotel
LEGOLAND Holiday Village
Billund Public Library
International School of Billund
LEGOLAND Holiday Village
LEGO Foundation & Kirkbi A/S
LEGO Systems A/S
Technological Infrastructure
Economic Infrastructure
Social Infrastructure
Capital of Children Vision
Redevelopement Areas

CONTEXT

Billund is a small town of 6194 inhabitants (Statistics Denmark, 2014) located in Jutland, Denmark. It is part of the Triangle Region (Trekantomradet), Denmark's industrial focal point (more industrial jobs than Copenhagen, Aarhus and Odense together) (Bjarke Ingels Group et al., 2015) and an important national traffic hub (intersection of E20 and E45 highways connecting Jutland with Copenhagen). In 2007, the six most important municipalities of the region (Billund, Vejle, Frederica, Vejen, Kolding and Middelfart) went through an administrative restructuring process, forming a much larger and stronger Billund municipality (Bjarke Ingels Group et al., 2015), more suited to develop the strategic location of the area.

Billund's history and development are intimately intertwined with the development of the LEGO Group, the world's most powerful brand in 2015 (Forbes, 2015a) and the 95th most valuable brand in the world (Forbes, 2015b). The company was founded in 1932 by Ole Kirk Kristiansen as a general wood manufacturer and slowly specialised into toy making, producing its first iconic LEGO plastic brick as early as 1949. LEGO built in 1964 an airport in the city, which transformed the small village into the current development region. Now, the municipality-owned airport is the second largest airport in Denmark, with 90 international destinations and 3 million annual passengers (Billund Airport, 2016). LEGO A/S (4000 jobs) and Billund Airport A/S (1900 jobs) represent the most important employers in the area (Bjarke Ingels Group et al., 2015).

In 1968, LEGO also opened its first LEGOLAND and put Billund on the map for family tourism attractions (625,000 visitors in the first year and 50 million up to date) (Bjarke Ingels Group et al., 2015), followed by another important family attraction, Lalandia, an indoor swimming pool and spa centre opened in 2009. As a consequence, the city has the highest percentage of workers within the entertainment-experience industry in Denmark (27%): 22% in traditional experience-oriented business such as amusement parks, hotels, night life gastronomy, sports and free time, and only 5% in creative industries (eStatistik, 2012).

Billund has twice as many jobs as there are residents of working age (6500 jobs and 3250 working age citizens in 2010) which results in almost half of the workforce commuting from outside the municipality, the highest average in the country (Trekantområdet, 2015). It also has a very international population. The triangle region has one of the highest concentrations of international employees in Denmark (127/1000 inhabitants) composed of 57 different nationalities (Trekantområdet, 2015).
In spatial terms, while Billund is still a small town population-wise, it hass a sprawling area of 10.5 km^2 (as large as inner Copenhagen), mainly composed of single-family homes and row houses (84% of housing stock) placed in remote areas accessible only by car (Bjarke Ingels Group et al., 2015).

TECHNOLOGICAL

Innovation programmes:

Innovation is embedded in most of LEGO's activities and products, starting from traditional R&D facilities in Billund, attracting start-ups and other complementary business around their campus, embedding research into public programmes like schools and libraries, and tapping in their user-base to collect new product ideas. Innovation is promoted through marketing and CSR and they are in turn used to help the further development of innovation.

As we will further describe in the chapter dedicated to social responsibility, LEGO Foundation plays an important part of developing LEGO products into tools for learning. Its Idea Conference, an invitation-based annual event, brings together innovators in education and play from across the world (LEGO A/S, 2016b). Its First LEGO League is bringing groups of children and their professors to Billund every year to develop robotics and their school programme comprised of 15 Education Innovation Studios in Billund connects international academia with their case studies, children learning to think differently through play.

All across the world, users are engaged to constantly remodel the LEGO line of products and propose new ideas or reprogram and create new software for their MINDESTOR robots.

Innovation environment:

While expanding its research space outside their institutional boundaries, LEGO also invests in its internal R&D unit. Billund is the home of LEGO Product and Marketing Development division and their Design Studio, a 2000 m^2 space with a design following new trends in creative office space (Groves and Knight, 2013) similar to Silicon Valley. Its Idea House, Ole Kirk Kristiansen's first LEGO factory, is now used as a creative meeting space (Groves and Knight, 2013) for all development departments of the brand and their Concept Factory produces small batches of bricks used by the internal R&D department.

In the near future, the company will further expand its research units in Billund with the opening of a new Sustainable Materials Centre which will facilitate the company's move from oil-based plastics towards more sustainable alternatives (LEGO A/S, 2016a). The investment will represent the first part of a planned expansion of LEGO's HQ and the building of a new centrally-located corporate campus (Bjarke Ingels Group et al., 2015).

LEGO is slowly moving towards open innovation. The first steps of this process can be seen in the way it manages its school programmes, but the next step is creating "a playground for companies" in Billund through the development of its Play User Lab, an open laboratory that will share knowledge, experience and research as well as provide opportunities for testing theories in practice and development work for SMEs (Capital of Children A/S, 2016d). The programme is run by the Capital of Children Foundation in cooperation with the Design School Kolding

and the Design to innovate (D2i) cooperation organisation. The purpose behind Play User Lab, a niche business accelerator, is to foster the growth of other companies and networking structures around LEGO, helping the company to tap into external know-how and innovation as other tech companies already do today.

SOCIAL

Motive(s) of CSR:

LEGO conducts its local and global CSR programmes through its LEGO Foundation (owned by KIRBI A/S, Kirk Kristiansen family's holding and investment company) which owns 25% of LEGO A/S from which it obtains its revenue and funding (LEGO Foundation, 2016b).

The main motivation for LEGO's global CSR strategy comes from the company's contemporary focus on redefining its product line as tools for education and learning through play (LEGO Foundation, 2016a), and consequently the entire corporate responsibility is also used as a tool for product development as well as marketing and communication.

At a local level, the LEGO Foundation plays a lead role in implementing the local development strategy as part of Capital of Children Foundation which will transform the entire city into a learning and play environment for children and adults alike, thus transposing and expanding LEGO's experience with toys into the urban environment of the city and potentially opening up new types of markets for the company in the process (Capital of Children A/S, 2016b). Besides this, another important motivation for LEGO for investing in Billund comes from its need to enhance the quality of life and provide higher quality social infrastructure for its highly-trained and expanding workforce which is currently commuting from outside the municipality, from cities like Aarhus, which provide a more lively and creative urban environment (Bjarke Ingels Group et al., 2015).

While the LEGO Foundation represents an innovative way of bridging business development with CSR, the Kristiansen family is also engaged in more traditional methods of social responsibility through their Ole Kirks Fond and the Edith & Gotfred Kirk Christiansens Fond (KIRKBI A/S, 2016a).

Subsidised social programmes:

Besides its direct involvement in the Capital of Children, the LEGO Foundation works separately on other initiatives to promote education through play. One of the most important programmes is the LEGO Education Innovation Studio, "a customised solution for teaching children between the ages of six and nineteen in subjects that include science/technology, physics, mathematics and languages in a creative, practical and playful way" (LEGO A/S, 2016a). Since 2012, LEGO Foundation has donated the studio packages (teaching material provided by LEGO Education, storage modules, course programme, networking activities and annual mini-conferences) to 15

First LEGO League

local education institutions (Capital of Children A/S, 2016a). Another interesting programme which takes place in Billund is the "First LEGO League", an annual international competition where teams of children are involved in researching real-world problems such as food safety, recycling, and energy as well as learn to design and compete with self-built robots using LEGO's MINDSTORMS proprietary technology (First LEGO League, 2016).

Subsidised public/communal infrastructure:

In 2013, the LEGO Foundation, in collaboration with Billund Municipality, inaugurated the International School of Billund (ISB) for children between the ages of three and sixteen. The new private school combines an international baccalaureate with the Danish school system and LEGO's research into creativity and play, with the aim of stimulating children to "become ambitious lifelong learners by placing play and creativity at the heart of everything they do" (International School Billund, 2016a). The school's programme is subsidised through state funding, admission fees and LEGO and works both as an international school catered to LEGO's own employees (about a quarter of parents work for the LEGO Group (International School Billund, 2016b) and the rest work in other international Danish companies from the region) but also as a test lab for the company's development targets. Its programme combines traditional learning with special classes on design taught by LEGO employees and the pilot implementation of LEGO's Education Innovation Studio (see Subsidised social programmes section). Furthermore, the school environment acts as a research collaboration platform (International School of Billund 1a, 2016) between LEGO and other international research institutions like Tufts University, Massachusetts Institute of Technology (MIT) and Harvard Graduate School of Education (partner in Harvard's Project Zero researching aspects of human learning through play).

International School of Billund

LEGO's understanding of what public learning and education functions could provide to the company has made them expand outside school programmes, as well, and in 2016, the Capital of Children Foundation will inaugurate the redesigned Billund public library which transforms the 40-year-old building into an inspirational environment for play, learning and creativity, with themed interiors that will make the institution more attractive for children and adults alike (Capital of Children A/S, 2016b). The design of the space was realised by the same firm that helped to redesign LEGO's own Product and Marketing Development Design Studio in 2012 (Rosan Bosch and Rune Fjord) from which it draws its inspiration.

The school programme and the library represent only pilot projects, part of the wider vision of Capital of Children, which aims at putting its mark an all public amenities and public spaces of the city, transforming them into playful new experiences which foster learning and promote the LEGO brand by association.

LEGO has 15 Education Innovation Studio's in Billund

ECONOMIC

Definition of the product:

From its inception, LEGO has been a very innovative company. Starting as a general wood workshop in the 1930s, it quickly specialised in toy making and was the first Danish toy company to move into plastics in the 1940s. But the most important innovation in terms of product and product definition came in 1954 when Godtfred Kristiansen developed the now signature characteristic of LEGO's products, its "system of play" (Robertson, 2013). From then on, individual construction sets were no longer seen as separate products but part of a comprehensive toy system where each brick could be used in combination with bricks from other sets offering children infinite possibilities of remixing their products. What is more important, 70 years after the production of the first modular brick, the new LEGO parts still fit with all the sets ever designed by the company.

After revolutionising mass production, the company entered in the experience business in 1968 and once again revolutionised the way its products were perceived with the opening of the first LEGOLAND in Billund. Built from 42 million LEGO bricks, the theme park brought a new dimension to the experience of LEGO products, creating an almost 1:1 scale environment out of the adventures which where before stuck in LEGO boxes and in children's imagination. The new attraction was a real success story with 50 million visitors up to date and led to the construction of another six theme parks across the world and of twelve new LEGOLAND Discovery Centres, a scaled-down indoor version of the parks.

In the 1990s, the company witnessed yet another period of extreme diversification in the non-toy segment. This decision was mainly forced on by the expiration of LEGO's patent for the brick which attracted cheaper competition but also due to the changing nature of play (Foss, 2014). This new and risky market included the extension of LEGO licenses to a variety of children's items including clothing, children's room decor, books, jewellery, movies and video games. The brand started to define its sets similar to fashion products, with new lines coming out every 18 months (Neats, 2014). While the initial sales where high, they quickly plummeted which lead to the company almost reaching bankruptcy in 2002 (Ringen, 2015).

Starting from 2004, LEGO Group slowly returned to its core values and its "system of play" and while it is still active in developing non-toy products, its approach is more coherently organised

The entrance to LEGOLAND Billund

around defining a holistic experience around their products but also marketing them as learning and education tools. Its new products mix the digital with the physical in video games and board games but they also try to define play as a learning experience for every age (Oliver et al., 2007), which is clearly seen in their line of MINDSTORM modular and programmable robots. Furthermore, building on user creativity, LEGO managed to transform its customers into prosumers (Robertson and Breen, 2013) by successfully taping into their user experiences and crowdsourcing their ideas about new products with online platforms like Cuusoo.

Contemporary LEGO is a brand that combines mass production, experience economy, user-centric design and prosumerism and manages to generate an ever-expanding universe which captures its customers' imagination.

Experiencing the product and the brand:

As mentioned before, the contemporary LEGO is an experience-driven company which makes the physical environment or its augmented version, its prime means of communicating with its customers. While LEGO has outsourced its theme parks in early 2000s and owns only 29.9% of Merlin Entertainment (KIRKBI A/S, 2016b), the company that manages them, LEGO still manifests a strong influence on their environments through copyright and distribution rights.

The LEGOLAND in Billund has slowly expanded and it now incorporates a cinema, a 5-star hotel and a holiday village where families can rent small houses and experience the landscape around Billund while being in close vicinity to LEGO's theme park. The park is also scheduled for a further expansion, as part of the Capital of Children vision (Bjarke Ingels Group et al., 2015). It will incorporate a new "ecoduct"-like structure which will connect its suburban remote location with the new city centre where LEGO has planned a new open campus where visitors, workers and locals can meet, and LEGO House, the company's starchitecture brand experience facility, designed by BIG and scheduled for completion in 2017.

LEGO House, as the whole Capital of Children Vision, represents an important step forward in redefining the experience of LEGO and blending it into the urban environment. The new building, comprised of 21 large scale LEGO bricks, will replace the old Billund City Hall in the main square of the city and will create a new mix of public functions, a LEGO play experience space, a new company museum, office space and a gallery, all freely open to the public (LEGO A/S, 2016). LEGO House, the new town centre densification project, the new-city wide pedestrian infrastructure (Billund Playline) and the existing investment into school programmes, learning and


LEGO House Billund, designed by BIG Architects

open-innovation R&D as well as its existing LEGOLAND will transform the city of Billund into an inhabited theme park and research centre for the brand and its collaborators, blurring the lines between customers and employees, between children and their parents and between the brand and the city.

POLITICAL

Local governance structure:

In the sphere of governance, LEGO Group participates in the governance of the city in two ways: through public-private partnerships, the most emblematic of which is the Capital of Children Foundation, and informally through the historical connection between the Kristiansen family, which still lives in the city, and local stockholders.

The Capital of Children Foundation, in charge of developing and implanting the future vision of the city is a joint venture established in 2012 between the LEGO Foundation and the Billund Municipality, each party owning half of the assets in the company (Capital of Children A/S, 2016c). As a consequence, its Board of Directors is composed of the CEO and the Chairman of the Board of LEGO Foundation and the Mayor and the Municipal Director of Billund Municipality. Its advisory board is composed of members of KIRKBI A/S, the holding and investment company of the Kirk Kristiansen family, as well as members of Realdania, a philanthropic organisation composed of representatives of all of the the large Danish real estate developers. In addition to the joint activities in the Capital of Children, both Billund Municipality and the LEGO Foundation also work separately on projects that support the shared vision.

Vision and strategy:

As mentioned before, Billund is a very fragmented and car-oriented city resembling suburban areas, without a clearly defined urban centre and without quality public spaces which are now mainly used as parking lots (Bjarke Ingels Group et al., 2015). It is also one of the main family holiday attractions in Denmark and an increasingly important business hub with a very international workforce and population working for LEGO, its subcontractors and other entertainment businesses.

In order to tackle these contradictions and develop a high quality urban environment for residents, visitors and employees, the Capital of Children Foundation has commissioned BIG and Urban.Agency to realise the Capital of Children Strategy in 2015. The document aims to create a globally-oriented but locally-embodied urban environment with creativity, play and learning as the main drivers of Billund's future.

The strategy (Bjarke Ingels Group et al., 2015) is mainly focused on the development of the urban core as a safe, vibrant and walkable mixed-use town centre, combining life, play, learning and work. It proposes new types of shared public spaces, development of diverse

Capital of Children News Broadcast

housing typologies and densification (providing a more urban feel) as well as new outdoor and indoor learning and play environments and a more intimate connection with surrounding nature and biodiversity through landscape design and learning programmes. The strategy also looks at diversifying the local business community, providing new start-up working spaces, open-innovation environments and straightening the collaboration between existing local stakeholders.

In spatial terms, the strategy divides the city centre in seven smaller development zones:

1. City Centre Area: a lively mixed-use centre brought to life by the new LEGO House and new retail, workspaces and higher density housing;
2. Lego Campus Area: developed as a open low-rise campus, it will link the northern tourist attractions and the city centre and create open public spaces where workers, tourists and locals can meet;
3. Train Station and Play Valley Area: the new train station will become a new infrastructural hub surrounded by Billund Play Valley, an area for start-ups and business in the field of play;
4. Legoland Area: development of a better connection between the LEGOLAND Theme park, the main Billund tourist attraction, and the city centre;
5. Conference, Hotel and Aerotropolis Area: an area dedicated to hotels and large conference venues which will diversify Billund's visitor typology. It will house traditional conferences and toy fairs as well as concerts and cultural events. The Aerotropolis will bring together businesses, hotels and entertainment, capitalising on the proximity to the airport;
6. The Creek Neighbourhood Area: the redevelopment of the current horse track into a new central neighbourhood;
7. Institutions Area: will house Billund International School, the retirement home and a new cultural centre and will represent the "political" centre of the "capital".

These seven zones, situated in close proximity to each other, will be connected through "Playline" - a colourful, playful and active infrastructure for children, pedestrians and cyclists as well as future driverless pods. This new shared space will also act as a connection between these zones and the surrounding suburban city. The areas will revolve around a central park with the forest area and the creek forming the heart of the future city centre.

The project is divided into several phases, starting from the city centre (0-5 years) where the LEGO House (LEGO's future brand experience centre) and the surrounding public space will be finished in 2017, the current Billund Cultural Centre will be upgraded and a Makers Lab will be added. The future development of Lego Campus, densification of the city centre with

programmes including co-working spaces, the Play User Lab start-up accelerator, and Lego Sustainable Materials Research Centre will further add to the new identity and liveliness of the area.

An interesting point that needs to be stressed regarding the strategy is how it aligns with LEGO's own development goals and with how the brand has shifted its focus from selling a product, the LEGO "system of play", towards selling a more and more complex experience focused on play as a method for learning and creativity for all ages. After its implementation, the Capital of Children will thus not only represent a truly urban environment but also a way for LEGO to expand its brand experience from its current enclosed theme parks towards a whole urban environment, transforming Billund into a large scale brand experience scape.

LEGO's vision for Billund - The Capital of Children

LEGO's vision for Billund - The Capital of Children

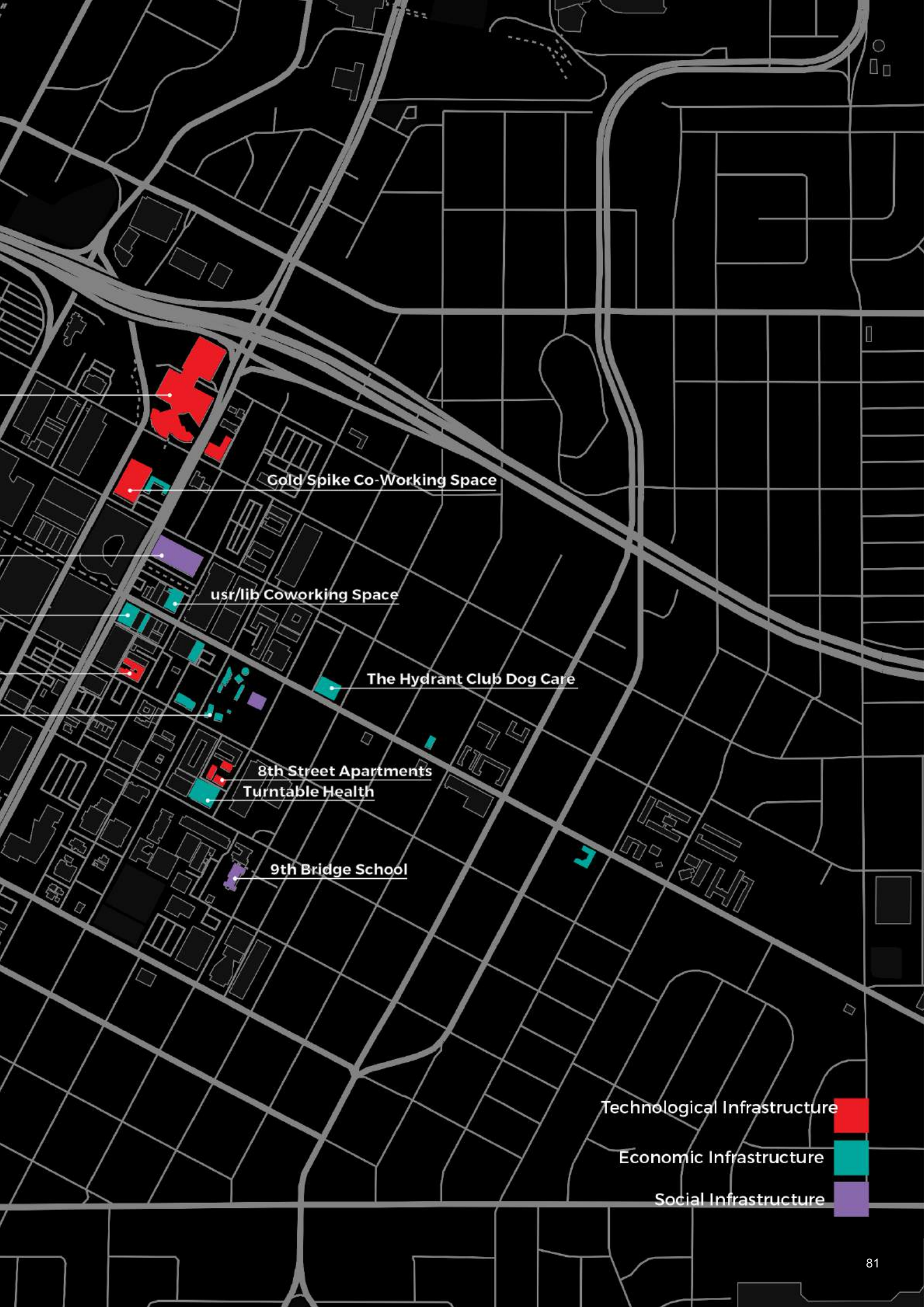
Billund's future urban center


Zappos
.com
POWERED by SERVICE®

LAS VEGAS, USA

Company(s): Zappos.com, Downtown Project and its enterprises
Industry: Retailing
City population: 583,756
Number of employees: 1500-2000
Welfare system: Liberal


Zappos Headquarters
The Ogden Appartments
Inspire Theater
John E Carson Mixed-Use Building
Downtown Container Park
Scale: 1:15.000


Gold Spike Co-Working Space
usr/lib Coworking Space
The Hydrant Club Dog Care
8th Street Apartments
Turntable Health
9th Bridge School
Technological Infrastructure
Economic Infrastructure
Social Infrastructure

CONTEXT

Las Vegas was founded as a city in 1905 on 45 ha of land adjacent to railroad tracks and was incorporated as a city in 1911. After the legalisation of casino gambling and deregulation of divorce procedures, many casinos and divorce offices were established, mostly along the Fremont Street stretching from the train depot (Brook, 2012: 4). To compete with suburbs, downtown adopted suburban-style zoning code that required new businesses to provide plenty of parking (Brook, 2012: 5), which, however, did not prevent the downtown from decay and pauperisation (Newman, 2014: 18). In 2012, “The Year of Downtown”, several public and private initiatives to revitalise the downtown began, most importantly Zappos.com’s move to the old Town Hall.

Zappos.com, for many years based in suburban Henderson, NV, over the years expanded its business from footwear to clothing, accessories, and housewares, and developed their USP on excellent customer service (Zappos Insights, 2016). The quick expansion of Zappos.com decreased its innovativeness and a new campus that would facilitate innovation and productivity was needed. Its move to downtown of Las Vegas in 2012 was accompanied by Tony Hsieh’s, the CEO of Zappos.com, investment in Downtown Project, a for-profit venture with the aim of revitalising the surrounding area and creating the most community-oriented city.

Once townhall, today new Zappos.com’s HQ

Downtown Project aimed to bring 10,000 upwardly mobile, innovative professionals to the area over the five years (Newman, 2014: 16). In only one year, it had set up 30 real estate companies, purchased more than 15 buildings, and started work on 16 construction projects, while 15 tech start-ups had committed to relocating to downtown (Newman, 2014: 16).

TECHNOLOGICAL

Innovation programmes and innovation environment:

The fast growth of Zappos.com from the founding on had been reducing the productivity and innovation, the levels of workplace satisfaction, and consequently hindering the customer service (Gelles, 2015: 3). Moreover, the suburban position and the three-buildings architecture of the campus in Henderson, NV, discouraged interaction between management and other employees (The Aspen Institute, 2011).

For several years, Zappos.com had been searching for a new place to relocate and simultaneously collecting proposals and ideas for new campus amenities by employees. Hsieh

had been touring different campuses and according to himself, “they were actually really kind of insular and didn’t really integrate or contribute to the community around them” (The Aspen Institute, 2011: 4).

In order to increase the innovation and radically change the workplace to raise the quality of customer service, Zappos.com needed an unconventional move that would change its work organisation. In 2013, Zappos.com moved its headquarters to downtown Las Vegas and started using a method of self-organisation Holacracy, while Hsieh initiated the Downtown Project (Zappos Insights, 2016). “I would say that putting my time into the neighbourhood is actually the best thing I could be doing for the company right now” (Corbett, 2014), Hsieh stated.

One of the main inspirations for Hsieh comes from Harvard professor Edward Glaeser who points out in Triumph of the City that as the companies grow, the levels of innovativeness and productivity are decreasing. In cities, on the contrary, the increase of productivity and innovation is accompanying the growth of the city. Downtown Project is therefore pioneering a “hybrid between the company and a city” (Witcher, 2012), focussing on collisions, community, and co-learning that will lead “to happiness, luckiness, innovation, and productivity” (Corbett, 2014). According to Hsieh, Downtown Project is unlike most real-estate redevelopment projects with short or medium-term cash flow (inaudible) ROI goals, but rather focuses “on maximizing the long term ROC, return on community”, “ROL, Return on Luck” (The Aspen Institute, 2011: 6). The project’s main ambition is “to accelerate serendipity within the community and within the downtown area” (The Aspen Institute, 2011: 6) and generate new business ideas as a result of unplanned collisions.

Zappos.com’s CEO Tony Hsieh giving lecture on city as a startup

”In this way, Hsieh is not just investing in property, but hacking together an urban algorithm that can be used anywhere in the world” (Hollis, 2014). This business model is indeed partially based on an assumption that 200 million dollars invested in the real estate will return as the value of the land will increase after the revitalisation process, but this explanation would be too narrow. Zappos.com is using the city and the urban as innovative environment which is (as an urban externality) generating new innovative ideas and businesses that are internalised either through R&D department of Zappos.com or through Downtown Project’s fund.

In the past three years, Downtown Project is the owner and/or investor in over 300 businesses and legal entities which collectively employ more than 900 people. In many cases, Downtown Project is the co-owner with the founding entrepreneurs, while “Operations” are fully owned and operated by Downtown-Project-affiliated entities (Downtown Project, 2016).

Operations include community and co-working space Gold Spike, shopping park Downtown Container Park, variety of meeting and event spaces, grocery market The Market, cocktail bar Oak & Ivy, restaurant Perch, incubator for non-profit and community-focused businesses Learning Village, boutique hotel Oasis, hostel Las Vegas Hostel, etc. (Downtown Project, 2016).

Small businesses range from special effects company LiveSpark, media and event organisation company Tech Cocktail, dry cleaning and laundry service Mint Locker, education event organiser CatalystCreativ, Mexican restaurant La Comida, dog park Hydrant Club, BBQ bar Big Ern's BBQ, gourmet hot dog stand Cheffini's Hot Dogs, camera shop Las Vegas Camera Club, studio and co-working space Stitch Factory, movie production company Silver state Production Services and Downtown Films, travel organiser Wellthily, bookshop and publishing company Writer's Block, all-media studio Fremont East Studios, fitness studio Bikram Yoga Downtown, community-based restaurant Vegenation, boutique jewellery company Anna Bee Jewelry, seed investment fund VegasTechFund, early childhood/elementary school 9th Bridge School, membership doctor's office Turntable Health, community and event complex Inspire Theater, etc (Downtown Project, 2016).

Out of the 350 million dollar fund, 200 million dollars were dedicated to buying real estate, 50 million dollars to small businesses, 50 million dollars to TechFund that invests in technology companies, and 50 million dollars to education (Corbett, 2014).

With this, Zappos.com and Hsieh are pioneering a model of internalising urban externalities, created by their own activities.

SOCIAL

Motive(s) of CSR

Zappos.com is continuously being named as the Fortune's 100 best companies to work for (Zappos Insights, 2016) and is known for its community-orientation, high workplace satisfaction, self-organisation management, and non-hierarchical organisation. Company's USP is based on excellent customer service, stemming from the good working conditions and satisfactory workplace of employees.

Downtown Project can thus be seen as an extension of the care for good workplace conditions and as an attempt to create community feeling and increase productivity and innovation within the company. However, it clearly states that it is neither charity nor non-profit, and notes that "due to limited resources, [they] unfortunately aren't able to address and solve every single problem that exists in a city" (Downtown Project, 2016). Services offered within the portfolio of Downtown Project may thus address some social and public needs, but are provided as for-profit services and products on the market.

Hsieh and Zappos.com do however occasionally donate funds to different charities working in Las Vegas downtown and supporting the cause of Downtown Project (e.g. Teach for America).

Subsidised social programmes:

Out of 350 million dollars, 50 million dollars of investments were designated to education initiatives (Downtown Project, 2016). Downtown Project is partnering with Teach for America to improve the quality of education in the city and downtown Las Vegas. Together with Teach for America, Downtown Project invested in the Clark County School District by exploring innovative ideas, pedagogic insights, new techniques in teaching, and is developing a private or charter school in downtown Las Vegas. Downtown Project is also supporting Venture for America, a programme for college graduates who wish to become entrepreneurs and want to relocate to downtown Las Vegas. Moreover, Downtown Project is opening an early childhood centre that is gradually becoming a K12 school, teaching creativity and entrepreneurship (The Aspen Institute, 2011: 11).

Subsidised public/communal infrastructure:

In 2012, Downtown Project started a project called Project 100 that would combine bike sharing and car sharing into a single app, and suggest users the best transport options. Within this project, this transport-as-a-service start-up bought one hundred Tesla cars that were available to users of the app as a shared resource (similar to city bikes). Eventually, the project was aborted as “it didn’t stick”, i.e. was not profitable.

Moreover, a “Hydant Club” dog park was created in 2013. However, the park was only open to members that paid a subscription/membership fee that ranged from $40 to over $200 a month (Newman, 2014: 27).

ECONOMIC

Definition of the product:

Zappos.com started as an online footwear store and gradually expanded to offer clothing, handbags, beauty products and houseware. However, as we have already pointed out several times, its USP is not in the products it sells themselves, but in the user experience and customer support.

In this regard, the move to downtown Las Vegas, the renovation of the old Town Hall, and the start of Downtown Project initiative are important as they is reinforcing and amplifying the happiness and satisfaction at a workplace while creating an attractor that brings new motivated workforce to Zappos.com.

Experiencing the product and the brand:
Downtown Las Vegas is becoming an important asset of Zappos.com in attracting young and motivated workforce to Las Vegas, a city that does not have a reputation of a “place to work”. Downtown Project has thus succeeded in creating the experience of living in an inspiring and dreamy city/community: “People seem ready to drop everything and move to Vegas, as if pulled in by a tractor beam, lured by Hsieh’s below-the-radar charisma, his enormous ambitions, and an ethos that combines the idealistic, artistic communalism of Burning Man with the can-do workaholism of 21st-century digital entrepreneurialism” (Corbett, 2014).

The attention of business and general public that Zappos.com and Downtown Project have received due to their unique culture and business have opened a new source of revenue for Zappos.com. Through its Zappos Insights department, it is offering tours of the Zappos Headquarters, Q&A sessions with Zappos leaders, a Zappos Insights content membership, full Zappos culture immersion with live training events, and custom events (Zappos Insights, 2016).

POLITICAL

Local governance structure:
Hsieh and Downtown Project are not directly involved in the governance in Las Vegas as Hsieh personally rejects involvement in the politics (Spillman, 2012). He does however make political donations to “anyone who takes the time to tour [their] offices” (Spillman, 2012).

Vision and strategy:
The dependence on hospitality services, most notably gambling and marriages/divorces, and associating Las Vegas with only the Strip, which is technically outside the borders of Las Vegas, called for the diversification of its economy and rebranding. In this attempt, the downtown emerged as the new driver for the reinvention (Witcher, 2012).

The City of Las Vegas developed a strategy and a plan to spur economic development with big, government-subsidized projects in the downtown in 2008. The plan included the relocation of large civic operations to another location and swapping their prime real estate for cultural and economic uses, and developing the Smith Center, the Mob Museum, and a new Town Hall (Walker, 2014). As a part of revitalisation process, the City of Las Vegas employed a “Fast Track Program” to assist businesses located within a designated Redevelopment Area to expedite their entitlements and permits, while the “Retail Downtown Las Vegas” programme provided assistance to retailers attempting to find a location, as well as helping any associated developers, property owners, or commercial brokers (Newman, 2014: 19).

As the Zappos.com announced to move their headquarters to the old Town Hall building, “local government was quick to praise the potential that such a relocation might have on the city”

(Newman, 2014:14). The then-mayor Oscar Goodman stated that “this is a game changer for Southern Nevada. This move will bring about a critical mass of creative persons to the inner core of Las Vegas in addition to causing a significant shot in the arm for the economy and for new jobs” (Newman, 2014: 14). The local government expected a domino effect that would lead to higher appeal of the downtown and attract tourists and new businesses, and was ready to alter their strategy and align it with Hsieh’s plan to use the critical mass of Zappos.com employees to develop new businesses through his Downtown Project.

As Downtown Project promised 350 million dollars of investments to seed technology start-ups and education while building a walkable, vibrant downtown (Spillman, 2012), the “Comprehensive Economic Development Strategy”, prepared in July 2013, positioned building a tech start-up community in the downtown area as the primary goal (Newman, 2014: 19) and fully supported Downtown Project’s approach to revitalising the downtown.

Unlike regular procedures, the large redevelopment project done by Downtown Project has no master plan and does not tackle issues holistically and with a long-term perspective (Walker, 2014a). Downtown project functions as a start-up and is based on pivoting – constant adaptation of business models, try-and-error approach, and attempts to disrupt the markets (Hollis, 2014). Hsieh says that “downtown Las Vegas is one enormous in-progress brainstorm, a fantastically bankrolled exercise in municipal free association” (Corbett, 2014). Despite praising participation and self-organisation, Downtown Project is based on cruel market conditions – giving chance to a very diverse range of business ideas, but shutting them down as soon as they prove to be economically nonviable despite their social effects (Corbett, 2014).

Container park, city-as-a-startup playground

WOLFSBURG, Germany

Company(s): Volkswagen AG
Industry: Motor Vehicles & Parts
City population: 121,758
Number of employees: cca. 120,000
Welfare system: Corporatist


Volkswagen Academy
Volkswagenwerk
Volkswagen Offices
Shopping & Experience Zone
Innovations Campus
Forum Auto Vision
Discovery & Entertainment Zone
AutoUni - MobileLifeCampus
Neue Schule Wolfsburg
Scale: 1:70,000


Sport and Recreation Zone
Tradition & Modernity Zone
Volkswagen Arena
Wolfsburg Commercial Academy
Autostadt
phaeno Science Museum
WerkStatt Workshops
Fun & Fantasy Zone
Stiftung AutoMuseum Volkswagen
Art & Culture Zone
VW-Bad Swimming Pool
Technological Infrastructure
Economic Infrastructure
Social Infrastructure
ErlebisWelt Planed Zones

CONTEXT

Wolfsburg was founded around the village of Fallersleben on 1 July 1938 as a home for workers producing the “KdF-Wagen” (VW Beetle) and was called “Stadt des KdF-Wagens bei Fallersleben”. Under British occupation after the Second World War, it was renamed Wolfsburg, after the near-by castle Wolfsburg. In 1951, Wolfsburg became its own urban district, got its own city hall in 1958 and gained the status of a major city with nearly 131,000 people when 20 localities were added to it in 1972. In 1973, it reached its highest population (135,000) and got its own university in 1988. In the 1990s, the city experienced several hardships with 19.3% unemployment rate (Willenbrock, 2002) – mostly low-skilled workforce – as a consequence of moving parts of Volkswagen’s production to Eastern Europe. Moreover, around 85% of jobs were in Volkswagen Group and only 20% in service sector (compared to 68% on the national level) (Willenbrock, 2002). Several joint initiatives between the Municipality of Wolfsburg and Volkswagen AG, most notably a joint venture Wolfsburg AG, turned the course of events around and transformed the city into the richest city in Germany (DPA/The Local/jcw, 2013).

Volkswagenwerk

TECHNOLOGICAL

Innovation programmes and environment:

The repositioning of Volkswagen’s brands and the restructuring of the company led to a diversification of its activities and demanded new innovation impetus. As Wolfsburg headquarters were slowly losing its production functions, the city of Wolfsburg was transformed to support new innovation agenda of the company.

Through Wolfsburg AG, new innovation programmes were started, partially inside and partially outside of Volkswagen’s corporate structure. In 2002, AutoUni, a proprietary institution of Volkswagen AG, was founded to offer academic training programmes for employees of the Volkswagen Group, while some programmes are also offered to the public. Moreover, AutoUni conducts research in various fields and supervises the doctoral programme of Volkswagen Aktiengesellschaft. In 2006, AutoUni moved to the 15-hectare-large MobileLifeCampus, built by Wolfsburg AG and designed by Henn Architekten (AutoUni, 2016). In 2014, E-Campus, part of Volkswagen’s R&D department, was built and opened. E-Campus is a competence centre of the electrical and electronics development with 42,000 m^2.

The MobiLife Campus

Outside of Volkswagen's corporate structure, Wolfsburg AG has initiated several research-, innovation- and development activities. These are directed towards suppliers of Volkswagen that have recently moved to Wolfsburg, mainly in the form of support of industry networking and research initiatives, providing business support to new start-ups, market research and facilitation of innovation, and construction and lease of (shared) office space and workshops (Wolfsburg AG, 2016). Through these activities, Volkswagen AG and Wolfsburg AG are creating an innovative milieu of suppliers, start-ups, innovators and their anchor, Volkswagen.

SOCIAL

Motive(s) of CSR:

Volkswagen's social activities are – internationally and locally – very structurally oriented and aim at ensuring the continuity of activities and creating sustainable structural developments as a source of economic and social stimulus and opportunities for stakeholders (Volkswagen AG, 2016). On a local level in Wolfsburg, social activities are mostly a reflection of the Auto Vision strategy that envisioned a post-Fordist development of the city and solving city's social problems with economic, social and cultural restructuring. Wolfsburg is today considered "the social laboratory of Germany", while its mayor Schnellecke described their social activities as the "miracles of Wolfsburg" (Willenbrock, 2004).

Subsidised social programmes:

Besides classical CSR (football club VfL Wolfsburg, sponsorships, scholarships), Volkswagen (through Wolfsburg AG) has successfully addressed severe social problems of Wolfsburg in 1990s. The moving of parts of production from Germany to Eastern Europe (cca. 20,000 jobs) in the 1990s had resulted in 19.3% unemployment rates, of which 60% were low-skilled (Willenbrock, 2002). Moreover, only 21% of gross added value was created in services, compared to 68% on the national level. Yearly, the city lost 200-300 million euros of purchasing power to the cities of Braunschweig, Berlin and Hannover. Population projections in the 1990s showed that the city would shrink by 45,000 to 80,000 inhabitants by 2012. On the scale of attractiveness for establishment of new companies, Wolfsburg ranked 433 out of 441 cities (Willenbrock, 2002).

Volkswagen Arena, the home of football club VfL Wolfsburg

In two years after 1999, 1890 new jobs were created in supplier companies, while in the next four years, 100 Volkswagen's suppliers already settled around the city creating 15,000 jobs (Willenbrock, 2004). Besides the jobs for low-skilled workers, several jobs for highly-educated workers have moved to Wolfsburg or been created there – in Volkswagen's development departments, Volkswagen's suppliers, law firms, tax consultants and design agencies. In only a few years, the Innovation Campus Wolfsburg AG,

another public-private initiate within Wolfsburg AG, has brought 126 companies with 673 workers to Wolfsburg (Willenbrock, 2002). Many of newly established companies have settled in Forum Auto Vision, an office building with floor space of cca. 27,000 m^2, again operated by Wolfsburg AG. Moreover, an important actor in facilitating employment was PersonnelServiceAgency (PSA), a staffing and employment agency that is a subsidiary of Wolfsburg AG and monthly gives work to 3160 workers (Willenbrock, 2002).

Besides activities in ensuring the employment of citizens, Wolfsburg AG is involved in the provisions of education (Gewerbeakademie Wolfsburg – Wolfsburg Commercial Academy, and Neue Schule Wolfsburg – Wolfsburg New School), energy (Wolfsburger Energieagentur – Wolfsburg Energy Agency) and healthcare, nutritional and exercise advice, health courses (in cooperation with several partners), provision of leisure activities (leisure and recreation park Allerpark, water-ski centre, high-ropes course, SoccaFive Arena, ExperienceRegion 2020, etc.), and one of the main real estate developers (Wolfsburg AG, 2016).

These social activities however do not come at the expense of either Volkswagen AG or Wolfsburg – they are mostly financed by staffing and employment agency PersonnelServiceAgency (PSA) that is part of Wolfsburg AG (Harth, 2000) and by companies that use their services (e.g. preparing workers for work abroad, healthcare packages, training programmes, etc.). This enables Wolfsburg city to be almost without any debt.

Subsidised public/communal infrastructure:

Wolfsburg AG is one of the main real estate developers in the city and mostly constructs and manages buildings for their own programmes: recreation area Allerpark, Vokswagen Arena, ice hockey stadium, public swimming complex, co-office space Forum Auto Vision, co-office space InnovationCampus, co-workshops WerkStatt, and 16 commercial and industrial parks (Wolfsburg AG, 2016).

Co-office space Forum Auto Vision

ECONOMIC

Definition of the product:

In parallel to the structural crisis of Wolfsburg in the 1990s, Volkswagen was experiencing a marketing crisis as many Japanese competitors significantly increased their market shares. In 1993, the company's loses were one billion euros (Willenbrock, 2002). To combat this crisis, the new president of the management board Ferdinand Piëch revolutionized the shopping experience, took over some competitors (SEAT, Škoda, Bentley, Lamborghini and Bugatti), renewed the model policy, and opened the luxury segment. All these activities had several implications on the build environment and the city of Wolfsburg in general.

With these changes, Wolfsburg became the showroom of Volkswagen and its brands (Audi,

Experience Volkswagen in Wolfsburg

Bentley, Bugatti, Ducati, Lamborghini, MAN, Neoplan, Porsche, Scania, SEAT, Škoda Auto and Volkswagen Commercial Vehicles). Moreover, Wolfsburg became the embodiment of Volkswagen's brand values (quality, security, social competence and environmental consciousness), their holistic approach, stability and innovative approach. The social restructuring of the city thus went hand in hand with restructuring and repositioning of Volkswagen's brands on the market, and resulted in the creation of Wolfsburg tourist destination.

Experiencing the product and the brand:

In Wolfsburg, the repositioning of Volkswagen's brands and the creation of Wolfsburg tourist destination can be observed on two levels: in the area of Volkswagen plant and in the broader Wolfsburg area.

Acquiring a new car is transformed into a spectacle in Volkswagen's AutoTürme

In 2000, on the former company junkyard, at the factory gates, Volkswagen AG commissioned 400 architects to design and built Autostadt, a 435-million-euros-worth and 28-hectare-large theme park/show complex (Nicola, 2015). The complex features a museum, pavilions of the principal brands, costumer centre, factory, exhibition on the evolution of roads, cinema, car storage towers, etc,., and is a an enormous exercise in public relations and branding (Bekker, 2015). Autostadt attracts around 2 million visitors a year and is an example of post-modern architecture and interior design, and environment-aware landscaping.

Zaha Hadid's Phaeno Science Centre

In broader terms, Autostadt is part of the ErlebnisWelt, a comprehensive urban regeneration project, put forth by Wolfsburg AG (Höger, 2003/2004). ErlebnisWelt comprises of six distinctive zones: discovery and entertainment, sport and recreation, shopping and experience, art and culture, fun and fantasy, as well as tradition and modernity, which pervade the entire city in the long run. Through this, Wolfsburg was developed into a support environment of "Volkswagen experience" as a leisure park Allerpark, football stadium Volkswagen Arena, ice hockey arena, public swimming complex, a futuristic science museum by the architect Zaha Hadid, indoor ski area, hotel resort with 1000 beds, outdoor circus, and centrally-located shopping centre City Gallery were built. In 2003, when the 5th generation of the Volkswagen Golf was launched, the city of Wolfsburg renamed itself into Golfsburg for more than a month.

POLITICAL

Vision and strategy:

The vision and development strategy of Wolfsburg was created in 1998, as a gift from Volkswagen AG for the city's 60th birthday. With the help of McKinsey & Company consultants and the participation of city officials and economists, Volkswagen AG proposed an Auto Vision strategy that would turn around the course of events and transform the city into a mobility region with car developers, suppliers and research departments, but also a competence centre for leisure and health industry (Willenbrock, 2004). The main idea of the strategy wass to reduce the dependence of the town on auto industry and generate new jobs. The concept of Auto Vision was radical and highly ambitious, for many also unachievable and dreamy (Willenbrock, 2004) and was adopted – as recalled by former administrative employee (Willenbrock, 2004) – by local politicians only because they believed it would never be realised anyway.

Local governance structure:

In the sphere of governance, Volkswagen AG participates in the governance of the city on two levels: through public-private partnerships and informally.

After the adoption of Auto Vision development concept, Wolfsburg AG was founded as a joint public-private partnership between the Municipality of Wolfsburg and Volkswagen AG, each owning half of the company. Wolfsburg AG is in charge of implementing the Auto Vision concept and is active in the fields of education, health, energy, leisure, energy, real estate, mobility and business development, has several subsidiaries and forms additional joint ventures with Volkswagen AG. It is considered to be the prime example of economic development in Germany (Harth et al., 2000; Mauurasse, 2013). In our view, it is an embodiment of a contemporary company town, which enables the company to steer the development of the city in all four spheres (politics, society, economy, technology) and facilitate the emergence and internalisation of urban externalities.

Besides the formalised influence, Volkswagen influences the political life of Wolfsburg also informally. It is believed that the good friendship and solidarity between Mr VW and Mr Wolfsburg, Ferdinand Piëch (the chairman of the supervisory board of Volkswagen Group from 1993 to 2015) and Rolf Schnellecke (the director of Wolfsburg from 1993 to 2001 and the Mayor of Wolfsburg from 2001 to 2011), in which Mr VW was the dominant partner, has resulted in the rebirth of both Volkswagen and Wolfsburg (Exner, 2010).

COMPARING HISTORICAL AND CONTEMPORARY COMPANY TOWNS

Historical and contemporary examples of company towns share many characteristics – but as with any re-birth, what is reborn is not identical to what was before. Contemporary company towns are company towns of the 21st century, post-Fordist and innovation-driven economy, challenged welfare state, multi-stakeholder decision-making processes, and experience-oriented society.

In this step, we wish to compare historical company towns and contemporary examples. For this, we use a set of characteristics, selected by either literature reviews in the case of historical company towns or analysis of 12 case studies in the case of contemporary company towns. The latter was created through the analysis of 12 case studies on five levels (context, political, social, economic, and technological), that were then quantified using a 23-item checklist.

This comparison provides us with a starting ground for the presentation of the model of contemporary company towns and a discussion on its uniqueness and possible further research.

CONTEXT:
SMALL AND PERIPHERAL

Old and contemporary company towns share several characteristics with regard to the context of their formation and growth. These common characteristics stem from the purpose of the company town — being “a method of opening-up the possibly unexplored, usually unexploited, territory”, but also unexplored and unexploited human potential. Peripheral location, away from main centres and clusters, a rather small size within national context, and the intertwined growth of the city and the company describe both old and contemporary company towns.

Nevertheless, these characteristics are expressed in a slightly nuanced manner. Several historical company towns, whose location was mostly in remote, unexploited territories (to be close to natural resources, cheap land or cheap workforce), have through time evolved and can today be observed as contemporary company towns. The location of contemporary company towns can thus be influenced either by its history of being also historical company towns or as a consequence of a contemporary search for optimal human and natural resources. The common — and for many urban geographers contradictory — is the search for input resources away from other companies, potential collaborators and large urban areas with skilled, often unlimited and self-reproducing workforce.

Remote location, defining influence and dependence on one anchor company result (once as well as today) in a rather small town. Similarly, newly formed contemporary company towns (the ones not being consequences of the evolution of historical company towns) commonly

form in existing, small towns where benefits of a company town are the most easily achieved.

However, historical and contemporary company towns differ in some defining characteristics. While historical company towns housed rather (ethnically and religiously) homogenous population that was physically segregated within the town based on its position within the company, contemporary company towns are the opposite – their population is often very diverse with percentage of foreign-born population being much higher than in neighbouring, often larger and economically more diverse cities. Their population is not psychically segregated – on the contrary, mixing, mingling and interacting is welcomed and encouraged as it is believed it increases innovation, creative collisions, and creates good working environment.

Moreover, the paternalism that was common in historical company towns and one of the main disputable elements in the clash with the emerging welfare state, has mostly disappeared from contemporary examples. This can be explained with the state regulation protecting basic human rights which was established in the 20th century and with a transition to post-Fordism and innovation-based economy that cannot and should not regulate, normalize or standardize all aspects of production and life of its workers as these paternalistic measures would hinder the innovation potential itself.

TECHNOLOGICAL:
DIVERSIFIED PORTFOLIO OF NON-PRIMARY ACTIVITIES

Although a modern corporation has gone through a number of restructuring processes under post-Fordism and the shift towards the knowledge economy, physical clustering of their core competences like R&D, marketing and product development along with external stakeholders involved in research and advanced manufacturing has remained a key aspect describing the contemporary image of a company town. The economy of these towns, like their historic counterparts, revolves around one anchor company which, compared to the old, does not own all of the assets required for its success but rather relies on outsourcing and collaborations with local stakeholders in order to achieve and maintain competitive advantages.

Thus, while in the historic examples outsourcing was used exclusively to support non-primary activities associated with company towns (social care, education, services, housing…), today the level of involvement of small enterprises has expanded towards primary activities facilitating flexible specialisation and rapid cycles of innovation for the less flexible corporations. Under this new understanding, large companies are heavily investing in the provision of services and amenities in order to attract start-ups and SMEs to be part of their ecosystems.

Similarly to historic company towns, contemporary businesses use the city as an environment to grow and expand their company portfolio by transforming CSR and branding activities into new sources of revenue, but they are now seen in a much broader scope than just mere geographically bounded secondary revenue streams supporting company's main production. Under the new knowledge-based economy, the urban becomes the main "basin of immaterial

labour” facilitating “collisions, community and co-learning” which can be tapped into in order to internalise positive externalities and develop new scalable products and services which can be sold globally. The urban is now both a test bed and a place for co-creation of new products based on social-innovation.

SOCIAL:

ENSURING SUFFICIENT SUPPLY OF LABOUR THROUGH INVOLVEMENT IN PROVISION OF SOCIAL SERVICES

One of the key determinant aspects for the formation of historic company towns was a reaction to the lack of social care for workers in “normal” cities which in turn translated into poor economic performance for the company. The company town was in this sense a pioneering device needed to ensure the sufficient supply of labour while limiting social unrest. In many ways, its socially-engineered environment built on basic provisions of standardised housing, healthcare, education, leisure activities, infrastructure and basic amenities represented the inspiration for the beginning of the welfare state and as historic company towns became normalised, the same happened with their social offering.

Nevertheless, as mentioned in the chapter dedicated to social changes in the 20th century, the market, civil society, and family still played a role under welfare regimes, complementing the state in different ways within different countries. With the retrenchment of welfare state beginning from the 1980s, some but not all of the state provisions have been privatised and deregulated, allowing yet again the market to take on a more prominent role in society.

The main difference between historic and contemporary company towns therefore comes from the historic overlay of contextualised welfare regimes. If in historical cases, the company needed to provide most or all of the provision of services and public amenities of a company-owned town, contemporary examples, especially in countries with a strong background of state welfare interventions only need to provide services in line with strategic corporate objectives, allowing them to attract highly skilled employees by investing in the “quality of place”, developing new

products though social innovation or enhancing global company image by connecting social responsibility with marketing.

Furthermore, the reconceptualization of corporate social responsibility through corporate citizenship, where stakeholder groups are seen as citizens of the corporation which in turn is an analogue of the state, makes a clear link to the role played by companies in historical town examples.

ECONOMIC:
OVERLAP OF CITY'S AND COMPANY'S BRAND

The core difference between old and contemporary forms of company towns resides in the shifting of the way in which companies define themselves and their products which are in turn influenced by the economic stage in which they have been conceived. Nevertheless, as Pine and Gilmore (1999) argue, new economic stages represent merely additions to the previous ones, new steps in the progression of economic value, thus allowing us to observe core similarities between the old and the new companies, their products and their cities.

While industrial economic offerings of historic company towns were external to the buyer, contemporary intangible goods are inherently personal, existing only in the mind of an individual who has been engaged on an emotional, physical, intellectual, or even spiritual level (Pine and Gilmore, 1999). Subsequently, while marketing of industrial standardised goods was characterised by unidirectional communication between the company and the consumer, contemporary product brands escape the control of the marketeer and their identity is co-created by a brand's stakeholders. Creativity in designing "vessels" filled with consumer meaning instead of efficiency in production of goods thus becomes the main source of revenue and the main form of expression for a contemporary company.

As a result of these shifts, space as a tool of corporate image promotion, in itself not new, is enriched with new layers of meaning. Historic corporate spaces were built to emphasise efficiency. Their prime architectural icon, the office building located near the production plant, was usually not open to the public and its design based on rationalist architecture principles

emphasised a company's dedication to efficiency under hierarchical management. The same principles found in mass production were further replicated across the entire historic company town from housing units to department stores as a means of promoting company identity to its workers and to potential business partners. Today, corporate imagery has become narrative and provides opportunities for performances and emotional experiences. As a result, its architectural palette has also expanded towards the incorporation of new types of spaces from museums to theme parks, from concept stores to hybrid spaces of production and consumption where the brand opens up and allows all of its stakeholders to experience it and participate in its constant remaking.

A company's own city or place of birth has always played an important role in promoting a company's identity and brand, but if in historical cases this connection between city and company was used primarily to facilitate business-to-business connections by projecting an image of the owner as a reliable and well-standing business partner, today, in line with the expanding understanding of company stakeholders, the company-city relationship has expanded and the city is understood as a meeting place for all of the company's stakeholder groups, attracting not only employees and business partners but also consumers and engaging them in the development of new products and experiences.

Historic industrial era and contemporary knowledge economy companies seem radically different in both their scope and their image but they represent mere evolutionary steps in an ongoing renegotiation of the role of the company in society. As a consequence, their cities still play an important role in enforcing trust in the values of the company, just that these values are no longer a given but a result of co-creation.

POLITICAL:
LONG-TERM HOLISTIC PRO-GROWTH PARTNERSHIPS

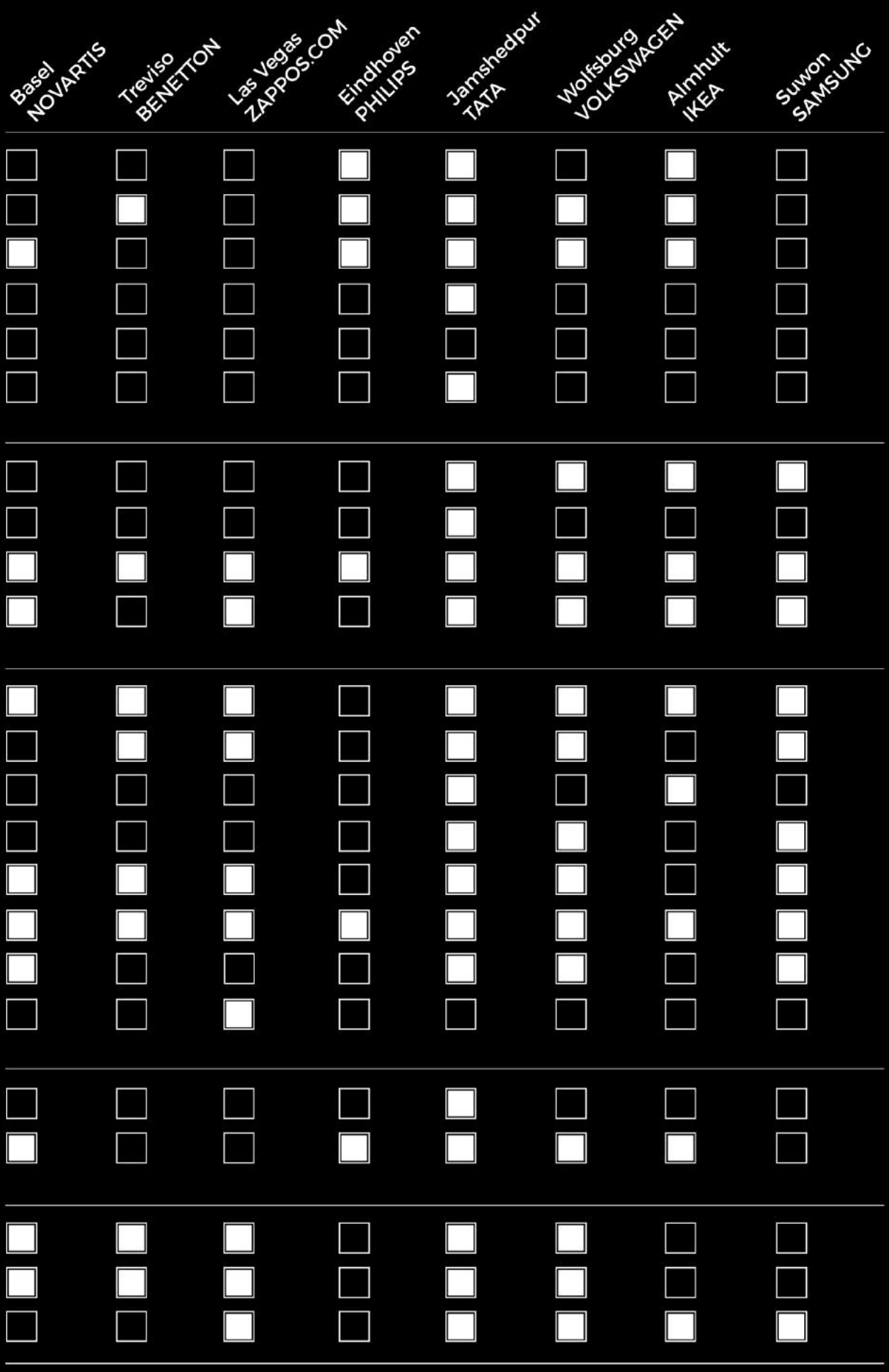
In both, historical and contemporary company towns, the anchor company is the main private actor in the city, influencing decision-making process with formal and informal methods. This influence is however not ad hoc, spontaneous and short-sightedly opportunistic, but develops into a long-term holistic pro-growth partnership that is perceived as beneficial and positive by private and public part.

Despite their similarities, the way how this partnership is achieved and maintained differs between historical and contemporary company towns. While in historical company towns, the power of the anchor company came from its ownership of the land, facilities and often from full control over governing bodies, in contemporary examples a unique form of urban regime is established. The anchor company develops its own mode of functioning in order to ensure the long-term development of the urban area – it forms an assemblage of public and private actors, each possessing resources needed to govern, through which it organises a joint partnership that can gather the capacity to govern and pursue common objectives. If a historical company town meant a takeover of public governing bodies, a contemporary company town is a political institution, a combination of public activities, programmes, instruments and legal bodies, and corporate structures, influential representatives, affiliated real estate companies, ambitious in-house education programmes, R&D's open-innovation activities, etc., all tied together through several multi-issue private-public partnerships, shared values and personal connections. The approach to urban governance in contemporary company towns is strategic and holistic – the anchor company involved in urban governance does not search for its own benefit in the first

place, but for the benefit of the urban area, which will in turn benefit the company. Since it is the main employer and economic actor, the results of its activities are easily observed and internalised/monetised.

Multi-stakeholder governance regimes demands citizen participation and involvement of civil society – unlike historical company towns where self-organisation and participation of employees was often forbidden – and plays a normative role in contemporary governance structures. Numerous voluntary networks of interested citizens and businesses, initiatives, platforms and agendas are present and encouraged in contemporary towns – however, often only when they recognise and agree with the governance process.

CHARACTERISTIC OF HISTORIC COMPANY TOWNS	Billund LEGO	Bentonville WALMART	Beaverton NIKE	Herzogenaurach ADIDAS
CONTEXT				
Peripheral location	☑	☑	☑	☑
Small city (on a national scale)	☑	☑	☑	☑
Growth of the city is associated with the growth of the company	☑	☑	☐	☑
Homogenous population (not ethnically mixed/working class majority)	☐	☐	☐	☐
Physical segregation based on position within a company	☐	☐	☐	☐
Paternalism	☐	☐	☐	☐
POLITICAL				
The company is the main private actor in the city	☑	☑	☐	☑
Not promoting citizen participation and citizen groups/unionization	☐	☐	☐	☐
Informal influence on decision-making	☑	☑	☑	☑
Long-term holistic pro-growth partnerships between city and company	☑	☑	☑	☑
SOCIAL				
Provide sufficient supply of specialised labour	☑	☑	☐	☑
Showcase of broader social responsibility	☑	☑	☑	☐
Involvement in provision of housing (open market/subsidised/free)	☐	☑	☐	☑
Involvement in provision of healthcare (service/built infrastructure)	☐	☐	☐	☐
Involvement in provision of education (day-care/school)	☑	☑	☑	☑
Involvement in provision of leisure activities (employees/general population)	☑	☑	☑	☑
Investment in public infrastructure (transport, parks, sanitation...)	☑	☑	☑	☑
Involvement in provision of basic services (groceries, clothing...)	☐	☐	☐	☐
ECONOMIC				
The product is defined by its materiality	☐	☐	☐	☐
The company brand defines the city brand	☑	☑	☐	☑
TECHNOLOGICAL				
Close proximity of production-, management- and R&D facilities	☑	☑	☐	☐
Support of independent enterprises in the city	☑	☑	☑	☑
Diversified company portfolio in the city	☑	☐	☐	☐
TOTAL	**15**	**16**	**9**	**13**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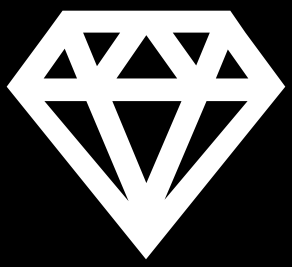


THE MODEL OF CONTEMPORARY COMPANY TOWN

Based on the comparison between historical and contemporary company towns, we can discuss the theoretical and abstract model of the contemporary company town. Again, we can distinguish between four deeply connected and overlapping elements of contemporary company towns:

- **Contemporary company town as an innovation milieu;**
- **Contemporary company town as a labour force organiser;**
- **Contemporary company town as a symbolic node;**
- **Contemporary company town as a political institution.**

Each of the contemporary company towns is indeed specific and the strenght and importance of its four elements is a response to the technological, social, economic and political environment that shapes its past, present and future. The presented model is thus an ideal-type, abstraction, yet helpful in explaining this interesting phenomenon.

CONTEMPORARY COMPANY TOWN AS AN INNOVATION MILIEU

Gradual shifts from Fordism towards post-Fordism and flexible specialisation have changed the way we define and analyse a company, from a rigid enclosed structure which enforces internal efficiency through different layers of hierarchical management towards a decentralised "hollow corporation" organised "from top to bottom to pursue continuous improvement of methods, products and processes" (Best, 1990), outsourcing non-core activities to specialised suppliers (Van Dijk, 1995). This new approach allowes the corporation to focus only on the activities from which it can develop distinct "core competences" (Hamel and Prahalad, 2013) while gaining greater cost savings (Williamson, 1996) and flexibility in adjusting to competitive and fluid markets by relying on supplier networks composed of small flexible enterprises. This new type of organisation can only be analysed and understood as a social, political and economic whole, larger than the firm itself. Its management is no longer directed only towards maintaining internal control but towards maintaining, supporting and enhancing its external network of stakeholders which usually goes beyond simple contractual arrangements and involves partnerships, collaborations and knowledge transfers resulting in a combination of vertical and horizontal types of collaboration. Moreover, increased competition on non-price factors (improved quality and performance, responsiveness to customers and customization)

gave rise to the importance of innovation instead of manufacturing alone. Contemporary cycles of innovation cannot solely be managed by internal industrial research departments so, as with manufacturing during the 1980s, we are witnessing yet another paradigm shift towards the practicing of open innovation by tapping in what is defined as a milieu of innovation.

Although contemporary literature defines open innovation systems through their horizontal architecture in comparison to the “silo-like” vertical channels of past technological eras, contemporary company towns manifest a mixture of both approaches.
This aspect can be explained in two ways, either as a consequence of the slower adaptability of large integrated corporations to changing market conditions or by understanding the company town as a deliberate control mechanism for open innovation and positive externalities resulting from their anchor regional position.

In order to proceed further, we will split our analysis in three parts, each focusing on one part of the production systems observed in contemporary company towns. We will first look at traditional production systems and what role company towns still play compared to their 19th century ancestors. In the second part, we will analyse their existing role in internal company innovation and how the urban environment is used as a living lab for enhanced company products, and in the third section, we will look at how companies are attracting and controlling open innovation which in turn allows them to diminish the risks associated with the transition towards completely new markets.

TRADITIONAL INTERNAL OR EXTERNAL PRODUCTION THROUGH VERTICAL ORGANISATION

Although much of the production traditionally associated to historical company towns has been outsourced to other regions or continents due to a mainstreamed pursuit of economic efficiency, some of our case studies still maintain internal or subcontracted specialised production in their home region. Their reasons range depending on their economic sector and target market from maintaining highly specialised production closer to home to keeping some production closer to parts of their high-end target market or as marketing tools, referencing their heritage and tradition. LEGO still makes some of its more complex technical parts in Billund, Benetton uses its diminishing network of Italian suppliers for short product runs or fine garments but all in all, the main reason for keeping a small part of production in these areas relates more to prototyping of new products in close relationship to the company’s expanding R&D regional centres (e.g LEGO’s Concept Factory).

INTERNAL PRODUCT INNOVATION AND COMPANY TOWNS

As one of the “core competences” and differentiation mechanisms, product development and R&D contrary to production has been kept and reimagined by contemporary corporations. Although globalisation and constant international growth of companies have dispersed research throughout the corporate landscape (tapping into local resources around the world),

an important part of R&D is still closely associated with company headquarters and thus, with company towns. Here, the influential role of the company in driving overall local development allows R&D a wider margin of play by embedding product development into local CSR or with other local company assets (e.g. flagship stores, theme parks, museums) or by connecting it to the entire city development strategy.

In the past few years, LEGO's goal of embedding its system of play into educational programmes has steered large investments into the local Billund educational system through investment in 15 Educational Studios in local schools which act as research laboratories where company employees can learn and test how children interact with their products, ultimately developing new and more advanced systems of play.

ATTRACTING, GROWING AND CONTROLLING EXTERNAL OPEN INNOVATION IN COMPANY TOWNS

Similar to externalisation of production in the 1980s, today companies cannot only rely on slow internal research and development in order to keep up with increased global cycles of innovation. Furthermore, developing completely new lines of products or entering new emerging markets involves higher risk-taking which could be better managed by collaborating in larger networks of cross-sector partners, each with its own know-how and network of stakeholders facilitating innovation at different levels throughout the product development process.

The biggest challenge with open innovation is uncontrollable nature, which in large urban environments, similar to other positive externalities, cannot be tapped into and fully internalised by lead companies. Hence the question posed by many scholars is what is the right balance between controlled and open innovation. In this context, company towns provide a favourable environment for the lead company wanting to profit from external innovators. It is a controlled environment, where the historic presence of the company provides it with advantages in leveraging development towards its own growth objectives but it also involves challenges in building an inexistent innovation system which is usually associated with one-company town.

With the exception of our Novartis case study (see appendix) which is positioned in an area with a long standing tradition in research and innovation (as a consequence, the challenge is to control and internalise existing open innovation), all the analysed companies are trying to build an ecosystem for external open innovation around their company towns. The "chain-linked model" implies the attraction of a diversity of actors ranging from public research institutions and universities, start-ups and established complementary businesses along with the development of a new layer of institutionalised governance and informal networking and collaboration between individuals (social capital).

The most extreme and unorthodox case is Zappos.com in downtown Las Vegas which has built its entire urban development business model as a city with a business incubator for start-ups

based in cruel market conditions – giving chance to a very diverse range of business ideas, but shutting them down as soon as they prove to be economically nonviable (Corbett, 2014). The Downtown Project is pioneering a “hybrid between the company and a city” (Witcher, 2012), focusing on collisions, community and co-learning that will lead to “happiness, luckiness, innovation and productivity” (Corbett, 2014) while providing Zappos.com with new market segments through external risk-taking of others.
Other cases approach the shift towards controlled open innovation in more classic ways by investing in new public-private research institutions (Volkswagen, Novartis, LEGO) or by luring in start-ups through the provision of anchor company know-how and specialised facilities (Phillips, LEGO).

Another important aspect for steering open innovation is the creation of governance through pro-growth partnerships with local public institutions or private-led initiatives usually established as BINGOs (Business and Industry Non Profit Organisations), see Walmart’s involvement in the Bentonville Blueprint and other local initiatives, LEGO’s Capital of Children NGO or Novartis’s MetroBasel, just to name a few.

Outside this rather institutionalised platforms, open innovation strives on local social capital, a more grassroots approach to connections through informal networks and interpersonal interactions. While this is harder to point out without a detailed case-by-case study, it is clear that local CSR strategies play a two-faced role by promoting “quality of life” objectives and thus creating a striving social environment for company employees and external company partners.

From a technological perspective, company towns thus represent a paradox between attracting and promoting open innovation and developing innovative mechanism of controlling and internalising it which goes beyond traditional research on rent control towards more biopolitical approaches through governance and social capital.

CONTEMPORARY COMPANY TOWN AS A LABOUR FORCE ORGANISER

A welfare state, born from the need to combat the failures (insufficiency, particularism, paternalism and amateurism) of the private sector (Salamon, 1987), with the aim to strengthen the support for the liberal-democratic state in the times of growing popularity of socialism, and to enable Fordist capitalist accumulation, came under pressure in the 1970s. For decades, the Fordist compromise between the state and the capital sustained and "guided" the Fordist accumulation regime, creating aggregate demand and generalised mass consumption norms, both to enable and support the rise of economies of scales, pursued by Fordist firms. However, in the 1970s, it was confronted by internal (ageing populations, declining birth rates, changing gender roles in households as a result of the mass entry of women to the labour market, the shift from industrial to service economy, new technologies in the organization of work) and external challenges (international competition that hindered its redistributive scope and de-commodifying power, rescaling, and internationalisation of companies) (Palier, 2006; Hemerijck and Eichhorst, 2009). A Schumpeterian workfare state, aiming to enable and support post-Fordist accumulation regime through promotion of innovation and structural competitiveness (Jessop, 1993), emerged. Consequently, in Schumpeterian workfare state the social policy was subordinated to the demands of increasing competitiveness, often out-sourced or left to ("the invisible hand of") the market.

However, in several small cities and towns, ("the invisible hand of") the market did not succeed in creating business-friendly society, especially with regard to securing the needed amount of properly skilled workforce that large companies demanded. As the redistributive role of the

welfare state was supplemented with the neoliberal uneven development, small cities could not retain the skilled, educated and creative workforce that was attracted to large urban nodes.

In order to continue with our explanation of social aspects of contemporary company towns, we will split this discussion in three sections: firstly, we will take a look at main motivation (incentives and objectives), secondly at financing models, and thirdly at the repertoire of social programmes and infrastructure.

INCENTIVES AND OBJECTIVES OF SOCIAL ASPECTS OF CONTEMPORARY COMPANY TOWNS

Large companies that wanted to technologically and economically advance into post-Fordist production and innovation-based economy, thus needed to take action and increase the involvement in the local community, often through social policy aimed at attracting, retaining and training needed workforce for their long-term business plans. As already pointed out, smaller towns under the neoliberal Schumpeterian workfare state are more likely to experience a mismatch of skills, especially when the anchor company changes its industry, alters global distribution of activities, or enters a new regime of accumulation. Joint actions of the city and the anchor company in contemporary company towns thus often address this issue with strategic and structural social reforms that aim at re-education and re-training of the workforce, and development of new, often service economy to support the changing anchor company and create complete value chains. For example, the crisis of Volkswagen AG and subsequent restructuring/repositioning in the 1990s resulted in severe structural crisis with almost 20% unemployment in Wolfsburg. AutoVision, steered by Volkswagen AG and supported by the city, addressed the crisis with a long-term structural reform that eventually lowered unemployment levels, created new businesses, and developed previously almost non-existent service economies (around the Volkswagen's visitors centre, recreation activities and museums).

To enable uninterrupted market activities, voluntarist philanthropy and corporate social responsibility programmes are integrated with internal strategic objectives and redefined as an economic tool to gain competitive advantage and social capital (Nahapiet and Ghoshal, 1998). Moreover, they become a method of developing strong links with the local communities and alleviating risk and the threat of damaging publicity (Cannon, 1994; Carroll, 1993; Solomon, 1997) but also a method of synergistic value creation by potentially tapping into unseen commercial opportunities. Since nonmarket strategies are especially needed in companies with greater social exposure (the ones that come into contact with a greater number and diversity of stakeholders) and in firms pursuing diversification strategies, they are increasingly present in anchor companies of contemporary company towns.

In downtown Las Vegas, Zappos.com, one of the Fortune 100 best companies to work for, has extended its care for good workplace conditions and attempted to create a community feeling while increasing productivity and innovation within the company. As company's USP is based

on excellent customer service, stemming from the good working conditions and satisfactory workplace of employees, it needed to initiate several community-oriented services around newly created headquarters. Downtown Project is the owner of and/or investor in over 300 businesses and legal entities which collectively employ more than 900 people. In many cases, Downtown Project is the co-owner with the founding entrepreneurs, while “Operations” are fully owned and operated by Downtown Project-affiliated entities. Out of 350 million dollars, 50 million dollars of investments were designated to education initiatives (improving the quality of education, exploring innovative ideas, pedagogic insights, new techniques in teaching, teaching creativity and entrepreneurship in K12 school, and supporting college graduates who wish to become entrepreneurs and want to relocat to downtown Las Vegas). Downtown Las Vegas is thus becoming an important asset of Zappos.com in attracting young and motivated workforce to Las Vegas, a city that does not have a reputation of a “place to work”. Downtown Project has thus succeeded in creating the experience of living in an inspiring and dreamy city/community.

COMPANY TOWNS’ SOCIAL PROGRAMMES ON THE MARKET

In most cases, social programmes and infrastructure provided in contemporary company towns have several and diverse sources of finances that are, however, mostly dependent on the market. The services and infrastructure are offered to employees on the market and occasionally subsidised by the anchor company.

It was only in Wolfsburg that we have noticed a unique financing model, where social activities (employment of citizens, provision of education, energy, healthcare, nutritional and exercise advice, health courses, leisure activities, real estate development) come at the expense of neither Volkswagen AG nor Wolfsburg – they are mostly financed by staffing and employment agency PersonnelServiceAgency (PSA) that is a part of the Wolfsburg AG joint venture (Harth, 2000) and by companies that use their services (e.g. preparing workers for work abroad, healthcare packages, training programmes…). This enables Wolfsburg city to be almost without debt, while Volkswagen AG does not spend money on social programmes.

REPERTOIRE OF SOCIAL SERVICES IN COMPANY TOWNS

Unlike in the cases of corporate citizenship in diversified cities where aspatial stakeholders are taken as company’s citizens, in contemporary company towns the anchor company’s realm of interventions becomes the town and its inhabitants as a whole, leading to a creation of a new social institution that plays an increasingly important role in the provision of services in the times of neoliberal economic policies of deregulation and privatisation. The anchor company with its affiliated companies, platforms, initiatives and programmes partly takes over certain functions with regard to the protection, facilitation and enabling of citizen’s rights. Similar to the case of corporate citizenship, these roles range from: the providing role by supplying or not supplying individuals with social services (most often in contemporary company towns, especially in the fields of education and sport); the enabling role by capacitating or constraining citizens’ civil rights (uncommon as the state in most cases remains the protector); or the channelling role by

being an additional conduit for the exercise of individuals' political rights (usually through non-governmental platforms and initiatives, initiated by the anchor company).

With these activities, contemporary company towns are a model of socially-engineered environment where the relationship between the capital and the labour is renegotiated, in many case with limited involvement of public authorities. The anchor company establishes a unique relationship with its employees and its families through numerous social programmes and investment in social infrastructure, and becomes the provider of rights that were before expected from the state. Only through this renegotiated relationship between the labour and the capital that is based on the dominant role of the anchor company and company-subsidised services and infrastructure, the anchor company can ensure a long-term supply of educated, skilled, healthy and motivated workforce.

Nevertheless, the repertoire of contemporary company towns' social programmes and services is limited to strategically selected topics addressing the company's main challenges, while other topics, perhaps also important or to some social groups even more so, are left aside. As Downtown Project of Zappos.com states, it is not a charity or non-profit, and notes that "due to limited resources, [they] unfortunately aren't able to address and solve every single problem that exists in a city" (Downtown Project, 2016). Services offered within the portfolio of Downtown Project may thus address some social and public needs, but are mostly provided as for-profit services and products on the market, exploring potentials for new markets and innovating social services.

A contemporary company town as a labour force organiser is thus once again challenging the century-long division of roles between the company and the state, and redefining its responsibilities and rights of the role of the corporation in the society.

CONTEMPORARY COMPANY TOWN AS A SYMBOLIC NODE

The first company towns were mechanisms designed to facilitate increased productivity under what is widely acknowledged as the industrial economic turn. They were, as the technological innovations of their time, tools used to concentrate and control efficient production of standardised goods that would satisfy the increased societal demand for material fulfilment. Since then, different stages of economic value creation have acted as additional layers in order to serve the growing customer demand for social and personal growth. This can be observed in both Pine and Gilmore's (1999) conceptualisation of economic stages and Mogensen's (2004) Industrial, Dream Society and Creative Man Logics which underline the gradual shift towards the increased importance of experience and atmosphere of either a physical or an immaterial product.

From the supply side perspective, these shifts have been conceptualised by redefining the product as a brand co-created by brand owners (the company) and brand agents (its customers). Furthermore, contemporary marketing emphasises yet another shift from product branding towards corporate branding as a method of increasing a company's visibility, recognition and reputation in ways not fully appreciated by product-centred approaches. This new holistic approach dismantles the boundaries between customer-based images and the image formed and held by its other stakeholders and thus provides the companies with new mechanisms of experiencing and co-creating the brand.

Under the experience turn, both products and corporate brands as broader conceptualisations of the former, acknowledge the qualities of space as a tool to enhance brand equity. Contemporary

brand spaces act as “icons, cornerstones or lighthouses for brands, for their image and for their relationship to their agents” (Sonnenburg and Baker, 2013) through their “architectural, program/utilization concept, economic and organizational dimension”. In product branding, brand spaces are used as meeting spaces between global brands and local consumers by connecting and re-imagining products through local identity, place, social characteristics and cultural context. For corporate branding, the same place-specific renegotiation is valid but its contextual integration is deeper and more holistic, going beyond targeting potential customers towards promoting corporate social responsibility, corporate culture and identity in order to maintain and attract new employees, investors, suppliers, partners and local communities.

In this new framework, the renegotiated role of the company town is shifting from being the main site for the physical production of goods towards becoming an important node in a global network of R&D and product development, but more importantly a central node for a global product brand-building process starting from the early stages of brand awareness towards brand association and ultimately a space for building and maintaining brand loyalty. As icons of brand production, they also become new types of spaces of consumption, not for the product but for the brand through brand tourism. More importantly, although contemporary literature on global cities dismisses the high concentration of corporate headquarters located in small towns as a mere historical result (Taylor and Csomós, 2012) of their initial formation, company towns represent an important asset for corporate branding which combines the company town, the symbol of a company’s heritage, with the vision of its leaders for the future (Hatch and Schultz, 2003).

In order to fully explore the entangled economic incentives hidden behind a company’s interest in maintaining and developing its company towns, we will split its description into two parts. The first focuses on its role in what was previously researched as “brand spaces” or “brand lands” (Mikunda, 2004), “brandscapes” (Sherry, 1998) or “brand places” (Ponsonby-McCabe and Boyle, 2006) referring to the company town as a space of consumption targeted towards a brand’s customers and a second part focusing on the wider implications provided by analysing the company town through processes of holistic corporate branding.

The use of space for product branding has been an important topic of research for contemporary scholars along with its physical embodiment as brand museums, corporate branded leisure parks/brandparks, corporate branded sports and event venues, flagship/concept stores or mobile/temporary branded space.

What makes the case of company towns different is a series of overlapping factors: the physical clustering of such spaces in close proximity to one another, the misbalance of power between the company and other local stakeholders, including local public authorities and the long-standing local company heritage and investment along with its reuse as part of contemporary corporate branding. Although case by case variations exist, based on each brand’s target group and economic sector (e.g. Novartis products do not directly cater to end-users), all of our 12 case-study companies invest in constellations of interconnected brand spaces.

In Billund, LEGO has been one of the first ever companies to open up its own branded theme park – as early as 1968. Seen alone, it fits into the categories defined by existent literature, but by looking at it in the wider context of Lego Group's portfolio in the city which consists of a LEGO Hotel, LEGO Holiday Village, a LEGO Idea House and the currently-under-construction LEGO House (an experience centre combining public space with a brand museum and a corporate office) it is the synergies between these spaces that come into focus and create a richer experience of the brand incorporated into daily life, ultimately transforming the entire city into a LEGO brand asset. Similar to LEGO, Adidas's World of Sports open campus combines concept store shopping experiences with sports, an experience museum and open research facilities promoting collision between customers, employees and brand ambassadors. In Wolfsburg, Volkswagen's investment transformed the industrial part of the city into a showroom for the group's brands (Audi, Bentley, Bugatti, Ducati, Lamborghini, MAN, Neoplan, Porsche, Scania, SEAT, Škoda Auto and Volkswagen Commercial Vehicles) by commissioning 400 architects to design and build Autostadt, a 28-hectare-large theme park which features a museum, pavilions of the principal brands, a customer centre, the factory, an exhibition on the evolution of roads, a cinema and car storage towers.

Going beyond consumption, company towns represent the perfect locus for corporate brand building. We will continue our analysis by looking at how companies use these urban spaces to promote, guide and develop their corporate images (external perception), organisational culture (internal values) and how a company's own strategic vision (global vision about the future) is reflected in local urban development strategies.

CORPORATE IMAGES AND THE COMPANY TOWN

If brand spaces are usually analysed as consumption spaces, companies also use the space to attract other types of stakeholders. Novartis's Knowledge Campus, Wolfsburg's Innovation Campus, Eindhoven's High Tech Campus and the Downtown Las Vegas Project are all designed to attract external innovation into the company by promoting their corporate space as a platform for dialogue and co-created innovation. Furthermore, by blurring the boundaries between consumers and other company stakeholders, new types of synergetic brand spaces are born. Here, customers can freely interact with a firm's employees and collaborators and co-create new products and experiences (e.g LEGO's Play User Lab was imagined as a platform for a free exchange of information between internal company R&D, its users and start-ups). Although these types of spaces fit better with debates on contemporary technological development, open innovation is frequently used as a marketing tool around which new corporate images are constructed with the final goal of attracting outside innovation inside the company.

ORGANISATIONAL CULTURE AND THE COMPANY TOWN

Company towns are also important drivers of wider corporate organisational culture. For many of our case studies, they signify the birthplace of a company and thus play important roles in reaffirming the company's heritage and tradition.

Benetton's culture of inclusion and diversity conceptualised in its "United Colors" is deeply rooted in its Veneto region's flexible specialisation beginnings (with over 560 small family business subcontractors). The other way around, IKEA's global "Made in Sweden" brand cannot maintain its "Swedishness" without Älmhult. In connection with the city, a company's culture becomes more "»real" and authentic while its rootedness in daily life makes it more appealing for potential employees. "Creative men" are more attracted to socially aware companies that provide them with constant personal growth opportunities. Thus, a company town CSR becomes a tool to improve and market local "quality of life" which, together with local company heritage, becomes a global corporate brand asset.

STRATEGIC VISION AND THE COMPANY TOWN

In corporate branding, the strategic vision is referred to at a global level but in the case of company towns its driving principles are the result of a dialectical process where the local context acts as a meeting space between a company's heritage and its future development aspirations.

As a consequence, the strategic corporate vision is in the case of company towns overlaid on top of the entire city or region by using space not only as a promoter of products but as a promoter of the entire corporate vision which is superimposed on top of the city's own development strategy, reinforcing and complementing each other.

This can be observed in a large number of our case studies, the most notorious example being Wolfsburg which has been transformed into the embodiment of Volkswagen's brand values (quality, security, social competence and environmental consciousness, their holistic approach, stability and innovative approach). In this case, the social restructuring of the city went hand in hand with restructuring and repositioning of Volkswagen's brands on the market.

Similar to Volkswagen, but in an incipient implementation phase, LEGO's partnership with Billund Municipality to develop and implement the Capital of Children aims at creating a globally oriented but locally embodied urban environment with creativity, play and learning as main drivers of LEGO's and Billund's future. After its final implementation, the Capital of Children will not only transform Billund into a truly urban environment but it will also help LEGO expand its brand experience from its current enclosed brand spaces towards the entire urban environment. Älmhult's "Home of Home", Bentonville's "Bentonville Blueprint" or Herzogenaurach's "360 Lifestyle Herzogenaurach" promote similar affiliations between city and company vision but their aim is restricted only to some parts of their respective company's target groups.

Despite the many discussions about the globalization of economic activities and the notion of "footloose" companies as global players, able to easily shift fractions or even the entire company towards new parts of the world based solely on economic incentives, company towns act as strong symbolic nodes for corporate brand production.

CONTEMPORARY COMPANY TOWN AS A POLITICAL INSTITUTION

With the decline of the centralised, bureaucratic model of integration from above, the end of Fordist compromise between the state and the capital (Jouve, 2005; Mayer, 1995), and the new division of labour between scales, so-called re-territorialisation (Le Gales, 2002; Brenner, 1999), the new explanatory model put forward the importance of a multi-stakeholder network-building with the aim of ensuring the capacity to govern (Stone, 1993; Peters, 2003). In this new political culture (Clark and Hoffman-Martinot, 1998), where the government is "steering, not rowing" (Osborne and Gaebler, 1992), the business community gained the prominent role (Duchastel and Canet, 2005; Jouve, 2005; Logan and Molotch, 1987, Stone, 1993). This new network came to be understood as an urban regime (Stone, 1993), an assemblage of public and private actors, each possessing resources needed to govern (Mossberg and Stoker, 2001: 812).

However, theory did not take into consideration the cases of powerful companies that in this new political culture assumed the dominant role in urban regimes and skewed the horizontally-oriented theory. Contemporary company towns are thus an example of company-led integration from above that only came to be possible in the new participatory and capacity-seeking political realm.

In order to proceed, we thus split further explanation of the political aspect of contemporary company towns into four sections. Firstly, we will take a look at the participants in this unique political institution; secondly, at the objectives; thirdly, at the instruments; and lastly, at the outcomes.

PARTICIPANTS: MAIN POLITICAL ACTOR AND THE PLURALITY OF THE COMPANY TOWN

In contemporary company towns, the anchor company is – alongside the local government – the main actor in urban governance. An anchor company participates in the governance through different entities and affiliated companies (research institutes, public-private partnerships, real estate companies, cultural and sport organisations, etc.), thus the image of the governance often gives the impression of being pluralistic. Nevertheless, unlike in some historical examples, contemporary company towns are to some extent diversified in terms of corporate ownership. However, the participation in urban governance is due to the dominance of the anchor company and its affiliated companies often restricted and dissenting entities do not get the chance to participate in the decision-making. This is amplified by numerous voluntary networks, initiatives, platforms and agendas, initiated by the anchor company or its affiliated companies that are not bound by national regulations to be inclusive and democratic.

Since the majority of contemporary company towns are rather small with local governments with limited capacities to act, the local governments and anchor companies create alliances that strengthen both of the parties and increase their capacity to deal with challenges. For example, Billund in Denmark is a rather peripheral community, part of a larger municipality with a municipal seat in Grindsted. Through the partnership with LEGO Group, Billund has strengthened its capacity to steer urban development in the town and in many ways overcome the dominant and formal position of the neighbouring Grindsted. At the same time, LEGO has significantly benefited from this cooperation, as it has lead to increased influx of workers and tourists, and investments in public infrastructure around LEGO facilities.

Urban governance of contemporary company towns mostly functions as a tool for enabling, supporting and facilitating innovation-, research- and design-oriented production, all of which are very long-term, incremental and subtle processes. In contrast to many other discussions on public-private partnerships and inclusion of corporations in urban governance, we therefore believe that in a company town, the anchor company does not only influence the decision-making for its own (short- or middle-term) benefit, but develops its own mode of functioning in order to ensure the long-term development of the urban area – it forms its own political institution, a combination of public activities, programmes, instruments and legal bodies, and corporate structures, influential representatives, affiliated real estate companies, ambitious in-house education programmes, R&D's open-innovation activities, etc. The approach to urban governance in company towns is strategic and holistic – the anchor company involved in urban governance does not search for its own benefit in the first place, but for the benefit of the urban area, which will in turn benefit the company.

OBJECTIVE: ALIGNED CITY'S AND COMPANY'S DEVELOPMENT STRATEGY

In political terms, a company town strives towards the alignment of the strategy of the city and the anchor company. The relationship between strategies is mutual and not subordinate as in the historical examples – the city strategy does indeed support and facilitate the development of the anchor company, but not in a narrow-minded, short-term sense. On the contrary, it aims at developing other industries, too, and supports diversification that would on the long term complete the value chain of the anchor company and enable its competitive advantage on the market. For example, Eindhoven's recent change of development direction from innovation and research to design and culture comes as a consequence of Philips's gradual move from consumer electronics to advanced medical equipment and health services.

Unlike in diversified cities, the company is strategically dependant on the city, just like the city is on the company. Their goals therefore tend to be long-term and holistic – spanning from economic to social and cultural development. Nevertheless, the spatial focus tends to be concentrated on the representative areas – in the surroundings of the anchor company, main gates to the city, city centre and the connecting routes –, where the branding and marketing role of the urban area can best be applied. For example, the Capital of Children project, developed by LEGO group and several public actors in Billund, is creating a new development plan for the town that will develop the areas between Billund airport, existing LEGO production sites, Legoland, Lalandia, city centre with LEGO House, new housing area, and connect them with a series of parks, new infrastructure and common visual identity.

INSTRUMENTS: PPP AND PERSONAL CONNECTIONS

This political institution is mostly pursued through "multi-issue private-public partnership", in which the private partner (the anchor company) is commonly the lead partner. The partnerships are, unlike the majority of PPPs in other cities, multi-issue ones as they tend to address several issues at the same time. For example, Wolfsburg AG, a public-private partnership between the city of Wolfsburg and Volkswagen AG, addresses a broad range of issues with the main goal of implementing the city "AutoVision" strategy, developed by the city and the anchor company. Wolfsburg AG is involved in the provisions of education, energy and healthcare, nutritional and exercise advice, health courses, provision of leisure activities, and is one of the main real estate developers.

Moreover, despite very rarely discussed and investigated although well-known to local inhabitants, personal connections within company towns are one of the important instruments of achieving the purpose. Shared values, common hobbies and daily interaction, strengthen the ties between the management of the anchor company and city leadership.

OUTCOMES: POST-POLITICAL DEPENDENCE ON COMPANY'S SUCCESS

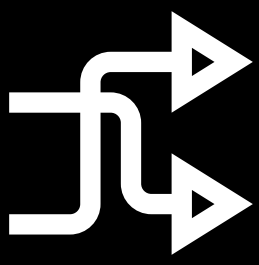
What all of the examples have in common is a highly post-political style of urban governance. Despite legally prescribed and mandatory elections (Jamshedpur in India is an exception), the

major decisions are made within the institution of the company town, which narrows the topics to few very specific selected themes, reduces the level of debate, disagreement and dissensus, and replaces it with a search for consensus and agreement that Rancière (in Swyngedouw, 2007: 11) defines as the "end of politics". However, company towns do not hide the dominant role of the anchor company nor do they stage equality or employ neo-populist rhetoric, as discussed by Rancière. The consensus is achieved through their multi-issue and long-term approach, based on decades of domination and economic power. To cite the popular TV series House of Cards: "When the tit's that big, everyone gets in line."

Just like the discussion on private governance goes beyond the discussion on privatisation of provision of public services and includes "new actor constellations and uncommon alliances between a wide range of actors that go beyond coordination or cooperation" (Pattberg, 2005: 592), company-town theory should search for uncommon alliances beyond existing conceptions of coordination and cooperation. A company-town regime – just like private governance – does not necessarily mean a takeover of public (or public-private) governance structure, but a different approach to governing, springing from a mismatch between markets and politics in terms of governance, in which the demand for rules to govern commerce has given rise to a variety of sources of supply. Private governance regimes and company-town regimes might – similar to public regimes – provide collective goods, reduce transaction costs, and decrease uncertainty, incorporate all elements of urban governance (articulating a common set of priorities for society, coherence, goal achievement, feedback and accountability), and in some cases achieve a hegemonic position over public regime.

CHARACTERISTICS	COMPANY TOWN MODEL
Policy objectives	Growth
Policy style	Pragmatic
Nature of political exchange	Consensus
Nature of public-private relationship	Concerted
Local state-citizen relationship	Exclusive/Inclusive
Primary contingency	Anchor company
Key instruments	Partnerships
Pattern of subordination	Positive
Key evaluative criterion	Growth

Governance model of company towns using Pierre (1999) approach



SUGGESTIONS FOR FURTHER RESEARCH

As the scale and scope of this master thesis was not to answer all questions about contemporary company towns, but rather to show the importance of these examples for the contemporary discussions in sociology, political studies, economics, marketing and urban studies, many questions are left unanswered and in need of further qualitative and quantitative research and theoretical conceptualisation. In the following chapter, we wish to point out several under-and un-researched topics that will be important for further research on company towns and corporate landscapes. These questions should enable other researchers to put conceptualisations on company towns of this master thesis to the test and contribute to a more comprehensive body of literature on company towns.

This master thesis examines 12 examples of contemporary company towns, developed around some of the largest and most known companies in the world. This selection is, however, not final and we believe many more examples exist. Already there are many differences among the selected 12 case studies, stemming from different social, political, economic, technological and other variables.

Question: How widespread are company towns worldwide and under which political, social, economic and technological conditions are they formed?

Moreover, the differences and similarities between anchor companies of the 12 researched case studies imply the importance of types of companies in company towns. A quantitative study could identify characteristics of anchor companies in company towns.

Question: What legal forms of companies and industry sectors are more likely to develop a contemporary company town?

The interdependence of an anchor company and its city results in sharing successes and losses. A research of failed or troubled contemporary company towns would provide a better insight into the relationship between the company and the city in times of crisis.

Question: How resilient are company towns to the crises of their anchor companies?

Question: How are anchor companies reacting to the crises of their cities?

As researched, all anchor companies provide a set of social services and infrastructure to its employees, their families and inhabitants of company towns. These social services and infrastructure in many ways merge the philanthropic approach, corporate social responsibility and corporate citizenship to develop a new, extensive provision of services/infrastructure, often on different merits than in a classic welfare state.

Question: How do social services and infrastructure provided in contemporary company towns differ from social services and infrastructure in other cities, especially with regard to accessibility, quality and financial efficiency?

As social and public services provided by anchor companies emerge from a business culture of innovation and entrepreneurship, they significantly differ from services of a bureaucratic welfare state and share characteristics of start-ups (developed around minimum viable product that is constantly being pivoted, with only exceptionally successful services being developed further).

Question: What models of public administration can be developed through running public services as a start-up (city as a start-up)?

Question: How do public services as a start-up (city as a start-up) effect the social, political, ecological and economic spheres?

The interdependence of anchor company's and city's development leads to overlapping and complementing of company's and city's brand identity. Further research could identify topics and methods of overlapping and areas where brand identities remain separate.

Question: How is an anchor company's brand identity influenced by the city itself and vice-versa?

Diverse, skilled, multi-ethnic and global pool of employees of large anchor companies significantly impacts rather small peripheral company towns. A further research could quantitatively and qualitatively study impact of the anchor company's staff and its families on cities.

Question: How socially diverse are company towns compared to a normal city?

Question: How does cultural and ethnical diversity of company towns influence their development?

Question: What are the implications of increased connectivity and mobility of people for small company towns?

Question: How is the identity of inhabitants shaped and reshaped in contemporary company towns?

Even though agglomeration effects are dynamically reinforcing (the larger the population, the greater the effects, and the more attractive it becomes for a firm or consumer to locate near others), not all economic activity concentrates in large cities. Due to several countervailing forces, from congestion (Mills, 1967; Henderson, 2003) to higher prices of land, "only producers with sufficient demand of urban space will locate where the density of economic activities is high" (Ejermo, 2005: 4). As argued by Duranton and Puga (2000) both large and diversified cities and more specialized cities play a certain role in economic production – while "diversified cities play a crucial role in the development of innovation, specialized cities are more conducive to further growth" (Beaudry and Schiffauerova, 2009: 320).

Question: What is the role of company towns in economic production, since they are both places of innovation (like diversified cities) and further growth (like specialised cities)?

The presence of urban externalities has significant implications for the city and for urban policies (Verhoef and Nijkamp, 2003: 4). Since free markets typically do not yield the most effective outcome with regards to managing urban externalities (Verhoef and Nijkamp, 2003: 4), a certain interventions are needed to achieve an efficient allocation. Kanemoto (2010: 2) argues that "in making decisions, individuals who generate externalities do not take into account the external effect on others. Their decisions therefore must be corrected to include the external effects". Since taxation/subsidies are only one – costly – approach to this issue, policy-makers turn to second best policies that are imperfect from a strict economic perspective, but more realistic from a practical viewpoint.

Question: What approaches and policies are used in internalising urban externalities in contemporary company towns and how successful are they?

So far our thesis has tackled the internal dynamics of company towns, looking at connections between lead companies and their local stakeholders. Nonetheless, the local presence of an international corporation implies, at its core, a tighter link between the usually remote small cities and global networks. This assumption comes as a contradiction to contemporary GaWC research (Taylor & Csomos, 2012) which on the one hand underlines the decreased relevance of main company headquarters in global (company) networks and sees the presence of international company headquarters in small cities as a purely historical consequence of company formation.

We believe that by expanding the analysis of company towns by encluding research on their global connectivity, either as a direct consequence of company activities or indirect consequence of their investments into infrastructure, our research could contribute to the already extensive GaWC debate.

Question: What is the position of company towns in global company networks?

Question: What are the indirect implications of company investments on enhancing a company town's position in global city networks?

Question: To what extent do company towns embody the characteristics of global cities (as defined by GaWC research)?

Considering the broad spectrum of our analysis needed to define the initial set of company town characteristics, some aspects like their spatial development have only been partially analysed, although we believe they could play a very important, even central role in the further research of the topic. Contemporary company towns are seen in our research as re-emerging after a long period in which company-related knowledge-intensive work has been reallocated into what has been defined as the corporate campus architectural typology (Mozingo, 2016), enclosed office parks providing, besides workspace, other amenities catering to improving working conditions (e.g. restaurants, fitness, public space, kindergarten).

Question: Can we trace a clear path between the evolution of the corporate campus and the spatial characteristics of corporate investments into company towns?

A company's spatial investment into company towns represents only one layer of their contemporary development. The company's network of subcontractors, collaborators and partners dramatically influences local spatial development through their own investment, clustering and new spatial synergies (LeCavalier, 2011a). Furthermore, these new company-centric clusters indirectly influence local development through their and their employees' demand for catered public and private amenities. Coupled with the newly found local market opportunism, the rapid growth and transition of these communities leave clear imprints in their spatial development, the easiest to see being the strong contrast between their recent rural appearance and their new aspirations for future growth.

Question: What are the implications of spatial clustering of company subcontractors and partners?

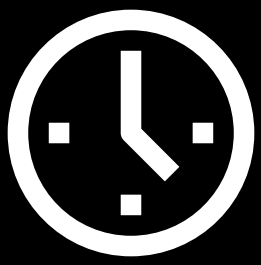
Question: What are the spatial implications of fast contemporary urban expansion of these predominantly rural areas?

The mismatch between company power and know-how and local public institutions, a recurrent theme in almost all of our case studies, is most clearly seen in terms of spatial development where the clash between company and its subcontractors' growth aspirations and lack of public expertise and control on planning regulations have given birth to what has been defined as "technoburb" (Fishman, 1996) typologies, suburbia without a centre. Their character is defined through an overlap between their past spatial suburban-like composition of low density housing and retail and their recent development of corporate architecture islands. The solely public nature of urban planning services has until recently impended company involvement and control in this areas, but examples like Billund and LEGO's joint urban development vision offer a glimpse into the potential future of planning.

Question: What are the spatial implications of the mismatch of power between the private and the public in company towns?

Question: To what extent does company town planning as a new public-private partnership typology differ from traditional urban planning approaches?

Question: How does company town planning contribute to recent debate regarding the privatisation of public space?



TO BE CONTINUED…

We wish to believe the future is bright. We wish to see the future of our cities as a bright future. We thus wish to see contemporary company towns as a beacon of this bright future and not as harbingers of the dark ages.

Indeed, times are changing. A compromise between the labour and the capital, embedded in the welfare state, that has enabled masses to live a dignified life, get educated, enjoy social and health care, and live in a mentality of ever-increasing prosperity is reducing its repertoire and recalibrating itself. National governments are losing its decisive power to transnational and local authorities, while companies that used to play by the rules are now participating in the setting of these rules. Not only companies, we, humans, have become more involved, active. We do not wish only to consume goods and services – we want new experiences, even more, we wish to participate in the creation of the products and services we use daily. The true value of today is therefore not in material goods, it is in immaterial experiences, in processes, in the collaborative innovation that creates the common. This is changing the way we work – new ideas do not emerge within the four walls of factories and offices. Workplace has expanded. Today our cities are our workplace, place where we collaborate, get inspired, re-think, collide, pivot, create and prosume.

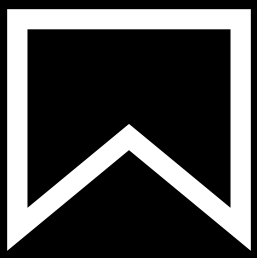
Company towns are coming back. As argued, they are a matrix of a city-wide innovation milieu, a proactive engagement in labour force organisation, a symbolic node for the anchor company and a new political institution. Nevertheless, contemporary company towns are not only a sum of a company's economic, social, political and technological activities – as we argue, they can also be an economic model, based on the internalisation of urban externalities. As urban life is full of externalities, cities are also full of untapped potential: firstly, positive urban externalities are the key determinants of the success of cities (Parchomovsky and Siegelman, 2012: 236) and secondly – what is more important for future company towns –, the internalization of urban externalities generates new sources of revenue that can be tapped into only in situations of consolidated ownership and management. Just like shopping malls and industrial parks, company towns of the future will be specifically designed to capture positive externalities. Future company towns will thus not depend on inefficient taxation and subsidizing of public functions or an inherently failed free market, but will create lively, socially-just, creative and healthy environments through innovative mechanisms that will enhance the benefits that a certain programme creates for both the town and the company.

For too long, small cities have been ignored by urban theorists. They have been disregarded, believed to only be following the development models of large metropolitan areas. But in a global urban order characterised by dense transactional networks and intense competition, absolute size is less important and small cities cannot be regarded just as a small versions of large cities. Company towns – mostly small, but global and at the forefront of TSEP innovation – exemplify this at best. They are showing us the future.

Historical and contemporary company towns have been practically ignored in academia. Except for a few descriptions of historical examples, no real interdisciplinary study on company towns has been made. Moreover, contemporary examples are again ignored as they are in conflict with predominant mainstream theories in urban studies. We wished to shed some light

on the interesting and thought-provoking aspects of contemporary company towns and their development model.

Is this envisioned future a utopia or a dystopia? Probably neither. Future company towns will be just one form of possibly numerous models of social, economic and political urban organization in the future and will answer to the needs of some companies and their employees, while other types of cities will reflect different arrangements between society and businesses. The world was never flat and with the retreat of the distributive welfare state, there will be no one to even try to make it flat. The competition between company towns and other models – and their specialised offer – will drive mobility patterns and flows of capital, and radically change our understanding of social and urban organization. If anything, the future will not be uniform.



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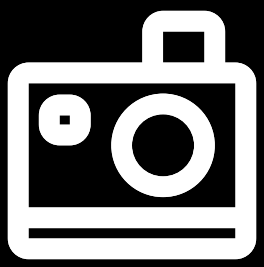

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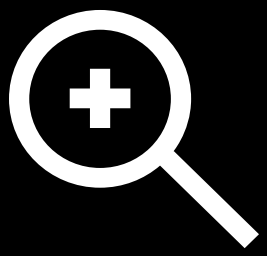


ANNEXE
CASE STUDIES


IKEA

ÄLMHULT, Sweden

Company(s): Inter IKEA (ownership of shopping centres), Ikea of Sweden (design and development), Inter IKEA Culture Centre (culture), Ikea Museum (museum), Ikano Bank (savings and investment bank), Bo Klok (housing construction), IKEA Tillsammans (corporate culture centre), Swedwood Älmhult, IKEA Components, IKEA Hotell & Restaurang Värdshuset, IKEA Communications
Industry: Retailing
City population: 9538
Number of employees: cca. 4500
Welfare system: Social-Democratic


IKEA Hotel Vardshuset
IKEA Test Lab
Ikea Logistik Centre
Scale: 1:35,000


Boklok Housing
Inter Ikea Culture Center AB
IKEA Museum
Ikano IKEA Bank
IKEA Meeting Centre
IKEA Store Almhult
IKEA Activity House
Swedwood Älmhult AB
IKEA Components AB
Technological Infrastructure
Economic Infrastructure
Social Infrastructure

CONTEXT

Älmhult is a small rural locality in Småland in Sweden. The growth of Älmhult began with the founding of IKEA in 1943 by then 17-year-old Ingvar Kamprad, and opening of first IKEA showroom in 1953 and large store in 1958. The success of IKEA business model and its globalisation increased the importance of Älmhult, as several production-, design- and management functions were kept there. In the recent years, Älmhult is experiencing several investments in infrastructure, connectivity and housing areas, as more and more people (4500 daily) commute to it. In total, there are about 500 registered companies and 1500 business owners in the municipality, the largest being IKEA-affiliated companies (Ikea of Sweden, Ikea Test Lab, Ikea Corporate Cultural Centre, Ikea Museum, Ikano Bank). With the shift of IKEA from Fordism to post-Fordism and the diversification of its businesses, Älmhult, before important but unknown node in IKEA world, is becoming not only a managerial and design node, but also a showcase of IKEA ideas and values, and a testbed for new products/services.

The first IKEA Store in Älmhult

TECHNOLOGICAL

Innovation programmes and innovation environment:

From the foundation on, Älmhult has been an important research and development centre for IKEA as main management functions were concentrated here. Despite IKEA's parent companies' being located outside of Sweden (in the Netherlands, Luxembourg and Liechtenstein) and on 301 locations in over 30 countries (Steven, 2015), all communication still needs to go through Älmhult's office, all important decisions are made in Älmhult and it was Älmhult's management that envisioned and created IKEA's business model, based on efficiency, optimisation, cost cutting and mass production/consumption.

Moreover, Ikea of Sweden, an affiliated company responsible for designing most of IKEA products, is located in Älmhult and employs 600 workers (Baraldi, 2003: 6). All IKEA's products are thus designed in Älmhult, even though a team of international professionals from Denmark, UK and the Netherlands is participating in the design, too. The design team works on around 2000 new products every year, assisted by up to 75 freelancers and well-known furniture designers brought in for one-off projects (Bell, 2015). In order to strengthen the design department and enable faster and better product development with the costumer in focus, a New Ikea Democratic Centre is currently being build (NIDC) in Älmhult (RCP Construction, 2016).

All IKEA products are designed and tested in Älmhult.

Together with other IKEA investments in the last years, NIDC is supposed to create a lively, creative milieu that would attract and retain “Ikeans” and increasingly needed talent. Municipal strategy that aims for increasing the number of inhabitants, levelling up public services, improving connectivity and creating an attractive brand is providing the necessary support, while the ongoing redevelopment of the city centre (Älmhults Kommun, 2016) is providing the physical support for a “creative scene”.

Besides creating an innovative and creative milieu, Älmhult is a pioneering ground for IKEA’s new products and services – most notably its move into hospitality services, and real estate and construction industry. The IKEA hotel Värdshuset was pioneering IKEA’s entering into hospitality services that resulted in recent announcement of developing a brand and chain of Moxy Hotels in cooperation with the Marriott hotel chain. Inter Hospitality Holding B.V., established in January 2012 to create long term value for the Property Division of Inter IKEA Group by developing and investing in hotel properties and student properties across Europe, will thus until 2023 build 150 Moxy Hotels targeting generation X and Y (Marriott, 2013). Moxy Hotels are – just like any other IKEA product – based on the study of users and are thus changing the industry (e.g. rooms are without the seldom-used closets).

Boklok Housing in Älmhult

Moreover, in Älmhult IKEA has built one of its first housings already in the 1990s. Nowadays, BoKlok housing – a housing concept, developed by IKEA and Skanska, which features affordable blocks of flats and terraced houses – is built all over Sweden (BoKlok, 2016).

SOCIAL

Motive(s) of CSR:

Due to the broad range of social and public services provided by the Swedish welfare state, IKEA’s CSR mostly focuses on global level, while local CSR mostly focuses on the provision of benefits and family friendly policies and unlike in many other case studies does not include a provision of social services by company’s institutions.

Even the cultural centre, a for-profit subsidiary of Inter IKEA that was opened in 2010, is mostly intended for corporate events and only to a smaller degree to public activities. The centre with 3000 m^2 of space comprises of a conference room for 200 participants, eight smaller meeting rooms and an exhibition space – due to the limited availability of Ikea’s cultural centre, the municipality is building a new cultural centre Kulturfabrik.

Subsidised social programmes:
IKEA offers their employees various Employee Benefits programmes – from subsidised wellness- and health-related activities, to leasing cars, employee discounts on IKEA products and discounts offered by partner companies. Moreover, IKEA has several family friendly policies (Study in Sweden, 2014).

In Älmhult's "Activity House", IKEA offers free snacks and hot drinks, subsidised meals, gym and childcare facilities for the employees of the company. A bar is run on a voluntary basis by co-workers (Bonney, 2013).

Nevertheless, IKEA does not own, operate, or subsidize other social programmes open to everyone.

Subsidised public/communal infrastructure:
IKEA does not own, operate, or subsidize any social infrastructure in Älmhult. All investments are in for-profit businesses.

Housing market in Älmhult is stagnating, as it is hard to attract private real estate developers that are averse to short-time tenants, such as IKEA workers. In 2011, IKEA announced its new development of 18 affordable houses and 20 apartments in centrally located Kvarnen area of Älmhult as part of their BoKlok business (Rydström, 2011).

ECONOMIC

Definition of the product:

> "We have decided once and for all to side with the many people. What is good for our customer is also, in the long run, good for us. This is an objective that carries obligations."
> – Ingvar Kamprad, The Testament of a Furniture Dealer, 1976

For several decades, the USP (Unique Selling Proposition) of IKEA has been cheap prices, practical storage solutions and average design quality. The Taylorist and Fordist approach to production, management, design, marketing and sales was thus based on efficiency, profitability, mass production and mass consumption. In this production system, Älmhult lost the role of headquarters as the company was divided into several corporations and foundations in the Netherlands, Luxembourg, Liechtenstein and Sweden in order to ensure the stability of ownership and optimise the costs. Nevertheless, Älmhult remained the important research and development centre, design node and management location, and it retained some of the production facilities.

In the last decade, IKEA is moving towards post-Fordism as it is reinventing its brand, business model and management structure to adapt to market changes and the increase demand for

vintage, handmade and customised products (Steven, 2015). Moreover, IKEA's globalisation and outsourcing of production to suppliers from across the globe is hurting IKEA's brand "Made in Sweden" and IKEA is trying to strengthen its "Swedishness" under the attacks and scandals.

With this shift, Älmhult is becoming an increasingly important city in its vast network of stores, logistical centres, storages and post boxes (Svengunsson, 2012: 27). If for several decades the city of Älmhult reminded of a Fordist company town, it is currently transforming into a post-Fordist company town and becoming a showroom, flagship and testbed of IKEA.

Experiencing the product and the brand:

In recent years, several new investments in representative programmes and branding activities in Älmhult have been initiated. In 2010, Inter Ikea Culture Centre was opened with the Ikea through the Ages exhibition of collection of memorabilia, early logos, catalogues and furniture from the 50s to the 00s on mere 798 m^2 of exhibition spaces (Steven, 2015). Only a few years later, in 2014, it was announced that in 2016 the museum will be moving into the Älmhult's first IKEA store, opened in 1958. After moving Älmhult store to the outskirts of the city, its original store just next to the railway station will be transformed into a museum celebrating the history of the company and its hugely popular products.

In 2016, IKEA opened its first museum. In Älmhult

Museum with 3.493 m^2 rooms of exhibition areas is expected to attract 200,000 people annually (BD+C Staff, 2014) and is announced to be "'a house of stories'; stories about people, challenges, opportunities, design, homes and home furnishing" (BD+C Staff, 2014) and will try to encourage visitors to take an active part in the IKEA story (BD+C Staff, 2014).

Moreover, the IKEA Vardshuset hotel is experiencing its second refurbishment and rebuilding in last decade. Originally build in 1964, already as a hotel, it was first extended and refurbished in 2004-2007, while in 2016 the second renovation will be finished (Vardhuset, 2016). The hotel, furnished with IKEA furniture and serving IKEA food, has the aim of becoming a conference centre for IKEA-related themes and most importantly, one of the venues of Democratic Design Day, IKEA's attempt to rebrand itself as an innovative and unique furniture producer. To strengthen its brand, IKEA is launching several new collections and limited edition products in partnership with social enterprises and craftspeople. Democratic Design Day thus showcases "furniture which interacts with technology, including lights and bedside tables which can wirelessly charge phones and laptops, to ranges which offer 'mass produced uniqueness'" (Steven, 2015).

Älmhult is thus becoming not only of strategic importance, but is gaining an important symbolic value – it is becoming the spatial embodiment of IKEA, "the home of home", a showroom

of IKEA values and IKEA Concept, a proof of IKEA's Swedishness, and a convention and educational centre for IKEA representatives from all 180 stores.

POLITICAL

Local governance structure:

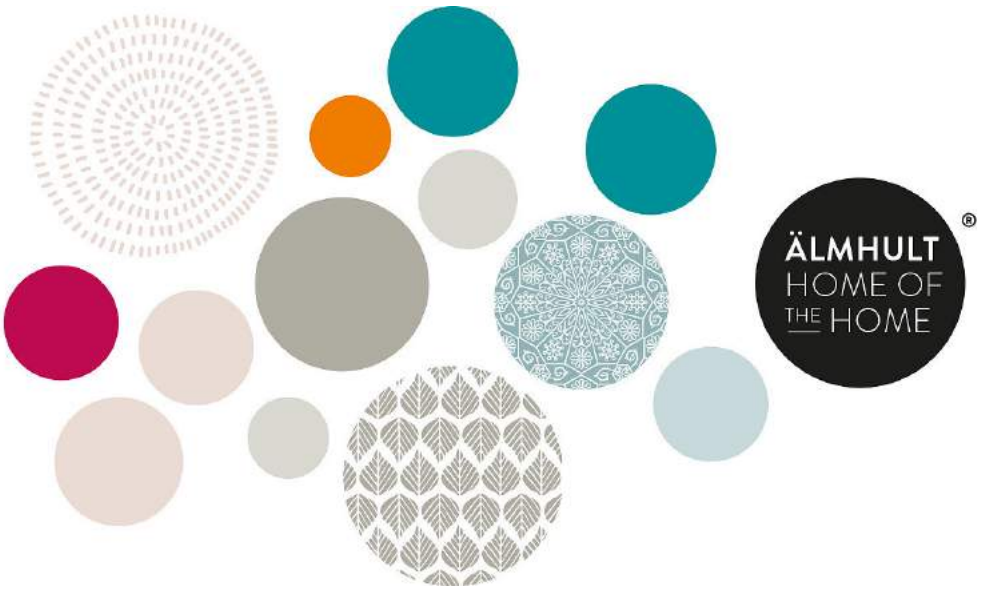
The role of IKEA in local governance is unfortunately unknown to researchers.

Vision and strategy:

The main goal of Älmhult's development strategy is the growth of population, increasing it to "20,000 residents in the long term, while the short-term goal is for the population to grow by at least 1 percent a year" (Älmhult Kommun, 2016). The Municipal Council of Älmhult has adopted a strategic development plan for the 2015-2019 period and selected priority areas (sound financial management, being a good employer, ensuring a level of basic services, such as housing, labour market and childcare, boosting the appeal of the municipality with attractive residential environments and safe environment, marketing and branding). The need for the populations' growth comes according to their strategic document primarily from the need to collect more taxes (Älmhult Kommun, 2016).

The strategy is in accordance with IKEA development plans and highly influenced by the presence of IKEA in the city. in 2015, the main branding slogan of the city has thus become "Älmhult – Home of home", based on the fact that Älmhult is the heart of IKEA (Älmult – Home of home, 2016). Moreover, the development of the urban environment, the area around the railway station and, by extension the entire municipality, will be characterized by "Älmhult – Home of home" (Älmhult Kommun, 2016).

Each IKEA store features a food corner with typical Swedish products.



Älmhult's "Home of the Home" development vision branding


NOVARTIS

BASEL, Switzerland

Company(s): Novartis AG, Novartis Pharma Services AG, Novartis Sante Animale SA
Industry: Health
City population: 165,041
Number of employees: unknown
Welfare system: Liberal Welfare


Innovation Campus Area
(part of 3Land Vision)
NOVARTIS Centre
de Biotechnologie
Novartis Sports Area
Kinderkrippe Basel
FRANCE
SWITZERLAND
Scale: 1:70,000


FRANCE
GERMANY
GERMANY
SWITZERLAND
Novartis Santé Animale SA
Ara Steih Site
(decontamination process)
Klybeck Plus Redevelopment Area
(part of the 3Land Vision)
Friedrich Miescher Institute
for Biomedical Research
Novartis Pharma Services AG
Novartis City of Knowledge
Technological Infrastructure
Economic Infrastructure
Social Infrastructure
Proposed redevelopment area
(3Land Vision)
National with
France and Germany

CONTEXT

Basel Stadt is a city and canton of 37 km^2 situated in North-Western Switzerland, consisting of three communities, Basel, Richen and Betting and 165,041 inhabitants which makes it the third largest city in Switzerland but also one of the most important economic regions of the Swiss Confederation.

Basel's history is defined by its position at the border with France and Germany and the closeness to the Rhine river, which the city managed to transform into an economic opportunity starting from the beginning of the 18th century with the emergence of its first industrial structures focused on silk dye works (Schubert et al., 2011) which further diversified into important chemical and pharmaceutical companies in the 19th century (Dettwiler, 2014). Starting from the beginning of the 1990s, these industries evolved from their initial focus on research and production into the more knowledge-oriented research and development field of Life Sciences – agrochemicals, pharmaceuticals, biotechnology, medical devices (Dettwiler, 2014).

If the city itself can be characterised as the centre of the Basel Life Sciences Region, the boundaries of this economic cluster extend outside the city administrative region into the wider tri-national area (Metrobasel, 2005) which contains, based on different institutional cooperation networks, 8 cantons (5 in Switzerland, 3 in France) and one German district.
The region is home to some of the world's leading pharmaceutical companies, Novartis, Hoffmann-La Roche, and other important Life Sciences companies (BASF, Bayer Consumer Care, Synegenta, Huntsman Advanced Materials, – agribusiness, Ciba and Clarient – chemicals, Straumann and Synths – medical technology). Overall, 900 companies with a yearly turnover of more than 100 billionEUR and an 18% share of the added value in the region (Metrobasel, 2005). Because of this concentration, the region also has the highest R&D investment as a share of GDP in the world and the largest number of employees in Life Sciences in Europe (BAK, 2010).

Recently, the region has also developed into an important cultural centre (Schubert et al., 2011) with Art Basel as the world's largest art fair for modern and contemporary works and Baselworld, the world's largest watch and jewellery show. The region is also home to approximately 45 museums as well as other cultural institutions that rely on private philanthropic funding. This turn comes from the growing belief that investing in culture (Barnett, 2001) and social capital (Cooke et al., 2005) can be used as a tool to attract and maintain high skilled workers to the region, but it is also grounded on historical basis, since the first private art collection opened there as early as the 16th century.

With a growing workforce of 27,800 people (Metrobasel, 2005) distributed within different political and administrative boundaries (14% work in Germany, 5% in France, 81% in Switzerland), Basel requires a wider regional network of coordination and cooperation which can tackle the

fragmentation usually associated with border positions. This is also emphasised by the nature of open-innovation which stands at the core of Life Sciences, where a dense and versatile network of actors is seen as a key asset and indicator of innovative potential (Moodysson and Jonsson, 2007). For lead companies like Novartis which rely heavily on research and higher-education institutions as well as other business-related branches in order to conduct and grow their business in a chain economy, it becomes of crucial importance that they take part or initiate partnerships and structures that coordinate and enhance the nature of the region and its agglomeration potential (Todtling et al., 2011).

TECHNOLOGICAL

Innovation programmes:

The performance of actors in the sector of Life Sciences largely relies on their ability to create new knowledge, but the complexity of the process starting from research to the commercialisation of the new product requires expertise to be distributed between a wide network of collaborating institutions (Moodysson and Jonsson, 2007), each adding its own innovations to the entire chain. Typical for Basel region is what is called a “whole-chain-culture which means that the entire innovation-creating chain of the Life Sciences industry – from basic research to clinical research, marketing and sales plus all necessary support functions such as financing services and suppliers – is entirely settled within the region while its parts are closely interlinked” (Dorhofer et al., 2011).

As a leading regional company, Novartis supports the development of the innovation networks (Moodysson and Jonsson, 2007) while it focuses on organising these complex structures and interactions in close proximity and control of their own campus (Todtling et al., 2011). In this sense, Novartis is investing in internal R&D through its own Friedrich Miescher Institute (part of Novartis Research Foundation) but also in complex collaborations with regional and national education and research institutions (Gartner, 2011). What is important to remark here is that it never does this alone, but through its wider network of stakeholders that facilitate the whole production cycle, thus leveraging risks and investment costs while also supporting the growth of partners. A good example is the recent effort of the company to realocate the Department of Biosystems Sciences and Engineering from the prestigious ETH Zurich in Basel or the foundation of the School of Life Sciences from the University of Applied Sciences Northwestern Switzerland (Moodysson and Jonsson, 2007).

Another main component of Novartis open innovation strategy is the out- and in-licensing of pharmaceutical products and the targeted acquisitions of innovative companies (Todtling et al., 2011) through its own venture fund which has until now supported more than 150 entrepreneurial ventures from various Life Sciences domains (Novartis Venture Fund, 2016).

Innovation environment:
Looking at the physical environment of innovation, compared to Roche which pursues a more classical open innovation strategy which focuses on the openness of the company towards the Basel region (Todtling et al., 2011), Novartis is more centralised on their campus. In this sense, open-innovation in Novartis is mostly confined to the partners that the company tries to bring inside its expanding campus (Todtling et al., 2011) which provides them with a supervised and controlled innovation environment.

Novartis's regional innovation strategy thus focuses on the development and growth of its "Knowledge Campus" as an innovative physical platform for different actors cooperating with the firm (Frei, 2012). Its physical environment is based on Magnago Lampugnani's Master Plan from 2002 which is in the architect's words defined as "a city within a city" (Lampugnani, 2009). Its regular grid of streets mimics a planned urban extension, it is a reference to the Celtic archaeological site found in the area but, more importantly, it is based on the former factory grounds that it slowly replaces. The vision implies a staged decommissioning of industrial production until 2020 and its redevelopment into high quality office space (Lampugnani, 2002). Instead of building a small number of skyscrapers, the plan focuses on lower density buildings intertwined with public spaces and functions which mimic an urban environment but also the internal institutional organisation of Novartis in different departments. The individual buildings were commissioned from different architecture studios in order to enhance the diversity of style but also from a marketing perspective, the campus being the home of buildings by ten Pritzker Prize architecture studios.

SOCIAL

Motive(s) of CSR:
The main goal of Novartis's involvement into social programmes comes from its need to attract and retain high skilled workers and their families in the area, which is crucial for its business as part of the Life Sciences (Todtling et al., 2005). As with the regional development goals, Novartis does not act alone but as a part of a cross-border stakeholder network, MetroBasel, involving private and public entities.

Subsidised social programmes:
In this sense, the Metrobasel vision clearly states its partners support for improving regional quality of life through investment in culture, education and the creation of a shared regional identity for its inhabitants (Metrobasel, 2006).

On more concrete terms, the coalition and Novartis (Novartis in Switzerland) support the activity of Foundation Beyeler, a privately owned art collection and museum, as well as other high-level cultural institutions like Theatre Basel, Antikenmuseum Basel, Kunstmuseum Basel, Museum der Kulturen Basel. Through this network, they are also the main supporters of world-

renowned fairs like Art Basel or Baselworld as well as more local ones like the Basel Museum Night (Novartis, 2016).
Novartis also cultivates close ties with the University of Basel, the ETH in Zurich and the EPF in Lausanne (Novartis, 2016). The Novartis Foundation supports young talent in biomedical research projects at Swiss universities.

In the field of sport, Novartis supports the local football team FC Basel and the basketball team Starlings Basket Regio Basel as their main sponsor. They also help promote football talent in the Basel region (Novartis, 2016).

Arial view of Novartis's Knowledge Campus

ECONOMIC

Novartis's products are catered to the health industry, medical equipment and research. Thus, there is no need for the company to direct important investments towards marketing its products to individual consumers.

In Basel, Novartis's marketing investment is mainly focused towards promoting the company as a great working environment for its target group, international high skilled staff and towards its direct customers, medical and research institutions (Dorhofer et al., 2011). In this sense, since 2002, with the redevelopment of its Campus based on Vittorio Magnago Lampugnani's Master Plan, the company has invited a large number of world renowned architects (Diener + Diener, Peter Märkli, SANAA, Marco Serra, Adolf Krischanitz, Studio di Architettura, José Rafael Moneo Vallés, Frank O. Gehry, Tadao Ando, Fumihko Maki, David Chipperfield, Yoshio Taniguchi, Eduardo Souto de Moura, Álvaro Siza, Herzog & de Meuron, Juan Navarro Baldeweg and Rem Koolhaas) to build iconic buildings and thus legitimise its headquarters as a state-of-the-art "Campus of Knowledge and Innovation".

POLITICAL

Local governance structure:

Politics in the region are characterised by a strong sense of consensus with a left-liberal focus (Schubert et al., 2011). As mentioned before, Basel's unique location at the borders with France and Germany has given birth to a tradition of trans-national negotiations (ETH-Studio, 2009) and the development of a series of cross-border structures, slowly expanding since the 1960s (Regio Basilensis), when the vision for Basel was first elaborated on a regional level towards a cross-border approach and a shared common economic and spatial vision since the mid-1990s. Transnational politics has benefited from a considerable public investment in recent

decades and it involves a large variety of local, regional and national actors able to facilitate the development of Basel as an integrated metropolitan region (Reitel, 2010).
The most important of these structures is the Trinational Eurodistrict Basel which since 2007 coordinates politics and administration with a focus on spatial planning (Schubert et al., 2011). Its main objectives are improving regional transport infrastructure and the border region current spatial and programmatic fragmentation (TEB, 2007).

Composed of six thematic chapters, plus an introduction and a resumee, the comic-book is thematically structured describe how the city and its region function as a site of living, working, learning and shopping.

Other regional political and administrative cooperation initiatives include Infobest Palmrain (unified info point for regional taxation, labour law etc.), the Basel Metropolitan Conference (a link between the political, economic and social within Swiss cantons and the three bordering countries), the Upper Rhine Conference (12 working groups and projects focused on enhancing the life of citizens from South Palatinate, Baden-Wurttemberg, Alsace and N-W Switzerland), the Upper Rhine Metropolitan Area (the umbrella organisation for cross-border cooperation for space sustainability and development of a common regional strategy), INTERREG IV Upper Rhine (EU support programme for cross-border projects), the energy and climate Network Trinational Metropolitan Region of the Upper Rhine – TRION (linking players in energy and the fight against global warming), the tri-national environmental centre – Truz (environmental association uniting more than 50 environmental initiatives, communities, institutions and companies) and the Commission Hochrhein (promoting cooperation of Swiss and German actors on both sides of the Rhine between Lake Constance and Basel).

In regard to Life Sciences, we can find a few of other governance structures structured in overlapping geographical regions which combine public, private and research institutions not restricted to the field of economy and R&D (Dörhöfer et al., 2009):

- Basel Area is a marketing initiative and platform focusing on promoting the region worldwide in order to attract and support foreign companies and employees to relocate to the region.
- MetroBasel is a platform initiated by BAK Basel Economics that comprises of around 25 companies, associations and local authorities from the adjacent regions with the goal of promoting the development of a coherent Basel trinational metropolitan region around the city of Basel. Its activity is mainly focused on education, quality of life and transport infrastructure (Gartner, 2011), but more importantly, it is the regional structure which represents the interests of Novartis, as one of its main stakeholders and financial supporters.
- BioValley is an older and more “grass-roots” initiative funded in 1995 by retired regional employees as a network and a series of meetings between companies, political institutions and individuals to promote the growth of the biotech cluster in the Upper Rhine region as defined by the densely interlinked centres of Basel, Strasbourg and Freiburg (Metrobasel, 2005).

Vision and strategy:

All of these networks share similar development objectives and visions for overlapping geographical regions. Furthermore, all of them are highly polarised by the city of Basel which plays a regional brokerage role because of its wealth compared to the surrounding regions and its ability to invest it outside its administrative borders (Walther et al., 2013), through the Swiss Confederation Agglomeration Policy. This allows Switzerland to finance infrastructure in neighbouring countries if the investments are beneficial for the Basel region. An interesting example of this policy in action is the Basel-Mulhouse-Freiburg EuroAirport that is located in France but has benefited from Swiss investment and is operated by both countries (Beyer, 2007).

The lead role played by Basel has also led to a polarisation of urban elites inside its administrative boundaries (ESPON, 2010) and it explains why companies like Novartis locate their headquarters there while using the cross-border networks and strategies in order to expand and develop the fragmented territory located around the national border region.

Moving further, towards a more spatialized approach to cross-border governance structures, in 2013, as part of the Trinational Eurodistric Basel coalition, IBA Basel 2020 was created. It is an international architecture exhibition but also a platform focusing on communicating, marketing, supporting and implementing existing or future private, public or private-public projects which promote the cross-border agglomeration on three themes: “Landscapes“, “Urban Spaces” and “Living together” (IBA Basel 2020, 2013). Following its public call for projects organised in 2010, 40 projects were selected which became part of what is now the 3Land Development Vision, a joint master plan for the neighbouring cities of Basel, Huningue and Weil am Rhein (MVRDV et al., 2011).

IBA Basel 2020 and the 3Land Vision are materialisations of an emerging governance structure and a result of the diversity of actors and interests found at a regional level. Instead of imposing an overarching vision and defining it through projects and programmes that further need to obtain support from different entities, IBA Basel and the 3Land Vision combine overarching regional development goals with existing projects proposals for which there is already consensus but which require further coordination and framing. The 3Land Vision takes into account the redevelopment of a smaller geographical region than the IBA Basel 2020 as a whole or the administrative boundaries of the Trinational Eurodistrict Basel but the selected area represents a key development site for enhancing cross-border spatial and economic development.

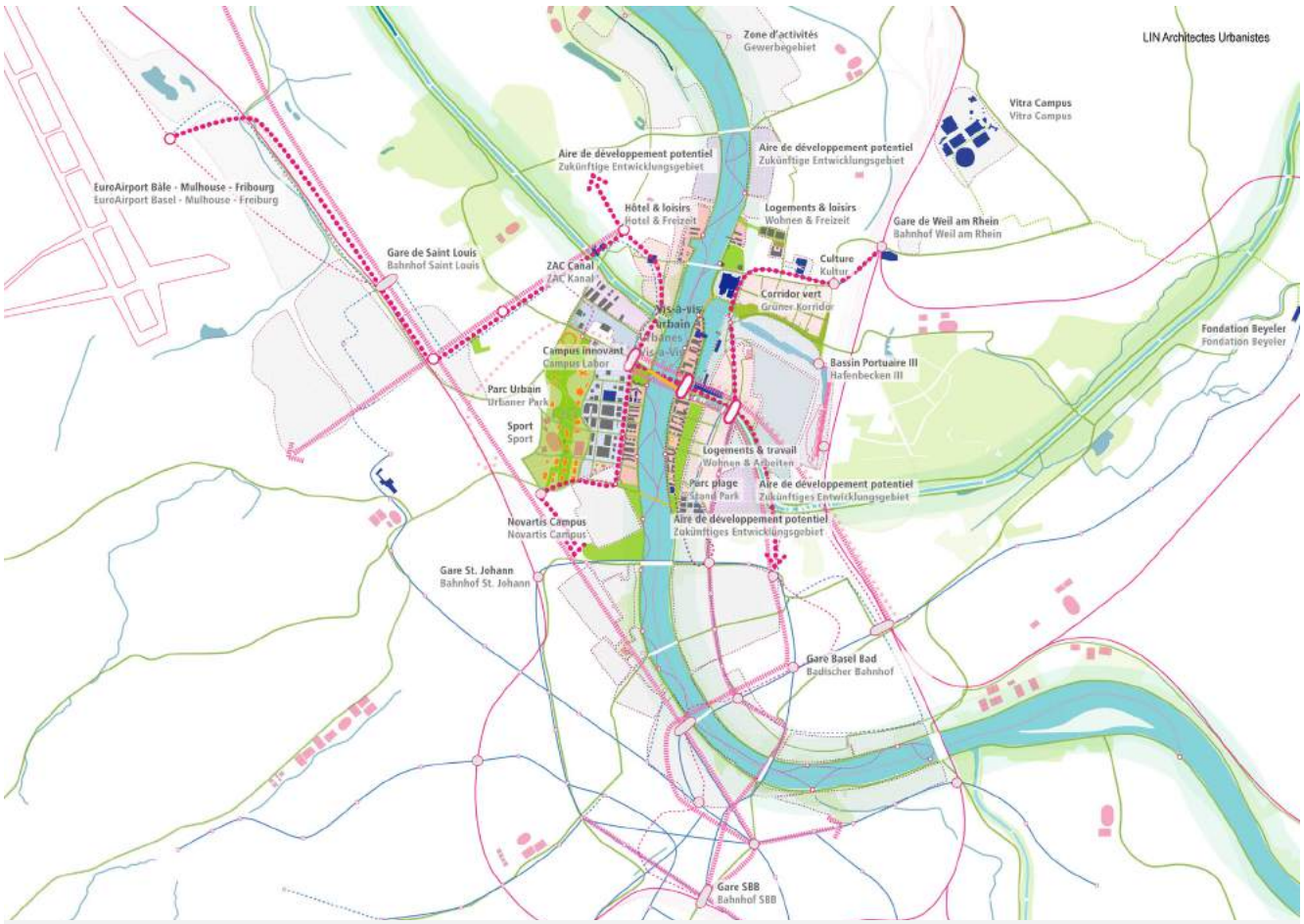
An important stakeholder in the redevelopment of the east and west Rhine bank and the border region between Basel and Huningue is Novartis (MVRDV et al., 2011). The company is the main land owner in the area along with BASF and the main investor through its newly developed Knowledge Campus located inside Basel’s administrative boundaries and its still operational industrial infrastructure located on the other side of the boarder in Huningue, France. The area’s

close proximity to the EuroAirport and the future availability of land through the relocation of Novartis production facilities represent great assets for the expansion of the existing corporate campus but also for building new facilities for start-ups, business accelerators (MVRDV et al., 2011), higher-education institutions and research laboratories, all related to Life Sciences and in this sense, highly beneficial for Novartis's own growth agenda.

The first step of the plan is the development of the Campus Plus project, an expansion of the existing Novartis Campus towards the riverfront which will be facilitated through a private-public partnership with the Canton Basel and the port authority (Regierungsrat des Kantons Basel-Stadt, 2011), where the port will sell a part of its land to Novartis in order to build three new 65-m-high skyscrapers and six other office buildings in exchange for redeveloping the riverfront as a publicly accessible park and pedestrian- and bike path connecting the city of Basel to Huningue.

In the past years, the area was subjected to another plan and public-private partnership for the development of a new university campus, Campus Volta as the new Swiss Nanoscience Institute (Schubert et al., 2011). The newly proposed campus, situated in very close vicinity to the existing Novartis HQ would have brought together on the same premises the Institute for chemistry, physics, biology, mathematics and computer sciences, the Institute for Systems Biology, ETH Zurich (Swiss Federal Institute of Technology Zurich) and a Novartis-owned institute. After numerous appeals, including ones coming from the rival Roche, the promoter coalition has moved the new campus building closer to the existing one and the university hospital.

Both the Campus Volta project and the projects proposed as part of the 3Land Vision for the area adjacent to the Novartis Campus illustrate the close collaboration between the state and private actors which materialise in the skilful combination of public investment in infrastructure, public spaces and public institutions (universities and research) which are triggered by private interest and investment.



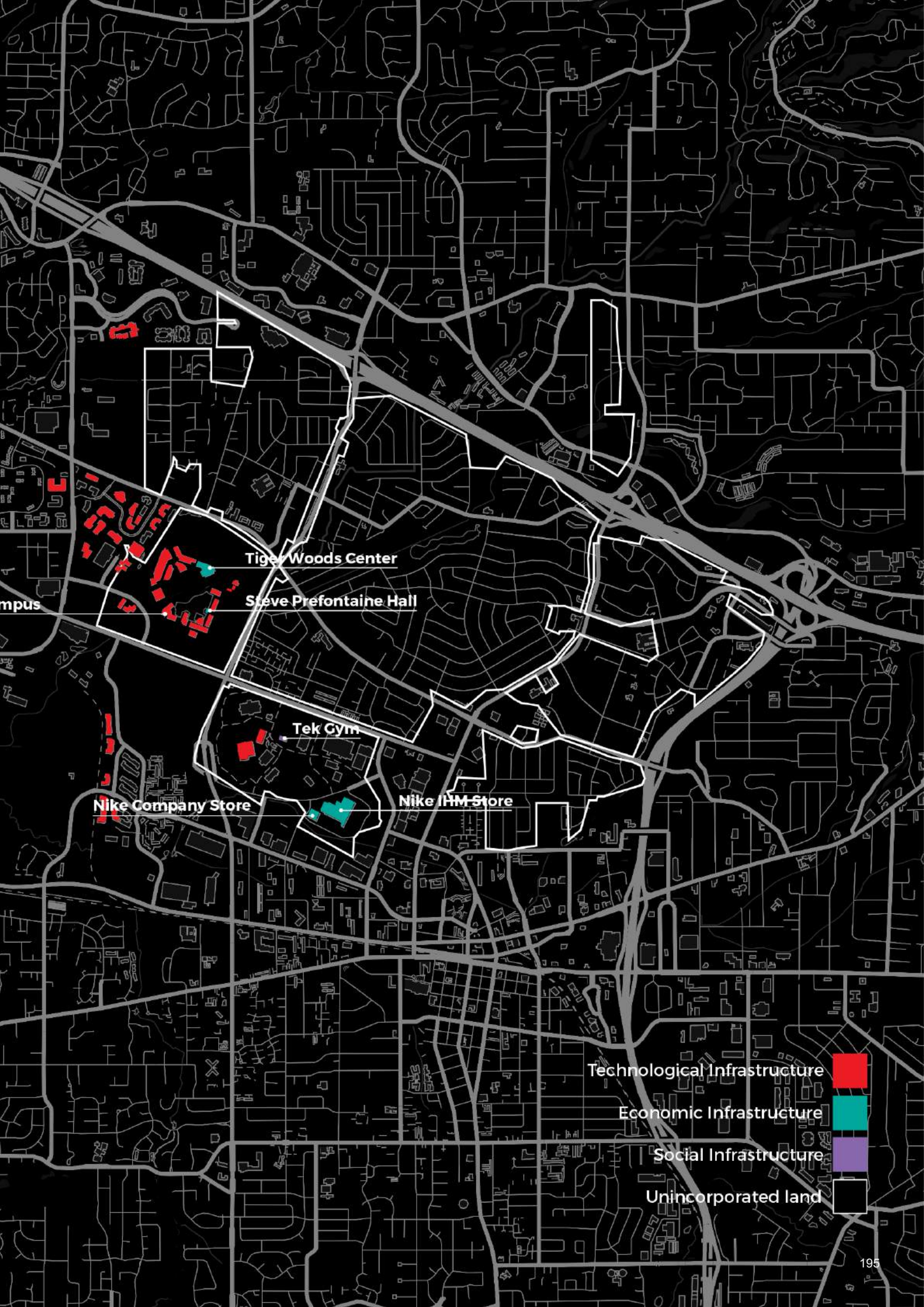
The 3Land Vision developed by MVRDV


NIKE

BEAVERTON, USA

Company(s): Nike Inc.
Industry: Apparel
City population: 89,803 (2010)
Number of employees: 8709
Welfare system: Liberal


Nike Ca
Scale: 1:70,000


Tiger Woods Center
Steve Prefontaine Hall
Tek Gym
Nike Company Store
Nike IHM Store
Technological Infrastructure
Economic Infrastructure
Social Infrastructure
Unincorporated land

CONTEXT

Beaverton is the fifth largest city in Oregon with a population of 89,803 (2010 US Census) and a land area of 30.1 km^2 (Marthens, 2016). The city is located in Washington County, one of the fastest developing areas in Oregon with a total population of 529,710 in 2010 (an increase of 15% from 2000 and of 42.94% compared to 1990) (Marthens, 2016). Its growth is thightly connected to the development of the electronic industry, mainly chip plants in 1990 (Tektonics) which dramatically transformed the demographic composition of the area (Marthens, 2016). One fifth of its current population is foreign-born, and 30% have higher education diplomas. It is densely populated (4795 inhabitants/square mile vs. 4375 inhabitants/square mile in the city of Portland) yet it does not look like a city or a suburb. “It’s difficult to get your ‘arms around’ Beaverton because it really is numerous villages within a city” (Marthens, 2016).
Similar to Bentonville, Walmart’s home town, Beaverton is the signal for a new type of urbanisation defined as a “technoburb” (Fishman, 1996), a suburban environment without a core city but with social and economic characteristics similar to a global city. In the past years, “the area has won many national awards and is recognised as the safest city in the Pacific Northwest; in 2012 the city was awarded with the Mayor’s Climate Protection Award from the US Conference of Mayors; it is recognised as a “Smart City” energy leader by the Natural Resources Defence Council; one of the 100 Best Places to Live in America by Money Magazine; best place to raise kids by BusinessWeek magazine; one of the top 25 Suburbs for Retirement by forbes.com; one of the 100 Best Walking Cities in America; the Recycler of the Year by the Association of Oregon Recycler; a Tree City USA by the Arbour Day Foundation; a Bronze Award Bicycle Friendly Community by the League of American Bicyclists; and one of the Environmental Protection Agency’s Green Power Communities” (City of Beaverton, 2014).

From 1990 on, the area is also the host for Nike’s World Headquarters. Its offices are located in Nike’s 303-hectare campus (which has gone through a series of four expansions) and other two adjacent sites with a total number of 22 buildings and numerous sport facilities (Brettman, 2014b). The headquarters are home to Nike’s top hierarchical decision-making pyramid and are in charge of three of Nike’s four major markets along with the management of regional operations in the US, the Americas and Asia Pacific regions. The offices also play the lead role in research, product development and design for the entire group (Brenner et al., 2010).

Nike World Headquarter Campus is a clear continuation of the corporate estate model

TECHNOLOGICAL

Innovation programmes and environment:

As mentioned before, Nike’s head office, the Beaverton estate is home to the company’s

Nike Research Unit in Beaverton

lead marketing office as well as the main R&D unit – Nike Sport Research Lab, focused on physiology, biomechanics, perception and athletic performance to inform product development (Nike Inc., 2016). The facility, Sparq performance centre, is also the place where the company has developed its new line of tech products consisting of wearables like the FuelBand and of complementary software solutions (Brenner et al., 2013).

The research facilities for sportswear are closed to the outside world and do not take advantage of open innovation. In contrast, the need to expand into new markets for tech products made Nike embark on a more open development strategy and through its partnership with the local startup-mentoring firm TechStars, it is actively trying to attract entrepreneurs to launch companies that would build on top of Nike's new digital platform (Parker, 2013).

SOCIAL

Motive(s) of CSR:

As a global brand, Nike's corporate social responsibility is very diverse and context specific and comes from both the need for market differentiation and development of a better environment for its workers.

Yue Yuen factory in Guangzhou, China

The company has slowly expanded its development towards environmental issues and a proactive policy in developing nations (Christiaanse and Höger, 2006) where its main subsidised production centres are located (Turkey, Bangladesh, China, Pakistan, Thailand, Honduras, India, Indonesia, Malaysia, Taiwan, Mexico, Sri Lanka, and Vietnam). Nike's Shoe-Town in Guangzhou, China is a clear example of a philanthropic company town (Christiaanse and Hoger, 2006), similar to the ones from the beginning of the 20th century, providing socially oriented programmes and support to acquire affordable housing for its workers.

Nike's program for monitoring contracted manufacturing

In its two main markets, the US and Europe, Nike uses CSR as a tool to attract new customers by tapping into the rich urban subcultural landscapes of cities like London, New York and Berlin (Von Borries, 2004), sponsoring temporary night clubs and other activities that "are intentionally positioned at the fringe of legality" (Von Borries, 2004).

In the Portland region, Nike's investment comes from a combination of both these approaches. It needs to maintain and develop a better relationship with its highly skilled local employees while attracting new talents from the region (Brettman, 2014a) and promoting a unique image of its brand for its hip customers. Its efforts are directed mainly towards the city of Portland, an area recognised for its vibrant apparel start-up community and its distinct socially oriented hip cultural background (Brettman, 2014a).

Nike's efforts are also enforced by the competition with other global sportswear brands like Adidas, Columbia Sportswear, Under Armour, Puma and Fila that have all opened up offices in the area in an effort to attract local designers (Brettman, 2014a).

Subsidised social programmes:

A cohesive corporate culture and high quality of life represent important aspects of Nike's campus design. Through a number of services that Nike provides to its employees, it tries to compensate for the limitations of its isolated suburban campus. The company provides its staff with childcare services, dry cleaning, fitness programmes and take-away food. Nike is also recognised by the US Environmental Protection Agency as one of the country's top workplaces for commuters and it actively promotes alternative means of transportation for its workers with carpooling, buses, trains, biking and telecommuting (Hoeger and Christiaanse, 2007). The large campus is also serviced by a comprehensive bike-sharing system.

Subsidised public/communal infrastructure:

As the largest sports and leisurewear supplier in the world, Nike's HQ provides its employees with a large number of sporting facilities: two fitness centres, an athletic field, two running trails and an outdoor multi-sport facility featuring two football courts, three volleyball courts and a play structure for children (Höger and Christiaanse, 2007). The campus also has a union building with restaurants, shops, meeting rooms and a library.

Nike Biketown Portland

In the region, Nike is investing in Portland's new bike sharing infrastructure (BIKETOWN) and providing the city with a unique branded bike design (Nike Inc., 2016). Nike has also invested in building the new Matthew Knight Arena in Eugene in collaboration with Knight University (Marthens, 2016). Through its Employee Grant Fund, Nike directs important sums towards local and regional non-profits and schools (Nike Employee Grant Fund, 2015).

ECONOMIC

Definition of the product:

Nike's products are distributed under the Nike brand and Nike Inc. affiliated brands such as Asphalt, All Star, Brogan, Team Starter, g Series, Bauer Nike Hockey, Cole Haan, Jack Purcell, Hurley, Converse, Chuck Taylor, One Star, Starter, Shag and Dunkman (Brenner et al., 2013). Its global fleet of stores (excluding its large network of franchisers) comprise of 19 Niketowns, the company's network of concept stores, over 200 Nike Factory Stores and 12 Nike Women stores (Brenner et al., 2013).

Niketown shop interior

Nike's approach to marketing is very focused on "lifestyle" branding (von Borries, 2003) and it is defining its products as an experience. Nike's products have transformed into abstract "cultural signs" that reinforce a belief in a potential to get things done, to accomplish athletic achievements and "Just Do It" – rather than buying the apparel itself. This new relationship with the product allows Nike to better adapt to the changes on the market but also to expand its line of products in new ways by promoting new types of experiences associated with sports and healthier lifestyles (Mohamed, 2015). This is a very efficient way of mitigating the risks of a fluid and dynamic market like the fashion industry.

Experiencing the product and the brand:

This experience is deeply embedded in the way the company designs its line of concept stores, Niketown, which first opened in 1990 in Portland (Farnum, 1996). Part sports museum, part Disneyland, the stores, each uniquely designed to fit its urban setting, have had major impact on retail design but in many ways they still remain in line with traditional retail architecture (Klingmann, 2007). It is the way Nike has learned to adapt to the urban environment by actively contributing to subcultures that is more revolutionary and unique to the brand (von Borries, 2004).

Tiger Woods Nike Ad

Nike is a strong promoter of low-cost, temporary architecture and revitalisation projects for neighbourhoods while securing an important profit by influencing the lifestyle of its clients to include Nike products or the "Nike Style" (Christiaanse and Höger, 2006). "Nike's strategy of identifying and anticipating subculture trends ultimately allows it to initiate or steer these trends and feed its products into youth lifestyle worldwide." (Von Borries, 2004)

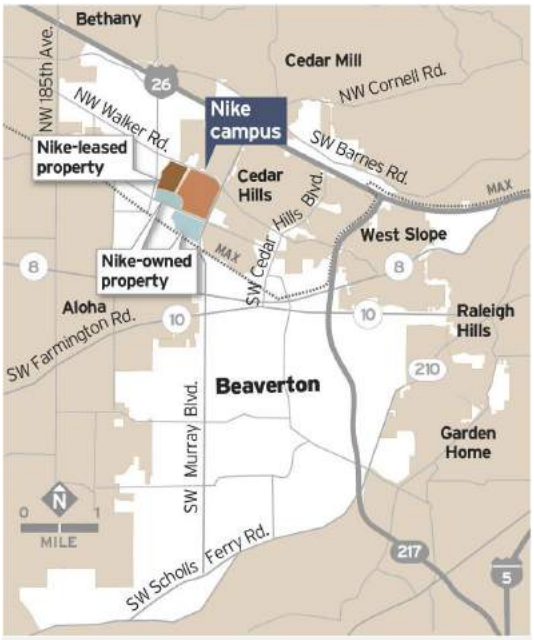
Nike also invests an important part of its marketing budget in brand ambassadors for its products and the links that it fosters with the sports community are clearly reflected in the naming of each of the buildings in its Beaverton campus. The campus designed by TVA Architects still

resembles the classic modernist corporate estate with white buildings floating in a serene landscape. Here, Nike has put an important focus on maintaining the woodland area present on site while enhancing the existent water features located at its heart and creating a 5 ha lake. Its exterior design acts as an ideological backdrop that promotes a lively corporate workplace with a variety of outdoor venues. Inside, the same approach to theming found in Niketowns, is present and it is not restricted to its visitor centre or museum. The design of all the offices contains references to sport achievements and to the company's beginnings reinforcing the connection between the brand, sports and athletic success (Brenner et al., 2013).

POLITICAL

Local governance structure and company strategy:

Nike's World Headquarters is located in an unincorporated area within but excluded from Beaverton's city limits. The main relationship with the local and regional government structures revolve around maintaining the current situation along with other zoning and law exemptions that provides the company with lower property and corporate taxes (Brettman, 2013). In return, Nike promises larger investments in campus development along with an increase in the number of jobs it provides for the region (City of Beaverton, 2014). In order to reach this agreement, the company has reverted to different strategies through time, ranging from lawsuits to threats of moving its headquarters to the city of Portland or to other states (Marthens, 2016). With the incentives that it has obtained, Nike's campus acts as a free zone where the campus is part of Washington County Oregon, while the areas around it are owned and managed by the city of Beaverton.



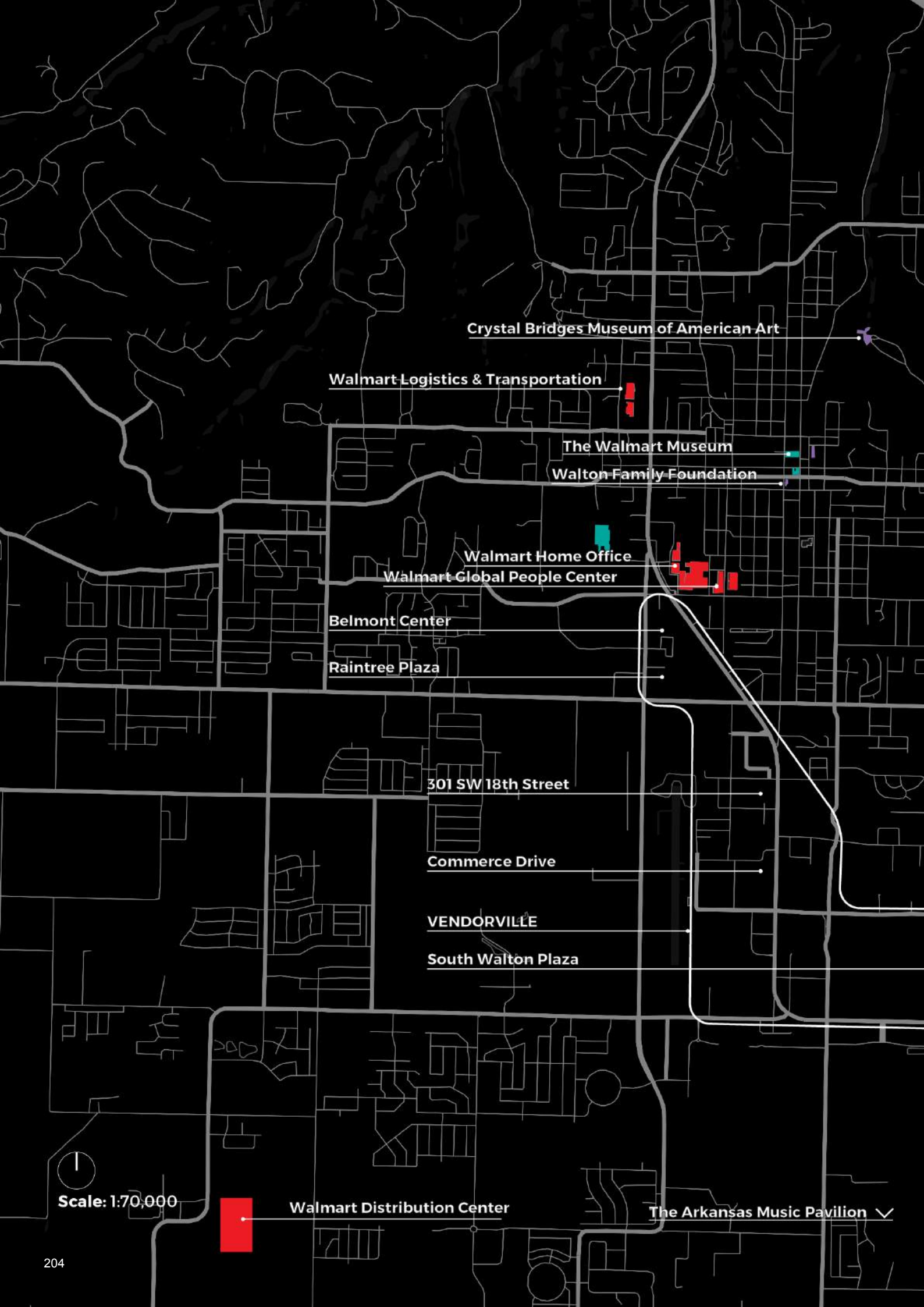
The Nike Campus is located on unincorporated land, outside the administrative boundaries of Beaverton

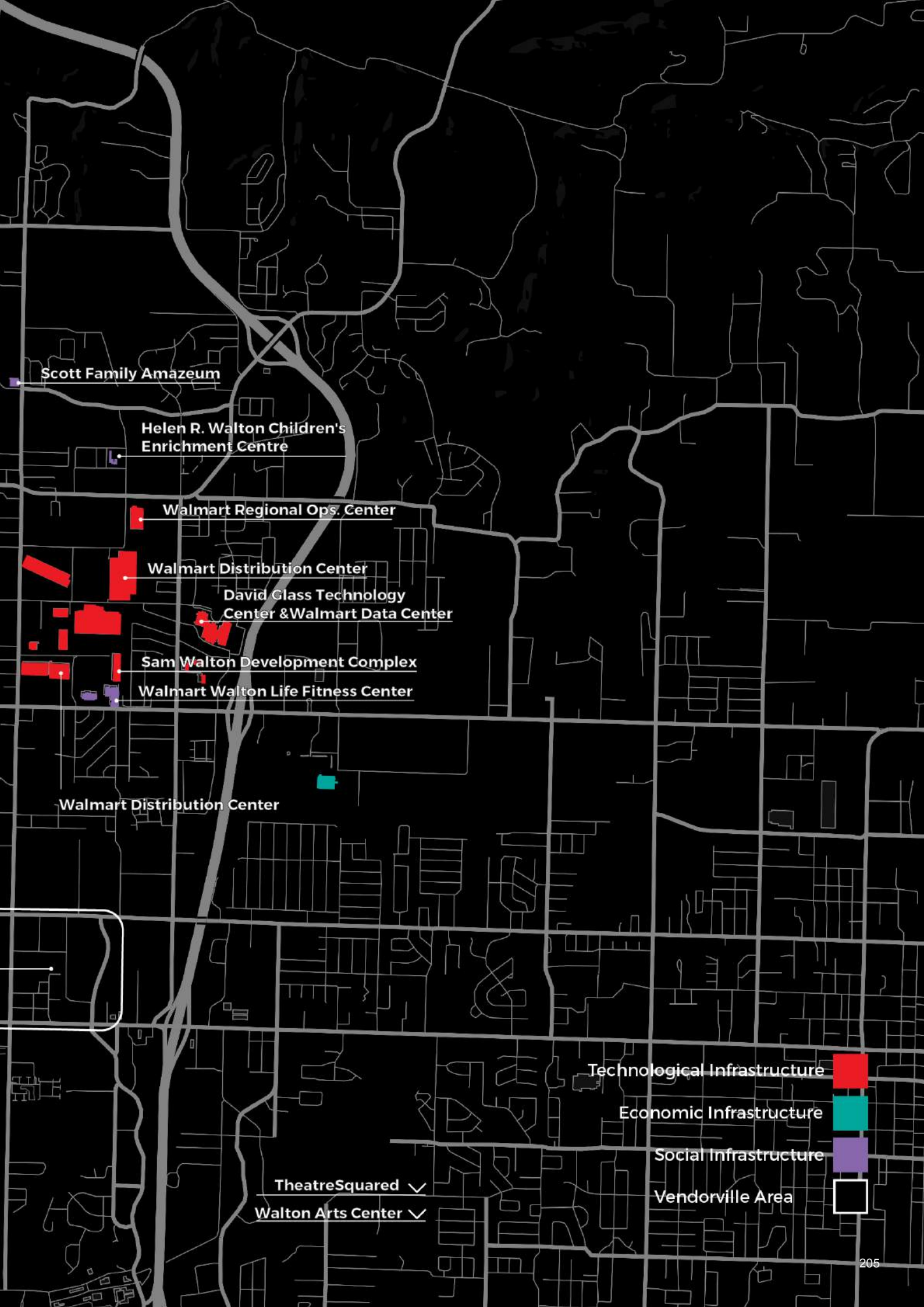
Nike’s Headquarter expansion is due to take place in the same unincorporated area, adjacent to its existing campus


Walmart

BENTONVILLE, USA

Company(s): Walmart
Industry: Retailing
City population: 40,167
Number of employees: 18.600
Welfare system: Liberal


Crystal Bridges Museum of American Art
Walmart Logistics & Transportation
The Walmart Museum
Walton Family Foundation
Walmart Home Office
Walmart Global People Center
Belmont Center
Raintree Plaza
301 SW 18th Street
Commerce Drive
VENDORVILLE
South Walton Plaza
Scale: 1:70,000
Walmart Distribution Center
The Arkansas Music Pavilion


Scott Family Amazeum
Helen R. Walton Children's Enrichment Centre
Walmart Regional Ops. Center
Walmart Distribution Center
David Glass Technology Center &Walmart Data Center
Sam Walton Development Complex
Walmart Walton Life Fitness Center
Walmart Distribution Center
TheatreSquared
Walton Arts Center
Technological Infrastructure
Economic Infrastructure
Social Infrastructure
Vendorville Area

CONTEXT

Bentonville represents one of the four towns comprising the Fayetteville-Springdale-Rogers Metropolitan Area, with a total population of 425,000 (Gascon et al., 2015). It is the tenth largest city in Arkansas (45,000 inhabitants) and the home of Walmart, the largest retailer in the world. Despite the area's contemporary national and global success as the host of not one but three Global Fortune 500 companies (Walmart, Tyson Foods – the world's largest chicken-processing corporation – and J. B. Hunt – an important trucking and transportation company), it has a very short history with the first white settlers moving in what was then the hunting ground of Osage Indians, as late as 1837 (Brichall, 2009).

Sam Waltons first 5 & 10 shop, now the Walmart Museum

In the 1950s when Sam Walton opened his first Five and Dime discount store in downtown Bentonville, the city had only 3000, mainly white, inhabitants living in a primarily agricultural and rural area (Lancaster, 2010; Brichall, 2009; Gascon et al., 2015). In 1962, Sam Walton opened its first official Walmart store in the nearby city of Rogers and by the 1970s, Walmart grew to the point that it had its own distribution centre and developed an important home office that the family chose to keep in the area despite its remoteness and lack of economic development. The discount retailers' growth reached new heights in the 1980s and the 1990s and by 2002, Walmart was at the top of the Global Fortune 500 list and today holds the undisputed title of world's largest retailer and employs more than 1.3 million people worldwide in nearly 5000 discount stores, supercentres and Sam's Club wholesale stores (Fishman, 1996).


Walmart distribution centers and the Dwight D. Eisenhower National System of Interstate and Defense Highways.

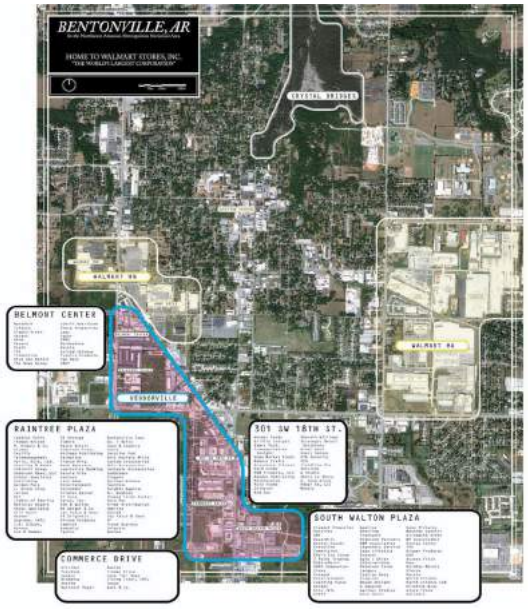
The main innovations that led to Walmart's success are deeply rooted in the company's specialisation in logistics, born from an obsession with efficiency, information and distribution (Fishman, 2006) and the important role played by supermarkets and strip malls in the growth of suburban America (Ellickson, 2006), both as main drivers of local consumerism and as veritable social hubs in environments lacking the necessary public amenities of urban areas (Stone, 1997). Walmart represents the contemporary embodiment of four eras of evolution in the supermarket industry, starting with the chain store in the 1910s, the introduction of the "self-service" supermarkets and the rise of computerisation with the introduction of UPC bar codes and the complementary explosion in product variety which occurred in the 1980s and 1990s (Ellickson, 2006). In a sense, each of these innovations has been about the same thing, getting products to consumers as cheaply and efficiently as possible, and this is what Walmart does best with its national chain of supercentres as nodes in an ever-expanding logistic network of distribution and data centres.

At a local level, although Walmart has announced its plan to become an increasingly global company, it remains highly centralised and geographically concentrated in a remote corner of the country (LeCavalier, 2011b). The presence of these command and control functions transformed Bentonville into “a new form of global urbanity characterised by a diffuse set of metropolitan conditions arising from the complexity of forces that concentrated around the retailer in Northwest Arkansas” (LeCavalier, 2011a). It represents a critical logistics node in Walmart’s national network but also an ever-growing concentration of regional suppliers’ offices clustering around Walmart’s Home Office (Linn, 2007). Its contemporary form is shaped “by logistics, by mercantilism, by cold war ideology and by a commitment to promote the value of the free market, not just as a means to profit but also as a belief system and as a way of life. […] argely because of Walmart, the region’s blend of logistics, military strategy, sophisticated communications technology, and entrepreneurial capitalism produces specific spatial, architectural, and geopolitical manifestations” (LeCavalier, 2011a). In many ways, the conditions existing in the area are similar to Robert Fishman’s category of the “technoburb” (1996), describing not suburbanisation but the creation of a new type of city. Bentonville grew from a series of small towns into a diffused metropolitan region which mixes all the characteristics of global cities described by Saskia Sassen (2006) in her essay “Why Cities Matter” in a suburban landscape without a centre.

TECHNOLOGICAL

Innovation programmes and environment:

If Walmart’s Supercentres (Hypermarkets) are the company’s most publicly visible part, they are just one element of an entire system of spatial products composed of distribution and data centres (Moon, 2011). Bentonville plays a unique role in this territorial network as the place where Walmart also has its Headquarters, one regional distribution centre and one of its two data centres (LeCavalier, 2011a).



The various Vendorville complexes and their tenants

This high concentration of network nodes in which the Head Office is responsible for deciding on which products should be sold in its store and the data centre providing valuable information about consumer insights to the company and its suppliers has led to a high concentration of regional supplier offices (1400 brands) and other ITC companies servicing this growing network and feeding on Walmart’s rich retail externalities (LeCavalier, 2011a).

While the ITC companies working with big data, digital marketing and e-commerce have spread evenly across the region, the supplier network has organically clustered as close as possible to Walmart’s HQ on Walton Boulevard in

what people call “Vendorville” (Smith, 2012), a very particular mix of office- and residential architecture “akin to a collection of small consulates in a significant diplomatic capital” (LeCavalier, 2011a).

SOCIAL

Motivation for CSR:

Walmart’s investment in social programmes and public infrastructure comes from the company’s need to transform the untilrecently rural community into a city that would appeal more to the kind of people Walmart wants to hire (Linn, 2007), young urban professionals active in knowledge-intensive work and their families, and to provide enhanced infrastructure for its ever-expanding network of suppliers and subcontractors (Badger, 2012).

However, they are not alone. The same complex web of economic stakeholders active in the area has also given birth to an interesting diversity of philanthropic programmes and investments (DePilles, 2015). The main actors involved in social investment can be categorised in three groups: the Walton family itself through its Walton Family Foundation, Bentonville Downtown NGO and Bentonville Merchant District; Walmart executives and the high profile members of the supplier community.

While the Waltons provide a coordination role and have the widest set of social programmes ranging from education, arts and events, economic development and public amenities to infrastructure works, the other two groups focus their philanthropic activity on providing better education for their kids and helping local organisations and events.

Subsidised social programs:

The Walton Foundation’s social programmes focus on three areas of investment: enhancing K-12 education by subsidising new innovative programmes in the existing public school across the region, investment in arts and cultural amenities ensuring their continued operations and growth, strengthening coordinated regional economic development and entrepreneurship and developing a sense of place in the region (Walton Family Foundation, 2014) by promoting higher quality architecture and urban design through their Northwest Arkansas Design Excellence Program for public amenities and spaces, promoting alternative transportation choices and the revitalisation of the Bentonville centre through the Downtown Bentonville INC (DBI). DBI is an interesting example for what the Wantons try to achieve as coordinators at different levels. It is an independent non-profit association in charge of promoting and enhancing experiences in the downtown district of Bentonville (Downtown Bentonville Inc., 2016) which, besides organising events, plays the role of match maker in linking businesses with downtown opportunities.

Subsidised public/communal infrastructure:

More impressive than their social programmes and attempts to create a cohesive business community around the region, are Walton family's investments into local infrastructure.

Around the region, Walmart invested millions of dollars for road improvements (DePilles, 2015) as well as a new Alice L. Walton Terminal that opened in 1998 at the Norwest Arkansas Regional Airport and serves the growing supplier network and Walmart's own logistic needs. Walmart also invested heavily in a comprehensive bike trail system (DePilles, 2015) which allows its new upper class guests to enjoy the Arkansas hilly countryside. In the future, the company is also considering investing in a small scale public transport system which will connect its offices spread around the metropolitan region.

Walmart has a particular interest in developing and densifying Bentonville's central area and transforming it into a vibrant city centre. Its investments range from transforming its first shop, Sam's 5&10 into the Walmart Visitor Centre, new office space for the Walton Family Foundation as well as backing up the development of hip restaurants and high class hotels like 21C Museum Hotels (Zimmerman, 2015). The Waltons are also offering financial support to Bentonville Merchant District, an investor alliance which provides upscale urban office space and loft-style apartments in an effort to transform the heart of downtown Bentonville into a "home away from home" (Bentonville Merchants District, 2016) for the travelling business person.

Crystal Bridges Museum of American Art

Last but not least, Alice Walton's obsession with art has materialised in one of the most visually striking projects in the area, the Crystal Bridges Museum of American Art, a multimillion investment designed by Moshe Safdie. From its opening in 2011, the museum has attracted 300,000 visitors a year and played the most important role in redefining the area as a national cultural hub. Rather than cultural institutions resulting from urbanisation, the institutions were established first with the hope that the city will follow (LeCavalier, 2011a).

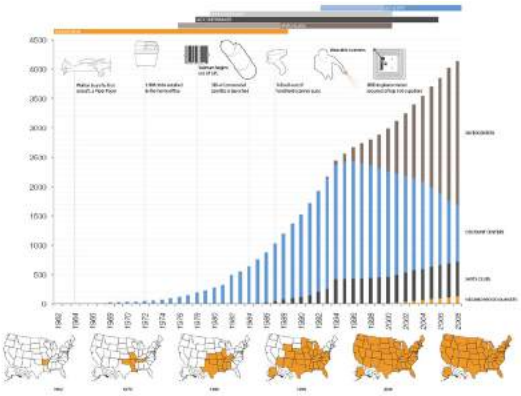
Moreover, other investments followed shortly with the Amazeum, a children-learning centre in Bentonville, a performance arts space for the TheatreSquared in downtown Fayetteville, an adaptive reuse building for the Rogers Historical Museum in downtown Rogers and a new facility and playground for the Helen R. Walton Children's Enrichment Centre in Bentonville. All of these initiatives are supported as pilot projects for the Northwest Arkansas Design Excellence Program, aiming at attracting high quality architecture from world-class designers into the public amenities of the metropolitan region (Walton Family Foundation, 2014).

ECONOMIC

Experiencing the product and the brand:

Supermarkets, as all retailers, represent a special type of companies distinguishing themselves from other firms by the fact that they primarily sell other companies' products. In this sense, the focus of such companies is not on developing an efficient production system but on efficiency in logistics (Ellickson, 2011). In architectural terms, Walmart's shops represent a kind of generic architecture concerned more with its performance than its form (Moon, 2011), a Ford Model T of consumer environments. Walmart's obsession with efficiency and total coordination makes the company create a range of standardised buildings that reflect these requirements while often ignoring other design values (LeCavalier, 2011b). This approach is radically opposed to spatial manifestations of other major companies composing our study, which usually hire established architects to design signature buildings that symbolise company's culture and success and develop experience environments around their products.

Wallmart Supercenters are an icon of American suburbia



The number of Walmart stores over time, organized by format. Significant technological milestones are also indicated

Individually, these big boxes, surrounded by large parking areas have a limited impact (Mankad, 2011) but seen as the most visible parts of a nationwide network of 861 discount stores, 2664 supercentres, 153 neighbourhood markets, 147 distribution centres and two data centres, they play an important role in reshaping and controlling large amounts of population's shopping choices. "60 percent of the entire U.S. population lives within 5 miles of a Wal-Mart location and 96 percent are within 20 miles« (LeCavalier, 2010).

POLITICS

> "It might be a plan — or a group of plans as suppliers strive to make the Bentonville assignment an appealing one, while Walmart does the same. Or it might be the result of organic market influences as Walmart execs and Bentonville team members influence the area as consumers"
>
> - Badger (2012)

Local governance structure:

Bentonville's and the entire regions contemporary growth is based on a complex web of interconnected but mostly informal network of stakeholders. Walmart, as the leading economic power shaping the area, plays a central role in driving regional development goals both directly through its investment in local infrastructure, amenities and support for the local economic

Vendorville "embassies"

strategy but also indirectly by attracting its suppliers to settle and develop in Arkansas (Ruminski, 2015). As Walmart's growth exploded during the 1990s, an estimate of 1400 firms ranging from P&G to Microsoft have opened a regional office in the vicinity of the retailer's head office (Lancaster, 2010). The growing influx of suppliers has spawned yet another layer of development companies that have set up shop in Bentonville to service them. Their business ranges from digital marketing and big data analysis to other activities that enhance the sales of their products (Badger, 2012) in conjunction with the data provided by Walmart. They also provide real estate and retail investment, ensuring that the new inhabitants of Bentonville can benefit from all the requirements of high-class city living in a former rural area.

Vision & Strategy:

The local government and its strategic development scheme "Bentonville Blueprint" developed in 2014 is highly influenced by the economic goals and power of the above-mentioned groups, with goals that closely follow Walmart's own vision for the area in enhancing spatial coherence, urbanisation, densification, development of new social amenities catering to the "creative class" and improvement and development of the current rather opportunistic business climate (Walton Family Foundation, 2014).

Bentonville still has the feel of a small suburban town

Economically, the strategy looks at opportunities to attract new businesses specialised in digital media, light advanced manufacturing, advanced retail technologies, transportation and warehousing services as well as providing support for local entrepreneurship (SMEs) with the development of business incubators, co-working spaces, business accelerators as well as a special seed fund.

Urbanisation efforts concentrate on developing the central area as a dense and dynamic creative district (Bentonville Municipality, 2014) around Walmart's existing Visitor Centre and the slew of new high class restaurants and hotels which have opened up in the recent years from the retailers own efforts and business subsidies. The redevelopment plan from 2013 calls for the creation of three distinct districts in the downtown area (Bentonville Municipality, 2014). It includes an Arts District with a public plaza, studio space, inexpensive living space for artists, small cafes and a public arts centre; the Market District which will focus on culinary arts, restaurants, a new Farmer's Market as well as living spaces; and the Razorback Greenway, a new public recreation area which will include single-family housing, shops and other mixed-use developments.

PHILIPS

EINDHOVEN, The Netherlands

Company(s): Philips
Industry: Industrials
City population: 221,402
Number of employees: unknown
Welfare system: Corporatist and Social-Democratic hybrid


Philips Headquarters
Stripj-T
Stripj-R
Stripj-S
Philipsdorp Housing
Evoluon Conference Centre
Philips High Tech Plastics B.V.
Philips Consumer Li
Scale: 1:70.000


Philips Bedrijfsschool
Philips Arena
Philips Museum
The White Lady
festyle B.V.
Philips Research Library
Philips Innovation Services
Technological Infrastructure
Economic Infrastructure
Social Infrastructure
Former Philips
Technological Infrastructure
Former Philips
Economic Infrastructure
Former Philips
Social Infrastructure

CONTEXT

In the 18th century, the position on the railway route between Belgium and Germany attracted many entrepreneurs to the area of North Brabant. In 1891, Gerard Philips settled in and with the growth of its company Royal Philips Electronics, the city boomed. “This huge growth was the immediate cause to consolidate six villages in 1920 (Strijp, Stratum, Gestel, Tongelre, Woensel and Eindhoven) into one new town “Eindhoven”. Philips built several industrial buildings, in which it produced light bulbs, radio sets, X-ray machines, televisions and other electrical equipment. Since the (Roman Catholic) Municipality and its institutions were not willing or able to help the (Liberal-Protestant) Philips family, the company built dwellings, schools, shops, sports- and recreational amenities (with a theatre and a cinema) and lay out green spaces. Moreover, Philips provided medical services and organised several sporting clubs” (Havermans et al., 2008: 6). With the crisis of the company in the 1970s, Philips externalised or closed many of its activities and focused on its core business. Moreover, manufacturing activities were moved to other locations and its headquarters was moved to Amsterdam. Only its R&D stayed in Eindhoven and as a partial compensation, the move of the headquarters hugely expanded its technology campus in Eindhoven (van den Berg et al., 2001: 196). With the move of Philips’s production and management, a lot of real estate became vacant and at disposal for a conversion into new, post-industrial and post-Fordist use through several public and private initiatives (Fernandez Maldonado and Romein, 2010: 83). Eindhoven developed strong research and innovative cores, focused on ICT, life-tech, mechatronics, automotive and design (Havermans et al., 2008: 7). Eindhoven’s ”industrial miracle” has been recognized by the Dutch planning authorities who appointed it as the national “Brainport” in 2004 (Fernandez Maldonado and Romein, 2010: 84). In the recent years, Eindhoven is quickly supplementing technology and merging it with design activities and institutions (Fernandez Maldonado and Romein, 2010: 84). However, the role of Philips is decreasing.

Philips VH Building Demolishion

TECHNOLOGICAL

Innovation programmes and innovation environment:

After the 1990s, Philips has been increasingly strengthening its innovation and research facilities in Eindhoven and has started practicing “open innovation”. After realising that “traditional model of closed in-house innovation is blocking clever idea from entering the company from clever people outside” (Blau, 2007: 9), Philips has opened the access to their researchers and started collaborating with external researchers and innovators with complementary interests in order to gain new expertise, outsider perspective and benefit from synergies.

High Tech Campus, build by Philips, is the most innovative km² in the world

Through initiating High Tech Campus in Eindhoven in 1999, Philips has built an innovation district, an environment that fosters interaction, networking and knowledge sharing, and ultimately encourages the participation of research organizations, manufacturers and start-ups to jointly develop ground-breaking technologies (Blau, 2007: 9). The High Tech Campus concentrated several R&D activities of Philips in 30 buildings with more than 100,000 m^2 of lab space next to Philips corporate R&D facilities and around the strip with conference rooms, restaurants and meeting facilities for researchers and business development managers. Eindhoven's clean room facilities for microelectronics development are among the largest in the world (Blau, 2007: 9).

In 2003, Philips opened High Tech Campus to other companies and it has since attracted several private and public high-profile research institutes – the number of firms, institutes and jobs in Eindhoven has significantly increased with this (Fernandez Maldonado and Romein, 2010). This is crucial to Philips's internal strategic innovation programmes as Philips entered with them into several state-funded research consortiums. Through twinning, Philips and smaller firms contribute to each other's activities and achieve synergies. The main results of these activities are in the pre-competitive phases that give participating companies non-exclusive rights to the research findings. In further phases, Philips Incubators, launched in 2002, create new business ventures based on novel technologies created by Philips corporate R&D and transform research projects into new businesses (Blau, 2007: 10). In 2012, Philips sold High Tech Campus Eindhoven to Ramphastos Investments, a private consortium of investors that has since been managing the campus. Philips remained a tenant. Today, the High Tech Campus houses more than 140 companies and institutions with over 10,000 researchers, innovators and entrepreneurs of 85 nationalities. On average, campus residents file four patents a day.

Moreover, Philips Innovation Services are supporting outside researchers and research institutions in their activities: conducting development projects, creating engineering samples, prototypes and products in its pilot factory or MEMS foundry, contributing members of research teams, and providing on-site technology support consultations (Philips Innovation Services, 2016).

In parallel and often in cooperation with High Tech Campus and Philips, Brainport is creating another layer of cooperation within the Triple Helix of businesses, government and educational and research institutions (located in High Tech Automotive Campus, Food Tech Park Brainport, TU/e Campus and High Tech Campus Eindhoven), but also between sectors and with other economically strong regions all around the world (Brainport, 2016; van den Berg et al., 2001).

SOCIAL

Motive(s) of CSR:

From the 90s on, Philips has significantly decreased its social and public activities in Eindhoven – many have been privatized and closed. Compared to the golden era of Philips, only a few social and public initiatives remained, mostly focused on encouraging innovation and research (most notably in health products and equipment), and national and international promotion through sport.

Subsidised social programmes and subsidised public/communal infrastructure:

Today, Philips sponsors university chairs, provides equipment (state-of-the-art labs that can be used by the university or by start-up firms), and partners in contract research or other co-operation projects (van Winden et al., 2007: 538). Its international connections bring knowledge and innovative practices to Eindhoven, attract suppliers, and are an important source of spin-off companies (van Winden et al., 2007: 542).

Philips also sponsors the Philips Sport Vereniging Eindhoven sports club, but has significantly decreased its involvement in it. In 1999, the club became fully independent from the founder, while in 2015, Philips announced slow stepping down from sponsorship. At the moment, Philips retains the naming rights of the sport club, but is no longer the main sponsor. Philips also retains the naming rights to the Philips Stadium in Eindhoven.

ECONOMIC

Definition of the product:

With the move of Philips management and production out of Eindhoven, the company lost/reduced influence in the city – however, it strengthened its innovation-, research-, and design-oriented character and thus Eindhoven became an important symbolic place for Philips innovative and design practices.

Experiencing the product and the brand:

Nowadays, Eindhoven is not dominated by Philips buildings and facilities any more – but the company still benefits from the city in the marketing terms:

- the city brand based on state-of-the-art innovation and design increases Philips position as an innovative and creative brand,
- redevelopment of old Philips factories is always referenced to Philips.

Due to the diminishing influence of Philips, Eindhoven has become less and less associated with The City of Light city brand. Several new slogans and images were used in order to characterize the city (“Eindhoven city of sports”, “Eindhoven leading in technology”, “Eindhoven the city of knowledge”, “The city as a laboratory”, “Eindhoven the city of design” “Eindhoven creative

city", "Eindhoven Brainport of the Netherlands" (Havermans et al., 2008: 9). Most of them have stressed the innovative business environment: local city marketing agency Eindhoven365 has the goal to establish a fixed position in the top 10 most innovative regions in the world and the top 3 in Europe by 2020 (Eindhoven365, 2016). Eindhoven365 thus "encourages, supports and facilitates initiatives, joint ventures, innovation, inspiration, knowledge and content deployed in strengthening the brand Eindhoven, in people's hearts and minds" (Eindhoven365, 2016).

Strijp S industrial complex got a new function

In the recent years, the focus on innovation branding is supplemented with branding Eindhoven as a design- and creative industries node, as many of old Philips buildings are transformed to house new cultural and design functions, e.g. Eindhoven organises annual Dutch Design Week, the main design centre, the Design Academy, is currently located in Philips's former headquarters building (the so-called "White Lady") in the centre of Eindhoven, while Strijp S, former Philips's factories and research labs, are being transformed into a "creative city" with 27 hectares (Fernandez Maldonado and Romein, 2010: 89).

Philips' former headquarters (the so-called 'The White Lady') in the centre of Eindhoven

This change of direction from "innovative city" to "creative/ cultural city", is happening in parallel to Philipss change of unique selling proposition (UPS) and products/services. "In 2004, Philips Electronics changed its motto 'Let's make things better' – which referred to technical innovation – into 'sense and simplicity', symbolising its new orientation" (Fernandez Maldonado and Romein, 2010: 88). The change signifies Philips's gradual move from consumer electronics toward advanced medical technology and lifestyle.

Secondly, the change of city branding comes from the need "to complete the whole value chains, with R&D as starting point and including design, testing, producing, marketing and distribution of advanced goods" (Fernandez Maldonado and Romein, 2010: 88) and finally business services.

Besides top-down strategic brand management, also small, individual private and public urban re-developments strengthen Philips's position as an innovation- and design-oriented company. Out of 10 million m^2 of disposable land between 2000 and 2006 in the Netherlands, 2 million was former industrial land of Philips, of which 1.5 million m^2 were located in Eindhoven (Havermans et al., 2008: 8). In the last decade, several redevelopment projects of these sites were initiated, all referencing to the history of Philips:

1. Strijp S, former Philips manufacturing and research estate, is being transformed by private investor in the “creative city” of 27-hectare-large mixed-use complex with a strong cultural and design edge. When completed, the area will include residential (2,500–3,000 housing units, including atelier dwellings and lofts), office (90,000 m^2), cultural and leisure (30,000 m^2) functions. Currently, many of its premises are temporary rented to artists as ateliers (Fernandez Maldonado and Romein, 2010: 89).
2. Strijp R, the former industrial area of Philips, is being transformed by private investor into a residential and recreation area with approximately 500 houses amongst greenery and heritage buildings (Strijp R, 2016).
3. The White Lady, former Philips’s headquarters, houses the public Design Academy.

Moreover, the main city festival Glow Festival, organised by public Eindhoven365, searches for inspiration in the history of Philips as a light bulb manufacturer, the history of Eindhoven as a pioneering city and a breeding ground for creative, artistic and technical talent, and combines these with new approaches to light and energy saving, light and emotion, light and health, LED-lighting (Glow Eindhoven, 2016).

Philips’s marketing activities in Eindhoven are thus rather minimal as it relies heavily on activities of other actors. It does, however, have a Philips Museum, which displays the history of company from a small incandescent lamp manufacturer into a major, leading global company with significant impact on people’s lives (Philips Museum, 2016).

Philips Museum tells the story of Philips and Eindhoven

The brand and marketing activities of private and public actors in Eindhoven thus support and facilitate Philips’s activities and help in attracting labour, investments, start-ups, knowledge, research grants and finally tourists to a rather small Dutch city.

POLITICAL

Local governance structure:

The involvement of private actors in policy-making in Eindhoven is high (van den Berg et al., 2001: 203), however interaction between Philips and other members of the highly interactive cluster is relatively low (van den Berg et al., 2001: 197). A stimulus programme (initiated in 2001) encouraged private engagement of urban development and is continued through lobbying groups, pushing for better connection to HST system (van Winden et al., 2007: 543) and creative and cultural industries. Moreover, Philips was recently behind the push towards alignment of R&D and education spearheads of Eindhoven, Aachen and Leuven (van Winden et al., 2007: 547).

In Eindhoven, a small group of key decision-makers (consisting of leaders from the industry, the president of the university and the mayor) meet frequently and jointly develop initiatives and generate resources to support the local economy (van Winden et al., 2007: 548). One of the recent programmes aimed to “increase the supply of skilled labour, to increase the commercialisation of technology, to diversify the economy away from only technology sectors, to develop a ‘high-tech campus’ and to raise the international profile of the region in order to attract foreign firms and knowledge workers” (van Winden et al., 2007: 548).

Vision and strategy

From 1891 to late 80s and early 90s, Philips was – despite its conflictual relationship with the municipality – dominating in the field of strategy and vision. By enormous investments in the provision of social, cultural and recreational amenities, it dictated the urban development of Eindhoven and thus even without direct political power played an important political role. With its move of manufacturing and management to other locations and externalisation and closure of many activities, it lost its power and influence.

Nevertheless, Philips benefited greatly from the vision and strategy of Eindhoven that emerged as an answer to Philips’s move and industrial downturn. Under the motto “Never again!”, a new cooperation alliance was formed to work more effectively in the future, aimed at transforming a “traditional industrial region into a top-technology and design region” (Fernandez Maldonado and Romein, 2010: 91). New policies and initiatives have been set up at local, regional, and cross-border networks.

The cooperation Samenwerkingsverband Regio Eindhoven (SRE) was formed as one of the eight “city-regions” in the Netherlands. This public corporation attuned activities of several municipalities in the fields of housing, employment and traffic flows (Fernandez Maldonado and Romein, 2010: 92). At this level, a triple helix was organised with two main projects to tackle the industrial decline: “Stimulus (1990), a European programme for job creation and strengthening of the industrial fabric, and Horizon (2001), a strategic action plan focused on industrial innovation, reduction of shortages of skilled labour, diversification of the knowledge industry and international branding” (Fernandez Maldonado and Romein, 2010: 92). Horizon today continues as Brainport Eindhoven with a mission “to create an environment for economic and social development towards a high quality of life and, through this, to achieve a sustainable and globally competitive region“ (Fernandez Maldonado and Romein, 2010: 92).

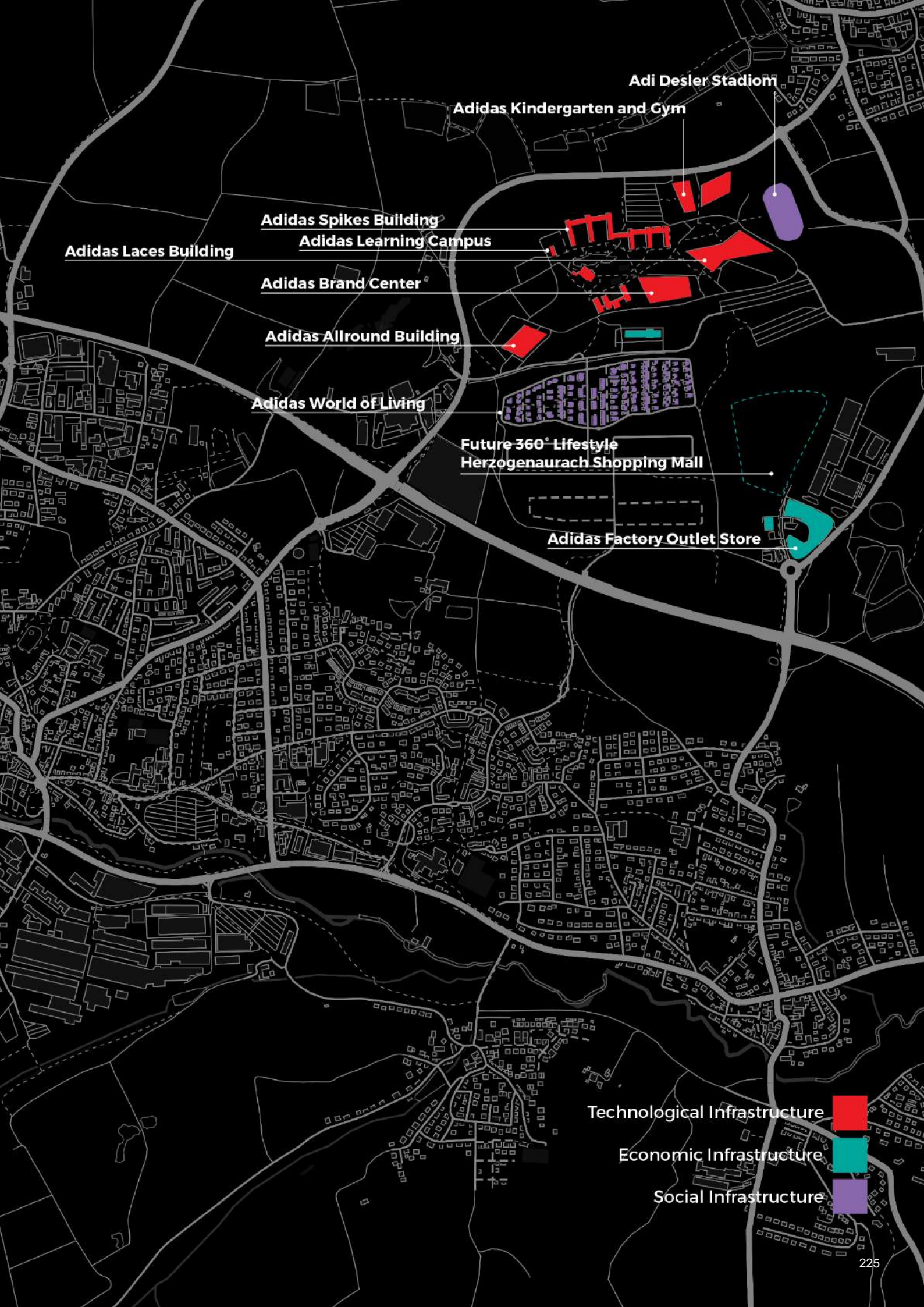
Moreover, the recent change of the economic development strategy from innovation and research toward design and culture, reminds of Philips’s gradual reorientation from consumer products toward advanced medical technology and lifestyle and the need to complete the whole value chains from R&D to marketing. However, Philips is no longer the driver of this change.


adidas®

HERZOGENAURACH,Germany

Company(s): Adidas AG
Industry: Apparel
City population: 22.927 (2008)
Number of employees: > 3.500 (2013)
Welfare system: Corporatist

Scale: 1:70.000

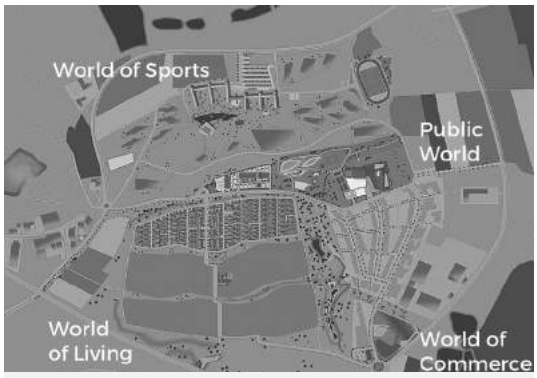

Adi Desler Stadiom
Adidas Kindergarten and Gym
Adidas Spikes Building
Adidas Learning Campus
Adidas Laces Building
Adidas Brand Center
Adidas Allround Building
Adidas World of Living
Future 360° Lifestyle
Herzogenaurach Shopping Mall
Adidas Factory Outlet Store
Technological Infrastructure
Economic Infrastructure
Social Infrastructure

CONTEXT

Herzogenaurach is a small historical town with around 25,000 inhabitants on the river Aurach, 20 kilometres northeast of Nuremberg, Germany. Since 1920, it has slowly became the core of an international footwear business lead initially by the the Dassler Brothers Shoe Factory and after its split in 1948, by Puma and Adidas (Kyle, 2006). Both still have their headquarters here although growing international competition has forced them to restructure their approach towards their products and subsequently, to the region where they initially were founded.

The Puma - Adidas rivalry is deeply imprinted in Herzogenaurach's community

In the beginning of the 90s after talks of relocation to other regions or countries because of the lack of much needed office space (Adidas AG, 2009) at Adi Dassler Platz in the historic centre, Adidas decided to keep its headquarters in the region by moving 1.6 km away and expanding in the nearby 114-hectar former US military base. In order to make the best out of the move, in 1999, Adidas organised an international competition to determine an urban design concept for their new lead Marketing and Sportswear R&D campus (Adidas AG, 2009). The winning entry by Angelil/Graham/Pfenninger/Scholl Architects (AGPS) divides the Herzo-Base into four areas: World of Sports (the global headquarters), World of Living (residential area), World of Commerce (industrial real estate) and Public World (public facilities) (AGPS, 1999).



Adidas World of Sports zoning plan

Much like a conventional zoning plan, this proposal defines the future programmes on the site as a materialisation of Adidas expanding the understanding of their line of business, but while the name of the areas make clear references to functional uses, on the building level the separation between, living, working, commerce and leisure are intertwined and reflect Adidas's new approach to sportswear as an experience for their costumers and as a way to open up their design process by involving consumers and third parties in the development of their products. "With its campus-like combination of work, living and leisure, the Herzo-Base reflects the corporate brand mission of the Adidas Group. The landscape and the buildings melt into one cohesive space that is inseparably linked with the brand" (Hoeger & Blindels, 2007).

TECHNOLOGICAL

Innovation programmes:

In the past, the development of new sportswear products was focused on adding more features to a futuristically designed equipment and came from the belief that consumers' decisions are based on a product's technical specifications (The Economist, 2007). Today, product sales are driven more by its perceived feel, thus, by the experience that a product provides. Nike and Puma, Adidas's main competitors, have invested heavily in marketing, fashion and brand ambassadors and while Adidas has done the same in order to promote its "lifestyle" goods which provide a third of its annual revenue, while an important part of their business still relies on professional sportswear (The Economist, 2013). Bridging the two sectors relies on the perceived innovation of the brand by its users, professional or not, and Adidas has focused heavily on designing their products around their customers through a user-centric design approach that combines both induced quality and feel but also its technical characteristics (The Economist, 2007).

Arial view of Adidas's Herzo-Base Campus

Innovation environment:

The Herzo-Base represents the physical representation of this approach, as it is both the main unit in charge of global marketing and an important site for product research and development. The area houses management activity in the repurposed army barracks and their Lace building (opened in 2011) where all the main innovation in sportswear and tech-related products (mobile apps and smart sports gear) are taking place (Maker, 2014). Among them, materials, biomechanical, design, engineers research, product development and marketing analysis (The Economist, 2013). The building also contains a biomechanical lab and a state-of-the-art test centre with a test hall three times the size of a sports hall will offer ideal test- and research conditions.

The state-of-the-art working environment aside, the most valuable asset of a firm focused on constant innovation is its staff and Adidas is struggling to attract young people to come and work in the remote town of Herzogenaurach. In an effort to poach new employees, Adidas has opened offices also in Portland, near Nike's headquarter, an area that has become a magnet for the global footwear industry in the last two decades (Thomasson, 2014). At its home office, Adidas has invested heavily in creating an attractive living and working environment but also in promoting the city as an attractive place to live through media campaigns like 360 Lifestyle Herzogenaurach (Thomasson, 2014).

The company is also investing in a global "Learning Campus" concept for its employees as a strategy to promote long life learning (Adidas AG, 2014) but also as a way to attract the new creatives, striving for constant self-development in the workspace. The "New Ways of

Learning" programme comprises of physical learning spaces similar in design and functionality to co-working spaces where employees can meet in their spare time and share knowledge, a virtual Learning Campus and a redesigned workplace concept entitled "Future Workplace" (Kuhna, 2014). The first of the physical learning centres, the "Shed", just opened in Herzo-Base (Maker, 2014) while the new flexible working environments of the campus, combined with specially designed furniture represent the first step towards the "Future Workplace".

Adidas's experimental learning space, "The Shed"

All in all, these experimental approaches are pioneering steps towards the development of "workscapes" where the line between leisure and work and between the office, the public space and the home blur out.

SOCIAL

Motive(s) of CSR:

Adidas's social contributions to the area are mainly driven by the needs of its employees and are therefore concentrated inside and around its open campus (Thomasson, 2014).

Subsidised social programmes and public/communal infrastructure:

The way they are designed and managed, on the other hand, transforms them into semi-public amenities for its staff, business partners, citizens and costumers alike (Hoeger and Blindels, 2007).

This approach comes from the way Adidas understands and values the interactions between all of these groups. For example, the new "Meet&Eat" facility designed by COBE as a part of "World of Sports" allows interesting synergies by combining a public conference centre, an employee restaurant and a showroom in a multifunctional environment (COBE Architects, 2014) designed for the "Adidas Family" (employees, brand ambassadors and costumers). The campus also provides a gym, and a child day-care centre.

World of Living houses

As a unique character to the campus designs analysed in this report, Herzo-Base also offers residential units for their staff in the "World of Living" in collaboration with Bouwfonds (Adidas AG, 2015), an international Dutch real estate company, and other business partners.

ECONOMIC

Definition of the product:

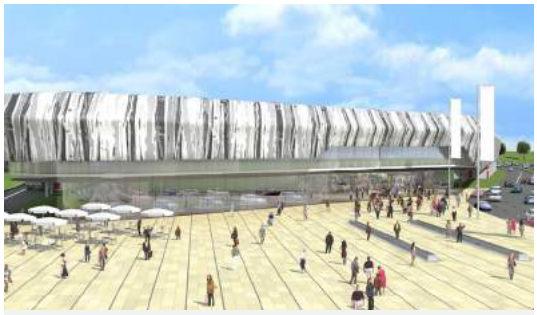
International competition from brands like Nike and the constant pressure for efficiency in manufacturing and distribution has led Adidas, as well as all other global brands towards a shift in strategy, where the companies defined as “hollow-corporations” (Lambooy, 1986) kept only their core marketing and research functions while outsourcing manufacturing and retailing. Adidas’s global retail restructuring is based on virtualization, franchising (The Economist, 2013) and development of new types of concept and multi-brand stores and Herzo-Base represents an important testing ground for all of these ideas.

Experiencing the product and the brand:

First of all, as stated before, the campus design revolves around the principles of “experience economy” and through its openness provides a new brand experience to the visiting costumer which can freely explore Adidas’s advanced research facilities, its museum and concept stores, all of them floating in a diffused landscape inspiring a healthy state of the art lifestyle (Maker, 2014). The World of Sports, one of the campus’s most private areas, although gated and monitored, can be divided into different zones so that the sports areas, usually used for research and brand ambassador visits, its conference centre and multifunctional halls can be made available to the public without compromising the inner functions of the office (Hoeger and Blindels, 2007). The Adi Dassler Brand Centre works as a showroom for the brand and the new Meet&Eat facility, as a showroom, conference centre and restaurant.

However, some areas of Herzo-Base are more clearly defined as interfaces between the brand and the consumer and are located in the “World of Commerce”. The first of these facilities was the Adidas Factory Outlet (2003) but the most daring of its retail experiments is the new 360 Lifestyle Herzogenaurach centre (Hoeger and Blindels, 2007).

The new building which is “not a factory outlet, nor a concept store, nor a mall” (Adidas AG, 2015) acts as a trade centre for the brand and as image promotion for the company and the city. It is a mall that provides all the latest and most innovative products but also services and wholesale trade. It is a concept store devoted to lifestyle choices, focusing on health, sports and tourism but it is not devoted to only one brand. Adidas acts as a curator for the space, promoting the development of a network of regional product- and service providers in line with its brand vision (Adidas AG, 2015). In this sense, the new centre plays a pioneering role in the creation of a new and modern economic structure for the interaction of manufacturers, retailers and costumers from the region.



The future 360 Lifestyle Herzogenaurach Shopping Center promisses innovative shopping experiences

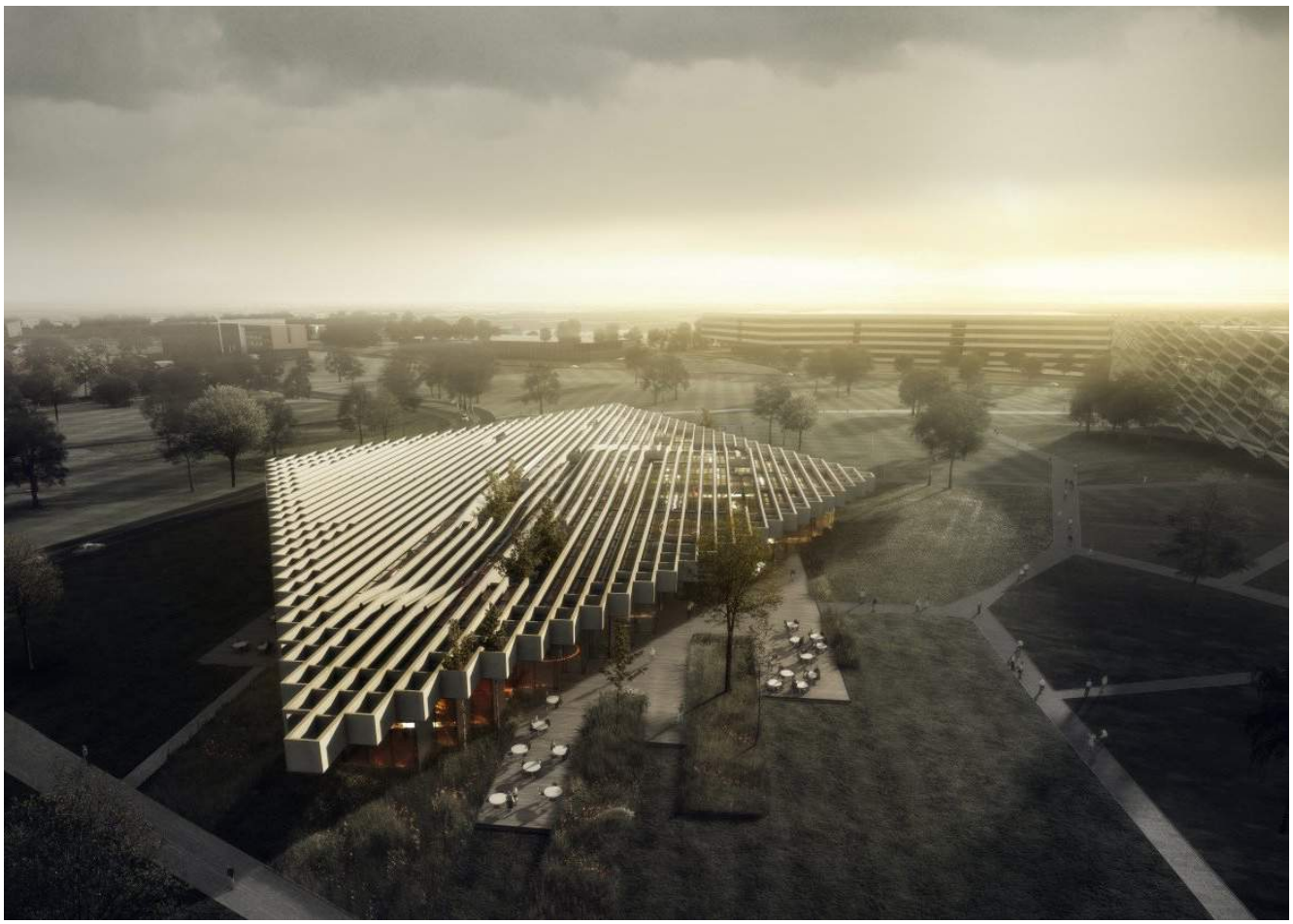
POLITICS

Local governance structure and spatial implications:

After the departure of American forces in 1992, the city of Herzogenaurach was left with an important land resource that needed redevelopment. In order to manage it, the municipality established GEV Land Herzogenaurach mbH & Co. KG (GEV) in 1996. In 1998, Adidas acquired 90% of the shares in the public company with the remaining 10% being acquired in 2012 (Stadt Herzogenaurach, 2016). As a result of the second financial transaction, the city was able to buy 30 hectares of land in the vicinity of Adidas's "World of Living". They were also zoned as a residential area combining single-family housing, multi-story subsidised rental housing and condominiums catering to interested developers, cooperatives and individuals (Stadt Herzogenaurach, 2016).

Although after the 2012 acquisition the municipality went out of the private-public cooperation framework facilitated by GEV, there are still signs of cooperation between the two parts.

From Adidas's side, their efforts to attract, maintain and grow its Marketing and R&D young urbanite staff force them to develop and grow a vibrant urban environment that needs to expand outside its multi-functional modern campus (Adidas AG, 2009). At the same time, the municipality sees the continued presence and expansion of Adidas in the area as an important growth potential for the small city (Stadt Herzogenaurach, 2016).



Adidas is still organising competitions to complete its World of Sports masterplan: (1) Adidas Meet & Eat First Prize - CABE, DK (2014), (2) Adidas Offices Stage 5 First Prize - DMAA, AT (2014)


TATA

JAMSHEDPUR, India

Company(s): Tata Steel, Tata Motors, Tata Power, Tata Hitachi Construction Machinery, Tata Technologies Limited, Tata Consulting Engineers, Tata Consultancy Services, JUSCO, Tata Steel & Wire Production Limited, TRF Limited, Jamshedpur Engineering & Machine Manufacturing Company, Tata Tinplate Works, Tata Cement, Tata Bluescope Limited
Industry: Materials
City population: 1.337.131
Number of employees: unknown
Welfare system: Dual (state and corporate)


Tata Zoo
Xavier School of Management
Tata Steel Aviation Department
Center for Excellence Tata Steel
Jubilee Park
JRD Tata Sports Complex
Jamshedpur Utilities and Services Company
Meherbai Tata Memorial Hospital
Tata Main Hospital
Tata Football Academy
Kadma Colony
Tata Consultancy Services
Tata Steel
Scale: 1:70.000


Tata Water Treatment Plant
MGM Medical College & Hospital
Tata Bluescope
Tata Consulting Engineers
Sidhgora Colony
Tata Employees Training Centre
R D Tata Technical Education Center
Tata Tinplate Works
Nildih Colony
Telco Colony
Tata Steel Tubes Division
Tata Steel Technical Institute
Summit Moolgaonkar Stadium
The India Steel & Wire Products Limited
Tata Hitachi Construction Machinery
Tata Motors
TRF Limited
Tata Power
Jamshedpur Engineering & Machine Manufacturing Company (JEMCO)
Technological Infrastructure
Social Infrastructure
Tata Managed Colonies

CONTEXT

Jamshedpur was established in 1907, when it was selected by Jamsetji Tata to be a suitable site for the iron and steel factory by Tata and Sons, which Tata wanted to establish after visiting Pittsburgh. Town – at the beginning named Sakchi – was established in the area of many blacksmiths and indigenous knowledge of local mineral resources (Kumar, 2015: 2). Modern planning principles were employed in developing the city and a strong social and community orientation of Tata Steel was present throughout its history. From its inception on, Jamshedpur is a private township and managed by the Tata company itself. From 1911 to 2012, it grew dramatically as it registered a growth of more than twelve thousand times (Kumar, 2015: 2). A major part of this growth is a result of the growth of the Tata company, which in parallel to the city's growth became the largest private sector steel company in India (Mahajan and Ives, 2016, 3) and expanded in a broad range of industries (steel, cars, beverages, communications, hospitality, energy) in over 100 companies, controlled by Tata Group, headquartered in Mumbai.

Jamshedpur is still an industrial city

Today, Jamshedpur is a major industrial centre of East India and it houses the largest iron and steel producing plant in India (Tata Steel), one of the largest plants in India (Tata Motors), Tata Power, Lafarge Cement, Tata Hitachi Construction Machinery, BOC Gases, Tata Technologies Limited, Praxair, Tata Consulting Engineers, Tata Consultancy Services, Tinplate, Jamshedpur Engineering & Machine Manufacturing Company (JEMCO), TRF Limited, India Steel & Wire Products Limited, Tata Tinplate Works, Tata Cement, Tata Bluescope Limited, etc. Despite its industrial character, Jamshedpur is regarded as an outstanding example of city planning with very high standards of living. In 2008, it was rated second-best in the country by ORG Marg Nielsen on quality of life index (Sridhar and Verma, 2013), in 2010 it was ranked seventh on the list of 441 cities and towns in India regarding sanitation and cleanliness by the Ministry of Urban Development (Sridhar and Verma, 2013) and was selected for the United Nations Global Compact Cities pilot programme.

Only 15% of residents are employees and dependents of Tata Steel and other Tata Group companies (Singh et al., 2015: 3).

TECHNOLOGICAL

Innovation programmes and innovation environment:

Tata Steel has been creating conditions for its expansive growth for 97 years through the provision of several public services and utilities to the city of Jamshedpur. In 2004, it has changed its business model and transformed an expense of municipal services into a source of new revenue.

Jamshedpur Utilities and Services Company (JUSCO) is a first-of-a-kind initiative in India that offers comprehensive urban infrastructure services (JUSCO, 2016). It was carved out of Tata Steel from its Town Services Division in 2004, where it was providing an obligatory service to the community according to the industrial township lease for 97 years. Financial constraints, limited human resources, increasing populations and users, and lack of exposure to modern technologies and processes hampered the provision of several services. Thus Tata Steel corporatized the town division unit and enabled the expansion and improvement of the services, greater efficiency, and financial viability (Sridhar and Verman, 2013). A cost-centric service was thus converted into a commercial customer-oriented company (Sridhar and Verma, 2013) – its services are financed by the state and a special local tax, collected by JUSCO itself.

At the 100th anniversaty of founding of Jamshedpur, Tata Steel has built a Jubilee Park

It is a one-stop-shop provider of all civic amenities and municipal services, including water, power, infrastructure, public health and horticulture services to about 500.000 people in Jamshedpur. JUSCO has an integrated municipal solid waste management strategy, collects waste daily, and employs 800 people in maintenance activities, including sweeping, drain cleaning, carcass removal, cleaning urinals/ public toilets and garbage removal. An efficient storm-water drainage system takes care of rainwater. Moreover, in the last years, JUSCO has implemented a compost plant to treat and convert municipal waste into compost for in-house use, a biogas plant to convert food waste into energy for in-house use in TATA Steel's guest houses, recycling and treatment of storm water for irrigation purposes, the use of waste plastics as one of the ingredients in road construction, use of treated sewage water to reduce raw water consumption for a drip irrigation system at Jubilee Park, the development of green patches and tree planting to improve air quality, and a stray dog sterilization centre (Singh et al., 2015: 4).

SOCIAL

Motive(s) of CSR:

The approach to the provision of social programmes in Jamshedpur is inspired by the ideals of Jamsetji Tata, the founder of Tata Steel: "We do not claim to be more unselfish, more generous or more philanthropic than others, but we think we started on sound and straightforward business principles considering the interests of the shareholders, our own and the health and welfare of our employees… the sure foundation of prosperity" (Mahajan and Ives, 2016: 4). From its foundation on, Tata pioneered the provision of social programmes and welfare in India. For example, already in 1912, thirty-six years before the Indian government, it introduced the eight-hour working day (Mahajan and Ives, 2016: 4). The strong involvement in provision of social, leisure, medical and educational programmes continues today.

Subsidised social programmes and subsidised public/communal infrastructure:

In the last century, Tata Steel in Jamshedpur has established several family initiatives: Family Welfare (1951), Community Development and Social Welfare (1958), Tribal and Harijan Welfare Cell (1974), Tata Steel Rural Development Society (1979), Environmental Management (1986), Tribal Culture Society (1990), Tata Steel Family Initiatives Foundation (1998) (Mahajan and Ives, 2016: 5).

Daily, Tata Steel provides midday meals to 65,000 students in 467 government schools in and around Jamshedpur to enhance enrolment, retention and attendance and improve nutritional levels among children. Tata Steel also provides an adult literacy programme that focuses on improving functional literacy of approximately 3,000 women every year, and provides basic preschool education to approximately 600 underprivileged children each year (Singh et al., 2015: 6). Tata Main Hospital with 500 beds provides healthcare to Tata employees as well as to the general public (Tata Townships, 2016).

Overall, Jamshedpur Utilities and Services Company (JUSCO), a subsidiary of Tata, manages and maintains 9 schools, 1 college, 524 km of roads, 478 km of sewer lines, 490 km of water mains, 358 storm water drains, and 17 small and large parks (Tata Growth Shop, 2016).

Tata Steel is involved in several educational programmes, supports schools and colleges, and endows various scholarships (Tata Growth Shop, 2016). The Shavak Nanavati Technical Institute (SNTI), first established as the technical training department of Tata Steel, now develops skilled employees for other companies as well; the R D Tata Technical Education Centre aims to improve the quality of technical education and to cater to the requirements of industries in the region; MGM Medical College & Hospital teaches undergraduate and postgraduate students and is associated with the Tata Main Hospital (Tata Growth Shop, 2016). Moreover, Tata supports and is involved in management of XLRI – Xavier School of Management, while the proximity of Tata Steel Adventure Foundation enables several synergies between XLRI and Tata's foundation.

Tata Sports Complex, build and operated by Tata

Jamshedpur is an important sports city as Tata Steel is promoting several sport activities and has built several sport facilities, e.g. Sumant Moolgaokar Stadium, a 10,000-seat stadium in Tata Motors colony, JRD Tata Sports Complex with an international standard football ground, an eight-lane monosynthetic track, the Tata chess centre, ladies fitness gymnasium, Tata Archery Academy, facilities for handball, tennis, volleyball, hockey, basketball, boxing, table tennis and a modern gymnasium. The complex also features a sports hotel. The Tata Steel Adventure Foundation manages several adventure activities for Tata Steel employees, their families and residents of Jamshedpur and

arranges wide variety of adventure sports, such as rock climbing, river rafting, parasailing; Tata Football Academy is regarded as India's first football academy; and Tata Athletic Academy nurtures the talent of international level athletes (Tata Growth Shop, 2016).

27% of Jamshedpur is green areas, making it one of the greenest cities in India (Singh et al., 2015: 3). On the 100th anniversary of founding of Jamshedpur, Tata Steel built a Jubilee Park and a Jubilee Amusement Park. The Jubilee Park with 93 hectares is the biggest and most visited park of the city, while the Jubilee Amusement Park redefined the entertainment of the city (Tata Growth Shop, 2016). The Tata Steel Zoological Park in the vicinity of the Steel Plant comprises of a Safari Park, Nature Education Centre and a Nature Trail. In the architectural masterpiece of the Centre for Excellence in Jamshedupur, social responsibility projects and technological excellence of JN Tata are exhibited (Tata Growth Shop, 2016).

In 2010, Tata Steel has proposed to set up a 2.4 km^2 airport at the outskirts of Jamshedpur that would be open for public use and would allow commercial airliners to land and take off which is not possible from the current public Sonari Airport. Due to the opposition of a small percentage of land owners, the project was stopped (The Economic Times, 2012).
JUSCO activities are financed by a highly contested special tax, collected by JUSCO itself, and the sales of services on the market. Other philanthropic and social programmes are financed by Tata Steel.

ECONOMIC

Definition of the product:

Although steel and iron are the main products of Tata Steel, we believe Tata's recent expansion into provision of urban public utilities and services shows a new business development of the corporation that uses the city and its successful growth model as a testing ground and as a demonstration case of their new services.

The aim of JUSCO is thus to create a model town with world-class facilities that would be able to overcome the problems of developing cities, multi-level governance and high inequality. Jamshedpur as a model town is a showcase against the outsourcing of utility services that is increasingly used in urban areas. On the contrary, Jamshedpur model supports the integrated provision of services that abide the multiple agencies/service providers and ensure a coordinated development of cities (Sridhar and Verma, 2013).

Experiencing the product and the brand:

At the moment, only a museum showcasing social responsibility projects and innovations of Tata Steel is present in Jamshedpur. Nevertheless, JUSCO is active in domestic and international promotion of its services and Jamshedpur example with the intent of expanding its services to other cities.

POLITICAL

Local governance structure:

Jamshedpur Urban Agglomeration (150 km^2) formed in 2006 consists of multiple authorities:

- Jamshedpur Notified Area Committee (JNAC)
- Mango Notified Area Committee (MNAC)
- Jugsalai Municipality (JMC)
- Adityapur Nagar Parshad (Adityapur Municipal Corporation – AMC)
- 8 Census Towns: Baghbera, Gadra, Ghorabanda, Parsudih, Kitadih, Sarjamdah, Haldubani and Chota Govindpur

The largest and central part of Jamshedpur Urban Agglomeration is thus governed by JNAC, which is comprised of two parts, one being the Tata lease (41 km^2 managed by JUSCO, a subsidiary of Tata Steel) the other non-Tata lease (managed by JNAC itself). JNAC is in charge of the provision of sanitation facilities, supply of water, construction of roads, drains etc., provision of urban amenities and facilities such as parks, gardens, playgrounds, markets, bus tempo stands, administering central and state government Urban Poverty Alleviation (UPA) schemes (JNAC, 2016).

Being a private township, Jamshedpur is the only city in India without a democratically elected municipality (Samuel and Rai, 2015). There is no municipal corporation or urban local body in Jamshedpur (Singh et al., 2015: 3), but the power lies within Tata-controlled local administration and service provider Jamshedpur Utilities and Services Company (JUSCO), a Tata Steel subsidiary.

According to several researches, this model of urban governance has proved to be successful in India, as many Indian cities are typically characterised by conflicts between multiple agencies (Sridhar and Verma, 2013) and Jamshedspur's unified authority with clear and effective lines of accountability and transparent performance standards (Sridhar and Verma, 2013) resolve several of these problems.

Nevertheless, Jamshedpur and Tata Steel have been challenged and criticized for neglecting impoverished neighbourhoods on several occasions, but successfully resisted every single time. Already in 1967, the Bihar government issued a proposal to convert the Jamshedpur Notified Area Committee into a municipality, which was later dropped. Again in 1989, the Supreme Court directed the state government to convert the private township into a municipality within eight weeks, but a constitutional amendment (allegedly influenced by Tata Group) in 1993 provided a possibility of an "industrial township". Similar attempts by the government in 1998 and 2005 were again diverted and at the moment, the renewed lease of 2005 stays in place (Samuel and Rai, 2015). Under its lease agreement, renewed for a period of 30 years, with retrospective

effect from 1996, Tata Steel is bound by law to provide “civic services like conservancy, building and maintaining roads, sewerage etc., supply of water and maintaining water mains, pipes etc., street lighting and supplying electrical energy and similar amenities and various other civic amenities for the inhabitants of the town of Jamshedpur” (Samuel and Rai, 2015).

Vision and strategy:

From its establishment on, Tata Steel has played an important role in envisioning Jamshedpurs’ future and steering its development. In the recent years, after the last extension of the lease in 2005, Tata has changed its approach to providing public and utility services in the city. Already in 2004, Jamshedpur Utilities and Services Company (JUSCO) was carved out of Tata Steel from its Town Services Division, with the intent of converting an obligatory service into a customer focused sustainable corporate entity (JUSCO, 2016). With this technical change, the understanding of the city, its development and management has changed as it became an asset that can be capitalised as a pilot area and testing ground for new services. JUSCO has since expanded its activities in planning, development and maintenance of township infrastructure, operation and maintenance of power infrastructure and distribution of power, and providing civic and municipal services in an integrated manner in a full-fledged municipal area (TATA, 2016). With this, the strategy and vision of the city – previously inspired by steel and sports – has diverted and become an instrument of Tata’s new product/service development.

A picture of Jamshedpur today and it’s proposed green future

SAMSUNG

SUWON, South Korea

Company(s): Samsung Electronics Corporation
Industry: Technology
City population: 1.200.000
Number of employees: 21,000
Welfare system: Productivist


Scale: 1:70.000


Samsung Innovation Museum
Samsung Offices
Samsung Digital City
Sports Center
Technological Infrastructure
Economic Infrastructure
Social Infrastructure

CONTEXT

Suwon has grown from a small settlement into a major industrial and cultural centre, 30 kilometres south of Seoul. Despite being an old walled city – inscribed on the UNESCO World Heritage List in 1997 –, it experienced the most significant growth after the Korean War, in which Samsung's inventories in Seoul were damaged and Lee Byung-chul, the founder of Samsung, started his business anew. Thanks to Electronic Industry Promotion Act and Electronic Industry Promotion Fund that supported large private investments in the late 1960s, Samsung entered electronic industry in 1969, and Samsung Electronics was founded in Suwon, where it has its headquarters (Samsung Digital City) and a large factory complex. With the growth of Samsung, several Samsung subsidiaries located their activities in Suwon (Samsung Electro-mechanics, Samsung LED, Samsung SDI…). Moreover, in the neighbouring Yongin, Samsung SDI has its headquarters and Samsung Electronics a semiconductor factory (Samsung Nano City Yongin), while in the neighbouring Hwasung, another Samsung Electronics semiconductor factory (Samsung Nano City Hwasung) is present. Suwon is thus an important education and research centre with 11 universities and increasing proportion of foreign inhabitants.

TECHNOLOGICAL

Innovation programmes and environment:

Samsung Electronics location in Suwon is regarded as a part of Samsung Digital Valley, in which Samsung's R&D and high-tech manufacturing complexes are located in Gyeonggi's Suwon, Yongin and Hwasung (Colantonio et al., 2014) and is often cited as a demonstration of the successful economic transition that was generated through Korean government's Semiconductor Promotion Policy, LCD Industry Promotion Policy, Venture Business Promotion Policy and Capital Region Management Policy.

Despite Suwon, Yongin and Hwasung being administratively separate cities, they are geographically proximate. Moreover, Samsung's locations are in close proximity as the distance between Yongin and Hwasung locations is only 2 kilometres and both are 4 kilometres away from the Suwon location (Samsung Village, 2014a).

Since cities themselves did not provide several of the services for a creative and innovative milieu, Samsung Electronics has been developing these on its own within its premises in Suwon, Yongin and Hwasung since its inception in 1969 and especially after the establishment of the first research institute R1 in 1980. All locations in Suwon, Yongin and Hwasung are functionally integrated into Samsung's IT cluster (Colantonio et al., 2014). Samsung Electronics is pursuing an industrial cluster strategy primarily through

You are now entering Samsung Digital City

Samsung Digital City projects and Samsung Nano City projects. Samsung Digital City project in Suwon thus combines and connects several parts of Samsung's IT industry in a creative nexus, in particular, product and process innovation (Colantonio et al., 2014), while Samsung Nano City projects in Yongin and Hwasung represent semiconductor complexes of Samsung Electronics.

The Samsung Digital Valley has had significant impacts on national economy, Seoul and its metropolitan region, and in particular on Suwon. Samsung Electronics employs 33,000 people in Suwon, estimated 22,502 in Yongin and 9,926 in Hwasung (Colantonio et al., 2014). Moreover, Samsung's first- and second-tier suppliers in Suwon also provide more than 10,000 jobs (Colantonio et al., 2014).

Samsung Digital City and Suwon's housing in the background

Suwon and Samsung Digital Valley in general have been core R&D hubs for Samsung Electronics since 1980, when the first research institute R1 was established. Today, Samsung Electronics has five research institutes located in Samsung Digital City, each founded with a specific aim: R1 (1980) to increase patent portfolio (seven times increase after the founding of research institute), R2 (1987) to save mobile development costs relating to international standards, R3 (2001) to establish international prominence in mobile phone and telecommunication businesses, R4 (2005) to expand Samsung's share in digital television market, and R5 (2013) to integrate IT and mobile divisions and strengthen the capacities to adapt to dramatically changing mobile markets (Samsung Village, 2014b). The last extension comprises of specialist development laboratories, audio development facilities, collaboration spaces with 150 video conference rooms and large-scale auditorium for 700 people, and a co-working lab with 1000 meeting rooms (Samsung Village, 2014b).

SOCIAL

Motive(s) of CSR:

Due to the a rather minimal welfare provision of social and public services by the state in South Korea, Samsung Electronics' social programmes and corporate social responsibility in Suwon focus primarily on the provision of these elemental welfare services. As the welfare state in South Korea is emerging only slowly, Samsung Electronics with its broad offer of free social services in Samsung Digital City stands out as an attractive and reliable employer.

Subsidised social programmes:

Samsung Electronics provides all regular and non-regular employees with social insurance (including national pension, health insurance, employment insurance, and occupational health and safety insurance). Moreover, it provides several programmes within Samsung Digital City

in Suwon, in which several non-production facilities can be found, from recreational areas, guesthouses, medical facilities, kindergartens, cafeterias and bars. All of these provide services free of charge to their employees, their spouses and children. (Samsung Newsroom, 2014). Social programmes are very extensive and cater to most of the daily needs of employees:

- Healthcare: Within Samsung Digital City, several medical facilities (Samsung Hospital Healthcare Center) with free healthcare services can be found – these offer physicals and flu shots, dental treatments and traditional acupuncture (Samsung Newsroom, 2014).
- Childcare: Kindergartens with 150 teachers look after 900 children of Samsung employees in Samsung Digital City (Samsung Newsroom, 2014).
- Mobility: Samsung provides 500 shuttle buses to 103 destinations from Samsung Digital City (Samsung Newsroom, 2014).
- Recreation: Samsung Digital City has ten basketball courts, four badminton courts, three soccer fields, two baseball diamonds, a climbing wall, and an Olympic-sized swimming pool (Samsung Newsroom, 2014).
- Food: Samsung Digital City serves up to 72,000 meals (breakfast, lunch, dinner) with 92 different menus daily (Samsung Newsroom, 2014). The cafeteria with more than 4100 seats sources its produce from Suwon's neighbourhood, creating a strong link with farmers and producers (Samsung Village, 2014a).

Samsung Electronics encourages and provides the support for several social activities of its employees, whether it be organised company events or clubs, events and courses. On Family Day, Samsung Digital City is transformed into a theme park for employees' families and neighbouring residents, while throughout the year several music events (string quartet and rock concerts), celebrity talk shows, and more than 650 hobby clubs and 490 sports clubs take place within the premises of Samsung Digital City (Samsung Newsroom, 2014).

Many of the above-mentioned programmes and services are provided by other Samsung companies that play an important role in social, economic and cultural development of South Korea. Samsung Life Insurance and Samsung Fire & Marine Insurance provide a broad range of insurance packages; Samsung Card is South Korea's largest issuer of credit cards; while Samsung Securities, Samsung Asset Management and Samsung Venture Investment provide several financial services, supporting Samsung's and others activities.

Samsung Digital City has ten basketball courts, four badminton courts, three soccer fields

Moreover, in and outside Suwon, Samsung is present in hospitality and tourism services with Hotel Shilla and Samsung Welstory, in fashion industry with Cheil Industries and Cheil Worldwide, in medicine and biology with Samsung Medical Center, Samsung Biologics and Samsung Bioepis, and in economic research with Samsung Economic Research Institute.

Subsidised public/communal infrastructure:

Samsung Electronics' social programmes are primarily concentrated in Samsung Digital City and are not provided for others. Samsung Electronics' investments in public infrastructure outside Samsung Digital City are less extensive. Samsung does, however, partner with private research university Sungkyunkwan University in Suwon on several levels (investment in research facilities, investment the in new Samsung Univeristy Library at the campus, offering scholarships to top SKKU students…).

Nevertheless, Samsung C&T plays the major role in the field of South Korean urban development and works on a broad range of projects, from residential, civic infrastructure, governmental and public buildings to plants and commercial buildings. With the support of the government, Samsung C&T has constructed 217,000 dwellings in South Korea since 1980, while 300 Samsung's specialists are researching the usage of technology in urban infrastructure (Stribos, 2014).

ECONOMIC

Definition of the product:

Samsung Electronics has only recently initiated marketing and branding activities in Samsung Digital Valley and the development of its identity (Colantonio et al., 2014). However, these are primarily directed towards employees and thus follow the principles of internal communication. Nevertheless, these marketing and branding activities, coupled with social programmes, are playing an important role in experiencing the brand by its employees and partners.

Experiencing the product and the brand:

The creation of identity of Samsung Digital Valley mainly focuses on visual elements: in 2009, Samsung renamed its location in Suwon into Samsung Digital City, and in 2011 it renovated and beautified locations in Hiheung and Hwasing and named them Samsung Nano City (Colantonio et al., 2014).

Samsung Innovation Museum interior

One of the few facilities within Samsung's locations open to visitors is Samsung Innovation Museum that displays the evolution of the electronics industry around the world (Samsung Newsroom, 2014) and provides several educational programmes that focus on the brands/ philosophies/technologies of Samsung Electronics.

POLITICAL

Vision and strategy:

Despite the strong presence of Samsung Electronics in Suwon, its political influence on the city's vision and strategy is not observable. Suwon's vision is best captured in Ubiquitous Suwon Master Plan, established in 2005 and branded as U-Happy and mainly focuses on transparent, responsive and cost-effective local government, and ensuring fast broadband connection to its users. The city's strategy is to support small-to-midsize enterprises specializing in IT, biotech and nanotechnology, which is also backed with public investment. Moreover, Suwon is heavily investing in education – between 2002 and 2009, the city invested more than $360 million in upgrading school facilities, opening new schools and expanding staff and $186 million in the 2010 Suwon Education Development Support Plan, which includes 74 individual projects focusing on education for a global economy and workforce (Intelligent Community, 2010). The role of Samsung Electronics in adoption of this strategy is not known to us.

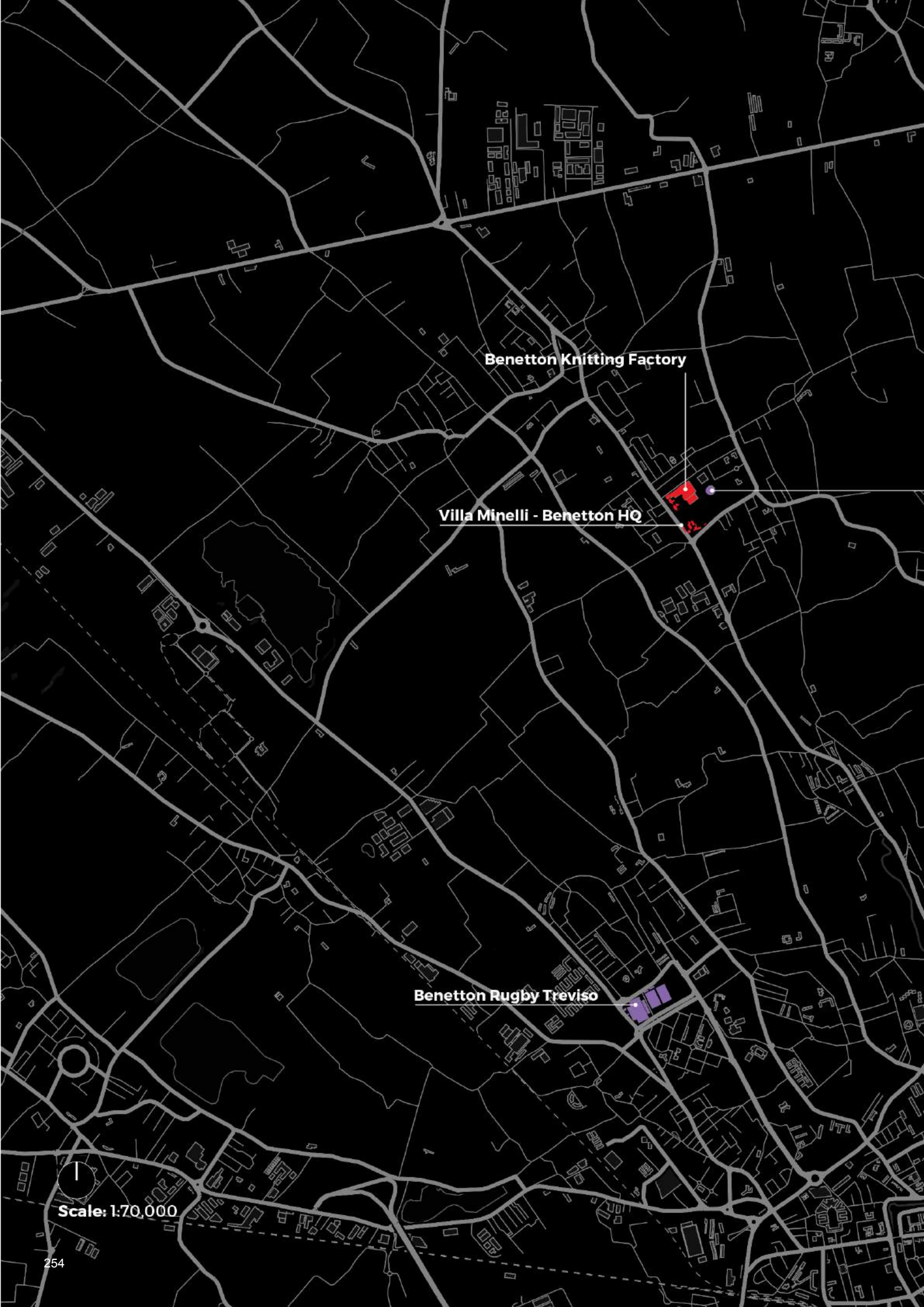
Samsung Digital City and Suwon's housing in the background

All of Samsung's business branches, put together, could facilitate the development and maintenance of an entire urban region. A virtual metaphoric city is used on Samsung's C&T website to exemplify its portfolio of projects

benetton.

TREVISO, Italy

Company(s): Edizione S.r.l, Benetton Group S.r.l
Industry: Retailing
City population: 82,535 (2012) / Treviso Region – 892,359 (2012)
Number of employees: 6.949 (2005)
Welfare system: Mediterranean model


Benetton Knitting Factory
Villa Minelli - Benetton HQ
Benetton Rugby Treviso
Scale: 1:70,000


Benetton Industrial Complex
Benetton's Fabrica
Palaverde Sports Arena
Benetton Ponzano Nursery
Edizione Group
Fondazione Benetton
Technological Infrastructure
Economic Infrastructure
Social Infrastructure

CONTEXT

Treviso is a small town of 82,535 inhabitants situated in the northeast Italy and it is part of a wider region with the same name and 892,359 inhabitants. The region acts as a large metropolitan area developed around the cities of Venice and Treviso, comprising a large number of small cities and small industrial areas. The area represents an important growth region for Italy and in the past was one of the main drivers of the successful Italian fashion design and the home of Benetton Group, one of the world's largest garment producers.

TECHNOLOGICAL

Growing evidence suggests that in contemporary markets, large integrated enterprises are neither responsive enough nor necessarily more efficient than cooperative networks of enterprises, specialising in different aspects of manufacturing and service provision (Bishop and Kay, 1993; Domberger, 1998). While today this approach is widely popular for all industry sectors, in 1970s, Benetton was one of the first companies to reinvent the profit production system by out-sourcing much of its least skilled functions to subcontractors (Kakabadse and Kakabadse, 2000) which concentrate entirely on production tasks while keeping and developing the "core" functions that define Benetton's uniqueness as a brand: strategic functions of total control, production cycle coordination, marketing and those manufacturing phases that require the most complex technological know-how (Belussi, 1989). These services have the capacity to convert textile, clothing, and related products into fashion items. The most important innovation that drove the development and efficiency of this networked production and distribution system was the implementation of an advanced ITC framework (Zottola, 1990) that linked sub-contracted production with franchised retailing.

Innovation programmes and environment:

Villa Minelli, the Benetton Group HQ

While the production network has been in a constant restructuring over the past 10 years, shifting from the local Veneto region to a wider European and Asian production network (Crestanello and Tattara, 2009), all "core" functions of Benetton are still located in the region. These consist of the main Benetton HQ, the Villa Minelle, a 17th century country residence acquired by Benetton in 1969 and restored over a period of 15 years, a series of modern factories with a distinctive industrial architecture designed by the Scarpas and still used for complex manufacturing tasks and short run products and, most importantly, the companie's visionary Fabrica, a creative think tank established in 1992 and designed by Tadao Ando (Zargani, n.d.).

The Fabrica acts as an in-house marketing hub which combines state-of-the-art research in new forms of communication and as a corporate university learning environment (Zargani,

Benetton's Fabrica

n.d.) where young artists from all over the work under the guidance of established masters in various interdisciplinary design studios.

The same as with the diffused geography of the production network, Benetton's core functions are not concentrated under the typology of a traditional corporate campus but rather as geographical fragmented networks of sites around the Veneto suburban region camouflaged as traditional Italian villas.

SOCIAL

Motive(s) of CSR:

Benetton's corporate philosophy, which promotes a culture of dialogue and partnership through direct interaction with customers, business partners and the general public, is deeply rooted in the traditions of the Veneto region.

United Colors of Benetton ad

From the beginning, Benetton's innovative business model heavily relied on an intricate network of small family-run regional subcontractors that functioned through a mix of vertical production control mechanisms but also based on informal social ties. While at its height, this collaboration structure comprised of 580 regional SMEs with 10-40 employees each (Crestanello and Tattara, 2009), it is slowly diminishing due to the recent restructuring of the production system, the social engagement that it gave birth to still plays an important role in the company's regional corporate citizenship strategy and its world-wide identity (Crestanello and Tattara, 2009).

As early as the 1980s, Benetton attracted widespread attention by adopting a strong socio-cultural flavour in its corporate identity strategy (Belussi, 1989) with the work of photographer Oliviero Toscani that brought serious social and political problems to the attention of the wider public. Initially through the promotion of multi-ethnicity which became part of the company's catchy logo "United Colors of Benetton" and later through more controversial themes like environmental protection, AIDS, homosexuality and war. All of these messages were deliberately used by Benetton to promote a very distinct and open political agenda for the fashion industry (Crestanello and Tattara, 2009).

Subsidised social programs and infrastructure:

At a local level, in 1987, Benetton established the Benetton Foundation as a local promoter of socio-cultural diversity in the physical environment (Benetton Foundation, 2016) with the mission to support regional research of the nature of heritage and cultural landscapes. The foundation plays an important part of REKULA, an EU project analysing economic, social, cultural and territorial development that aims to redesign and rehabilitate cultural landscapes (REKULA, 2006) that have undergone significant change or disturbance. In particular, the project seeks to devise planning tools (communications solutions, regulatory bodies and landscape development models) as well as technical solutions for managing these vulnerable areas over the long term.

This vision of promoting and protecting local cultural landscapes is very well exemplified in the company's strategy of acquiring historic buildings and finding creative ways of using them (Hoeger and Blindels, 2007) either as locations for in-house services but also as community assets. The Foundation, the Ponzano Children's Centre, and the Palvadere arena in Treviso, a multifunctional sports complex, are both used as a means to enhance the company's visibility but also as promoters of social values at a local level.

Ponzano Children's Center

ECONOMIC

Definition of the product:

Benetton Group sells products under several brand names: United Colors of Benetton, Sisley, The Hip Side, Play Life and Killer Loop (Crestanello and Tattara, 2009).

As mentioned before, Benetton's branding strategy and the way the company defines its products strongly relies on awareness regarding socio-cultural diversity, multi-ethnicity and worldwide issues regarding the environment, AIDS, homosexuality and war. This approach paints a very open image for its brands which is depicted through its playful and colourful "United Colors of Benetton" ads and its bright and playful shop designs.

Experiencing the product and the brand:

Benetton was the first firm in the fashion industry to introduce a franchised retailing system (Belussi, 1989) which also imposes a standardised shop design in line with the core company values and its marketing strategies. In a Benetton shop, it is the colours, the window displays and the open shelves that strike you most, as they are designed to do by the famous architects Afra and Tobia Scarpa. While these shop designs establish a clear connection between the company values and the products sold in them, it is Benetton's own in-house concept stores that go a step forward in designing an all-encompassing experience environment around their

products. In the beginning, the company-owned concept stores were used as a market research tool (Zottola, 1990) to better understand consumer trends in an unregulated franchising system but now they play a more central role in the way the company tries to reinvent itself on the competitive global market.

The new On Canvas concept store

The new “On Canvas” line of Benetton-run concept stores kicked off in April 2014 in the fashion centre of Italy, Milan but are now part of the international expansion of Benetton and the Treviso region. As described by the company media report (Benetton Group, 2014), the shops “embrace an open, welcoming and flexible ambiance that places the customer in the centre and provides an authentic and endearing experience in design and technology”. The main innovation of these shopping environments are the reduction of shelving which transforms the space into a showroom and the use of mobile technology to order any of the items on display.

POLITICS

Local governance structure:

The fashion market is an environment dominated by the demand of consumers rather than by standardised items, where fashion changes rapidly and requires the need for flexible short-run “just-in-time” production which goes under the name of “fast fashion” (Crestanello and Tatara, 2009).

Benetton is one the largest European garment producers with its core business consisting of designing, producing and selling garments for men, women and children and is considered a pioneer of the modern approach to product development based on “flexible specialisation” (Stannard, 1999). This implies a shift from the monolithic company which gathers under the same roof production, distribution, marketing and retailing of their products towards a “hollow corporation” where only core functions like product design, management, marketing and quality control are kept in-house and the rest are sub-contracted to a network of small and flexible production firms. In this system, “the growth of the firm does not happen through internal development but through the development of a network of contract-controlled firms” (Penrose, 1959). Thus, the group becomes “a flexible system based on a propulsive ‘core’ and an ‘adaptive’ periphery. Through this approach, the firm appears to become a “mobile” system of both economic transactions and organisational links which can rapidly modify its organisational borders through a ‘recentralisation’ or a ‘decentralisation’ of the production process” (Belussi, 1989).

Despite its flexible approach, Benetton's system is also highly vertically integrated (Crestanello and Tattara, 2009). The company has created "a network of market and non-market relationships within a 'quasi' disintegrated system combining the efficiency of market discipline with the security of hierarchical structures" (Belussi, 1989). This pattern of re-organisation seems to be close to the idea of "a firm as a 'governance structure' which reduces the overall level of uncertainty, the degree of risk and the costs" (Williamson, 2002).

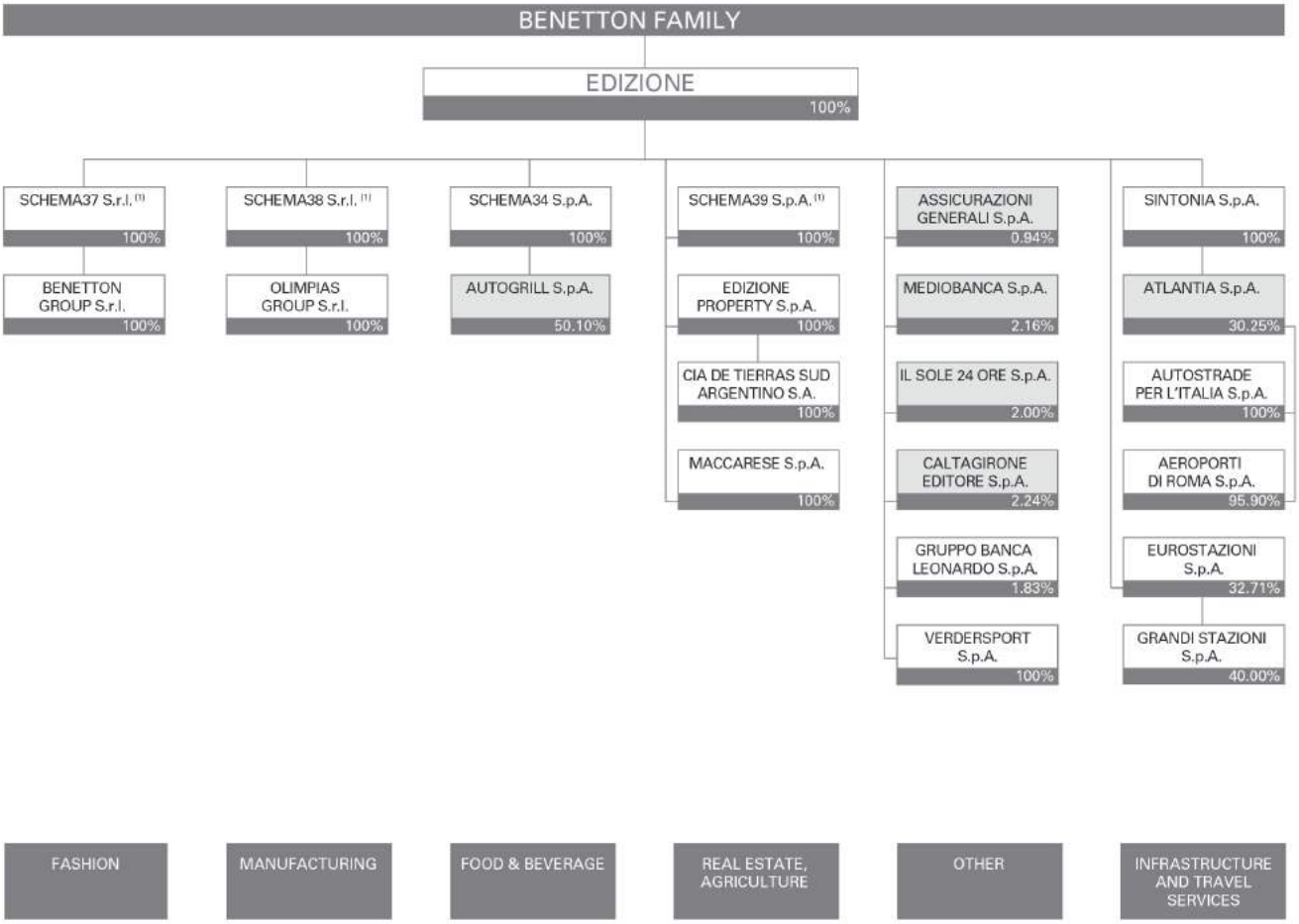
In spatial terms, this governance network creates industrial districts (Belussi, 1996) composed of dense physical concentrations of interdependent small and medium sized enterprises (SMEs), where a lead firm, in this case Benetton, provides organisational structure and higher value through know-how and services. Benetton's success has been inextricably linked with the development of Treviso industrial district (Dunford, 2006) where until recently the company's largest network of sub-contracted production has been situated (over 200 sub-contractors).

Considering the particular nature of the system, we cannot talk about a traditional regional governance structure based on public-private cooperation but rather of a diffused private governance network consisting of: firms which are under the direct financial control of the Benetton family (through various financial Companies), affiliated firms belonging to either former employees or actual Benetton managers or clerks, independent firms, and homeworkers (Belussi, 1989).

On top of this, starting from the 1980s, Benetton has diversified into new ventures using the profit from clothing through the development of Edizione Holdings that is also used by the family in order to control its 70% share of the Benetton Group clothing company. Edizione's portfolio consists of Atlantia (formerly Autostrade), the company managing the Italian motorway system, Autogrill, a network of motorway supermarkets and restaurants, agricultural production, Telecom Italia – mobile telecommunications, airport management services, banking, real estate and utilities (Edizione, 2016).

Although it appears to be random, there is a clear link between Benetton's core business as a manager of a sub-contract garment production network based on efficiency and cost reduction and Edizione's expansion into management of public infrastructure, services and utilities (Cunningham, 1999). This expansion also illustrates the particular relationship between Benetton and the Italian state, which was especially in the mid-90s keen on privatising its unprofitable companies (The Economist, 2004) for bargain prices rather than use private-public partnerships in order to maintain control. Both its sub-contracted production network based on small family-owned businesses and the retreat of the state from managing infrastructure and utilities provide Benetton with a unique regional control position that is particular for the case studies we chose to analyse in this report.

Benetton also acts as a mediator reconciling the local and the global. Its strong relationship with local communities and businesses in the Veneto region, its numerous investments in local industries (infrastructure, services, agriculture, health foods and multimedia) have also enriched the specialised production base of the region creating a concentrated network of knowledge and production which acts as an economic and cultural support system for the region and strengthens its ability to operate at a global scale (Hoeger and Blindels, 2007).



Benetton Family portfolio of companies

ANNEXE
BIBLIOGRAPHICAL NOTES

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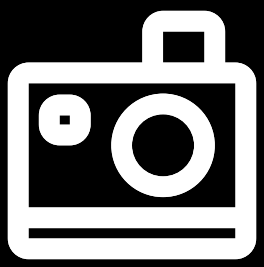

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