



# Building Bangalore's Competitive Advantage

A case for collaboration  
between Corporations and  
the City



1 Research definition

2 Theoretical underpinnings

3 Methodology

4 Empirical research

5 Evaluation

# RESEARCH DEFINITION

Problem statement . Research intent



## Lujiazui Business District, China



“The raison d’être of large cities is the increasing return to scale inherent to large labor markets.”

*-Alain Bertaud*



Unprecedented growth has challenged some cities, leaving them struggling to support either residents or businesses.



In cities driven by the economy of businesses, **negative externalities of agglomerations** are intensified, calling for an incentive to tackle these externalities to maintain a **competitive edge** in a globalized world.

Problem statement. Motivation. **WHY?**

20 17

Exponential growth  
Real estate is a prime market  
Silicon Valley of India

1970

Structural changes in policy  
development and business growth

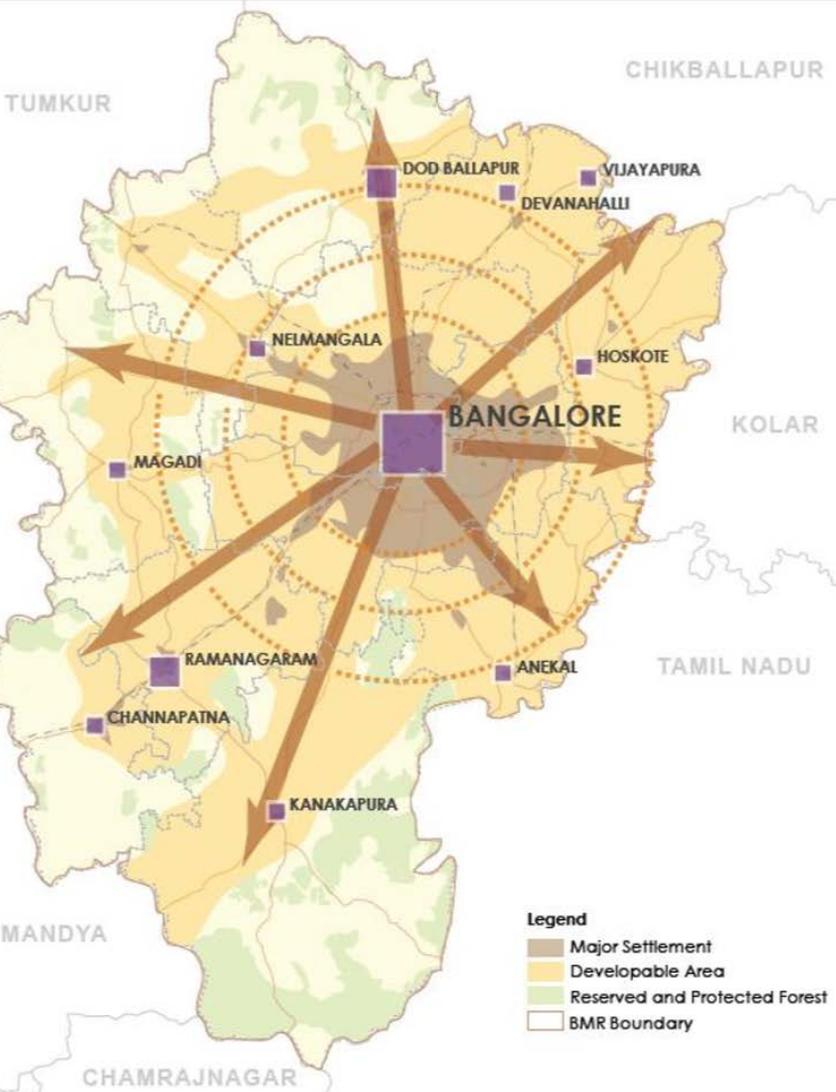


Bangalore, Karnataka  
India

Research intent **WHERE?WHEN?**







If the trend continues...

Urban sprawl

Encroachment of green belt

Development triggered by  
existing industries

Infrastructure challenges

Business interest threatened

MOTIVATION

Macro-level drivers of location preferences of service sector businesses



Competitive environment for businesses

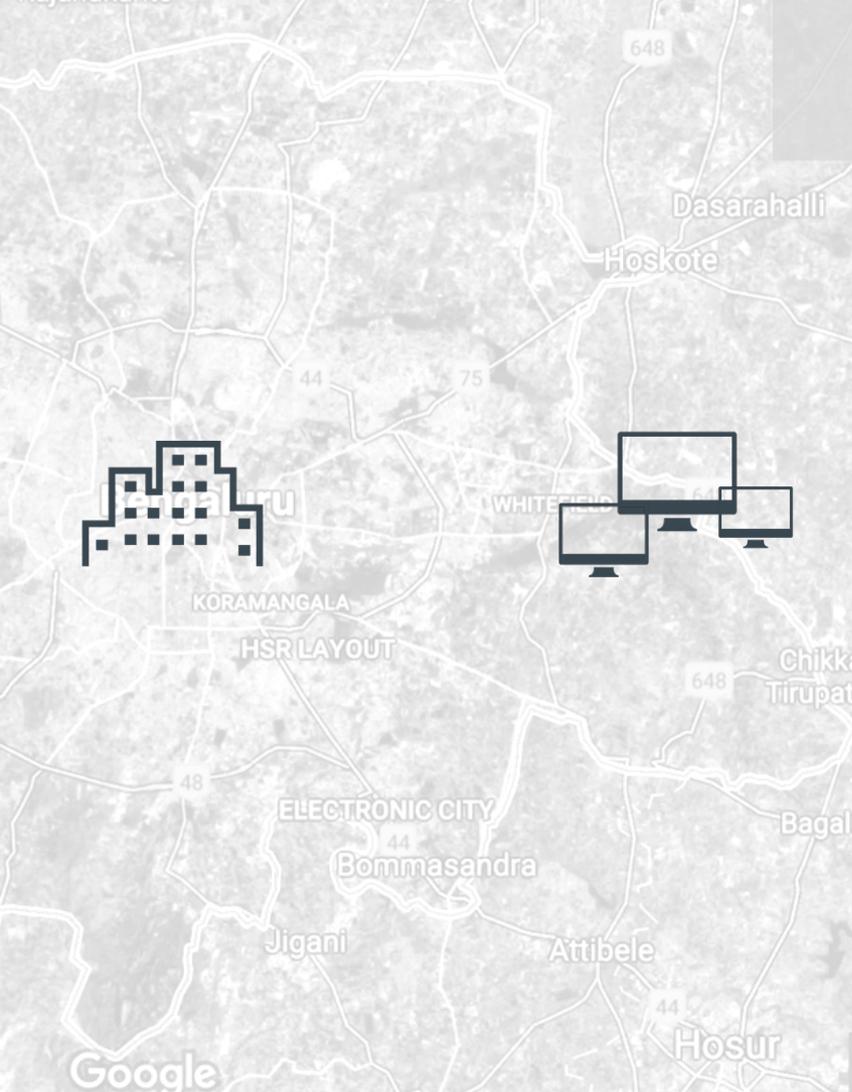


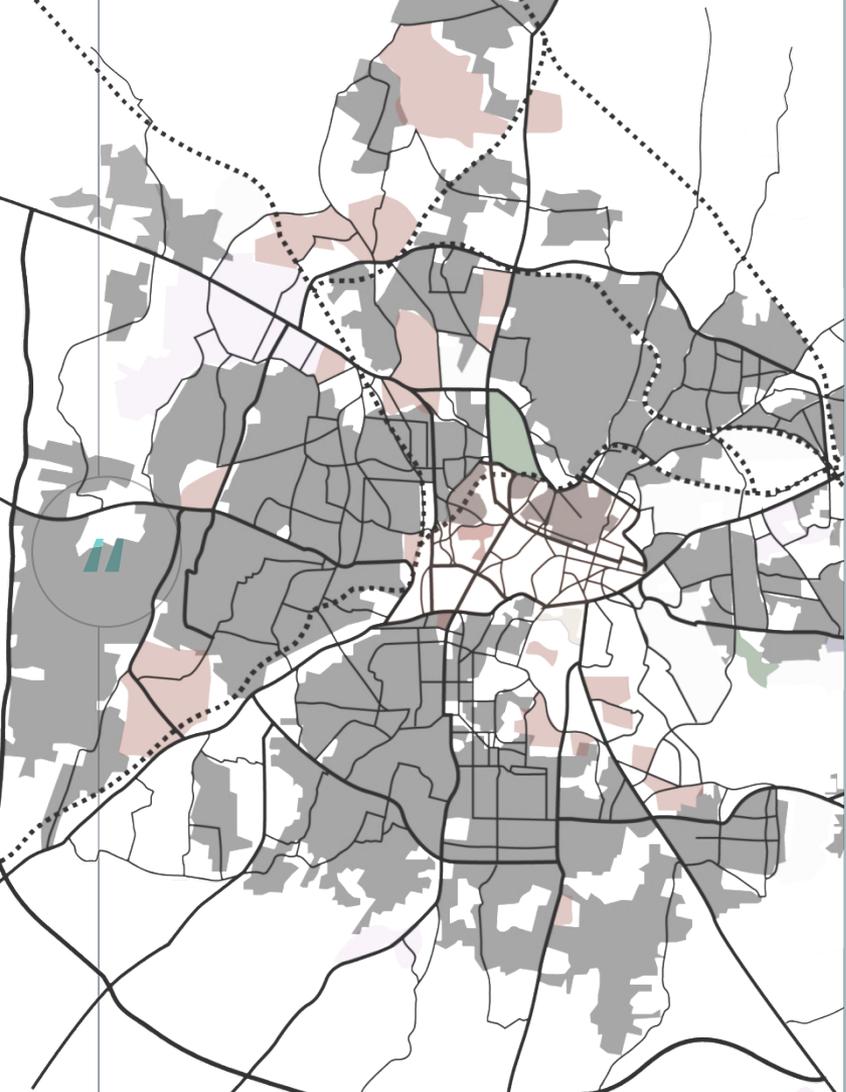
Gaining a competitive city advantage



Research scope

WHAT?



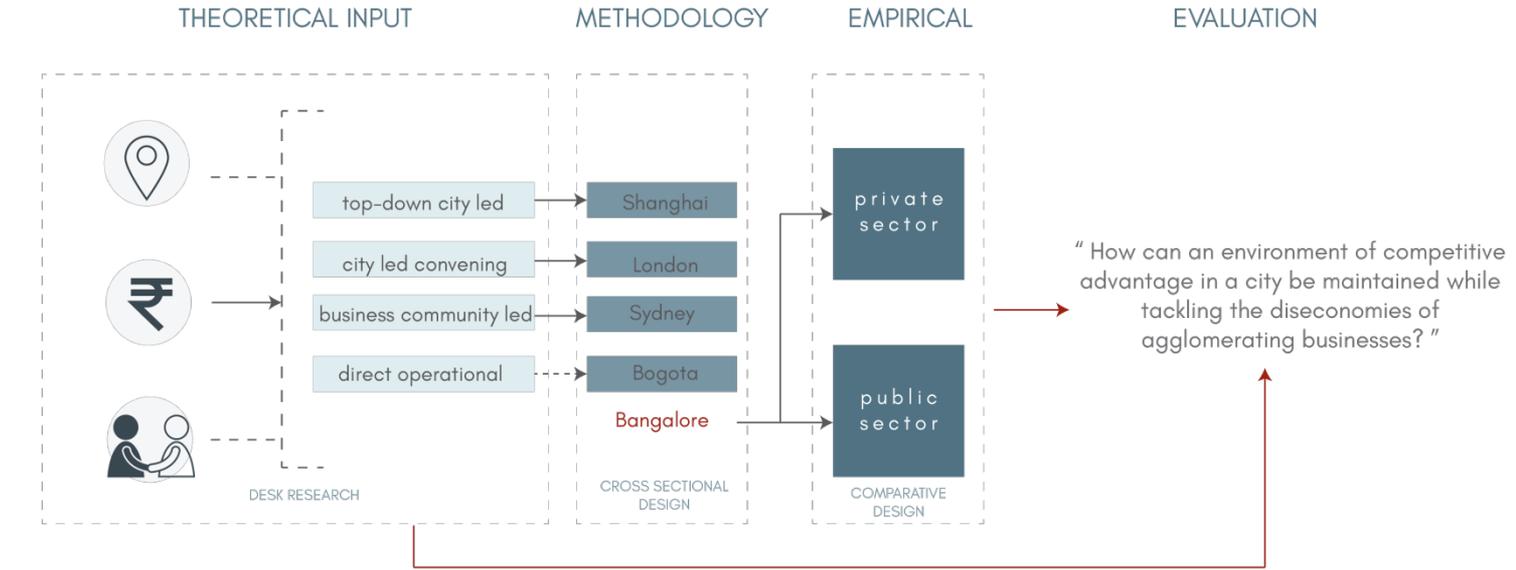


How can an environment of competitive advantage in a city be maintained *while* tackling the diseconomies of agglomeration?

*The manner in which a city develops is heavily dependent on the agenda of businesses and their location decisions.*



# Research design      Qualitative . Iterative . Deductive



# HOW?

# THEOETICAL UNDERPINNINGS

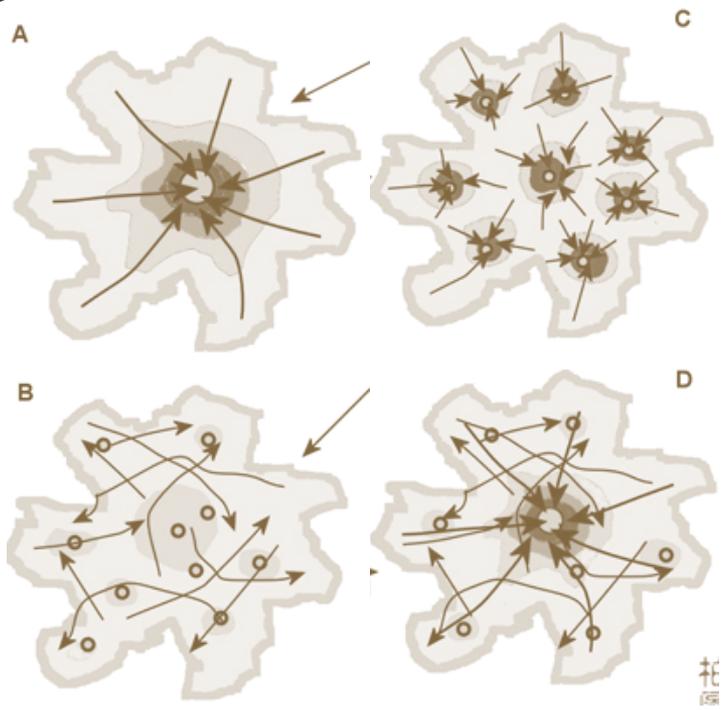
Explorative themes . Literature review

# 2



Figure\_31: Research themes and scope (own illustration)

# EXPLORATIVE THEMES



Central Business District determines urban form

Polycentric cities are formed when multiple business districts are formed

(Bertaud, 2001)

# LOCATION DECISIONS

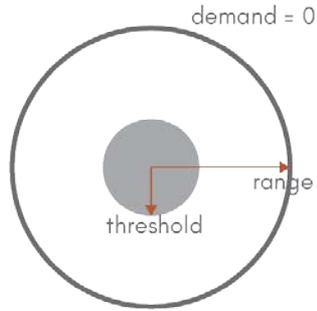


Figure 13: Market threshold and range (adapted from Christaller, 1966)

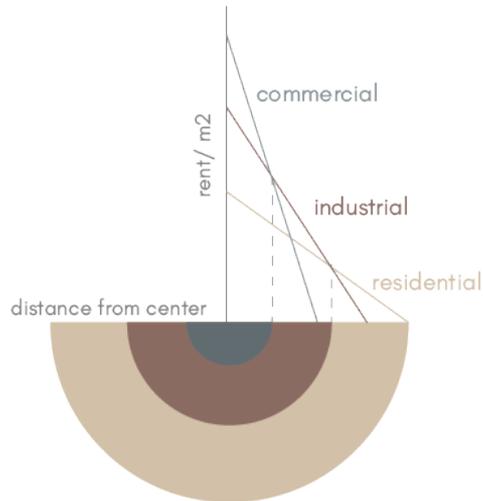


Figure 14: Bid rent curve (adapted from Alonso, 1964)

Economics of geography  
Economic activities arrange themselves to take best advantage of the location

### Pull factors

Thick labor markets, knowledge spillovers, infrastructure sharing

### Push factors

High transport costs, high rents, pollution

# LOCATION DECISIONS

*“We’re not just going to back the big businesses of today, we’re going to back the big businesses of tomorrow.”*

- David Cameron, ex PM, U.K.

COMPETITIVE ADVANTAGE



## competitive city

More jobs. Higher productivity.  
Increased standard of living.

## sources of growth

Expansion of existing firms .  
creation of new firms . investment



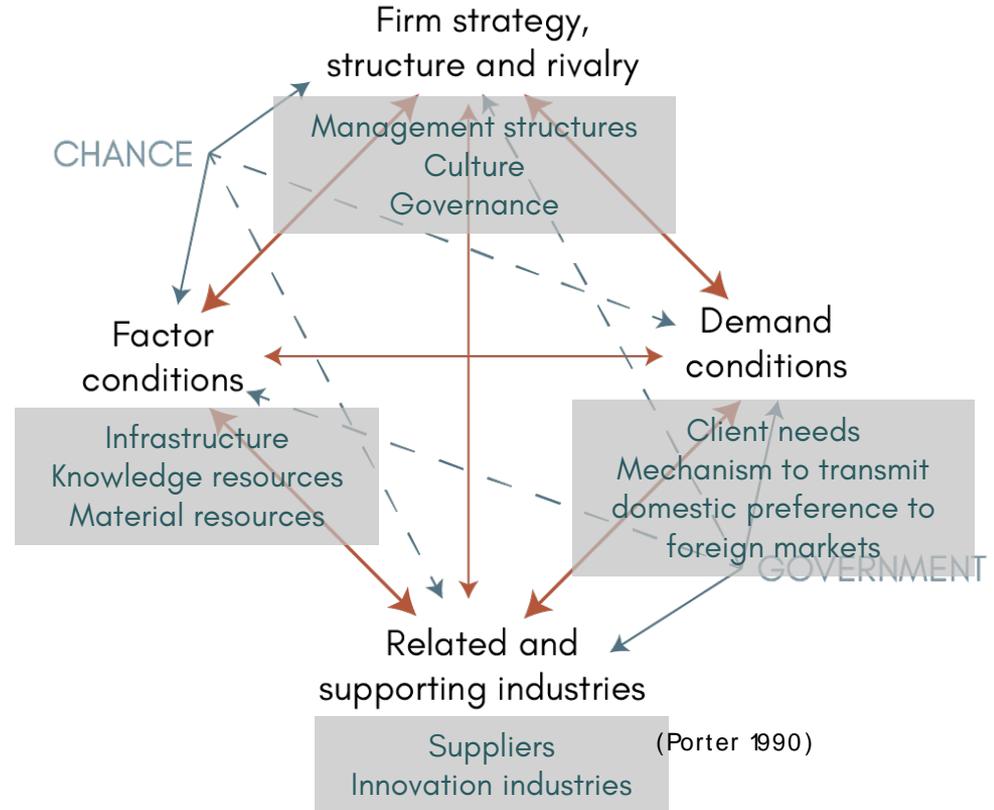
(World Bank, 2015)

# COMPETITIVE ADVANTAGE

# Social Relevance Interdependency

- Cities and businesses are interdependent.
- Issues need to be tackled together.

# Scientific Relevance Porter's Diamond



# COMPETITIVE ADVANTAGE



### population growth

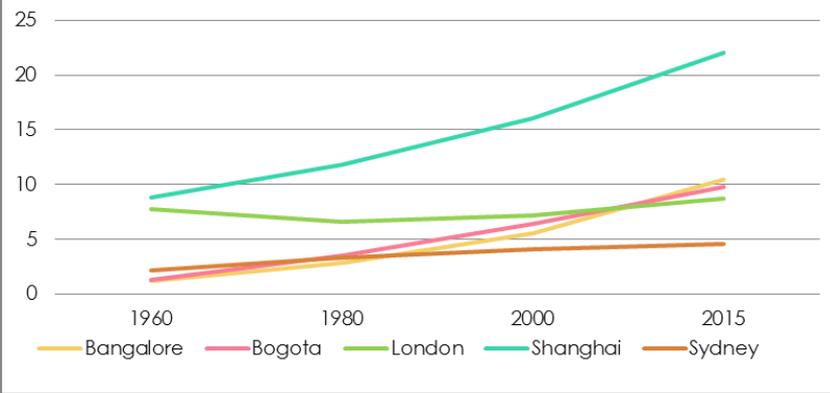
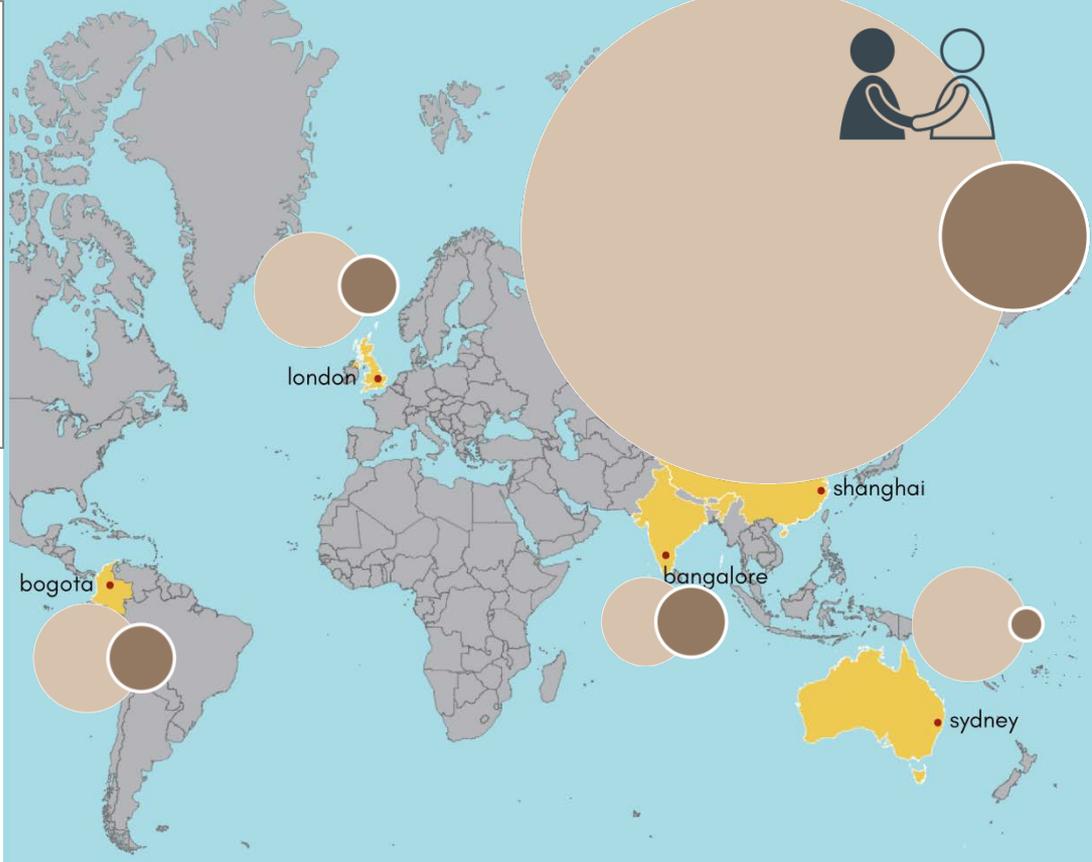


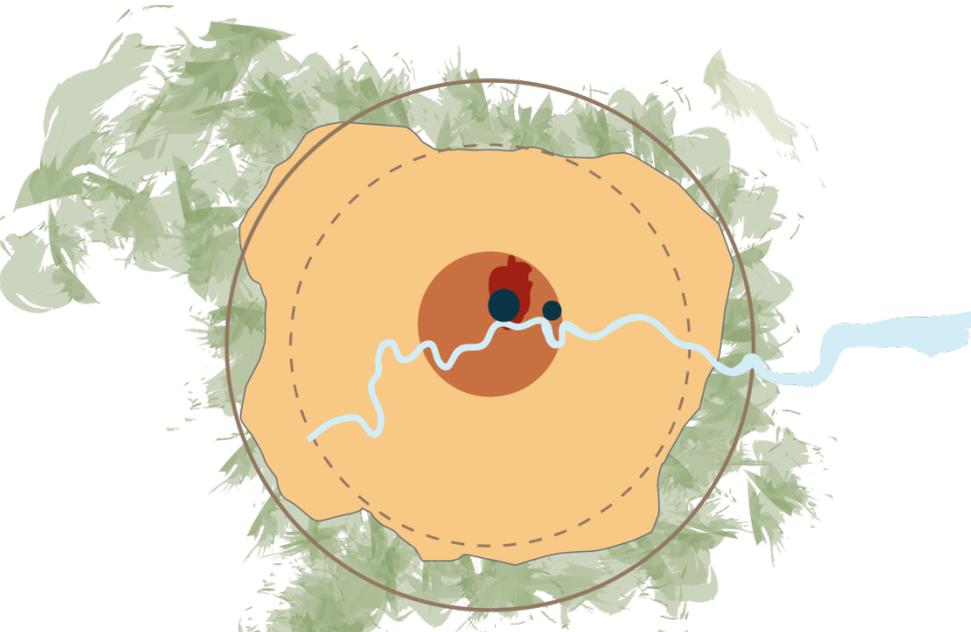
Figure 20: Urbanization in cities (own illustration from World Population Review)



# GLOBAL COMPARISONS

# Shanghai

- Top down city led planning
- Compact (2000)
- Planned sprawl through 1 city 9 towns (2015)
- Economic reforms for competitive advantage
- Communist



2000



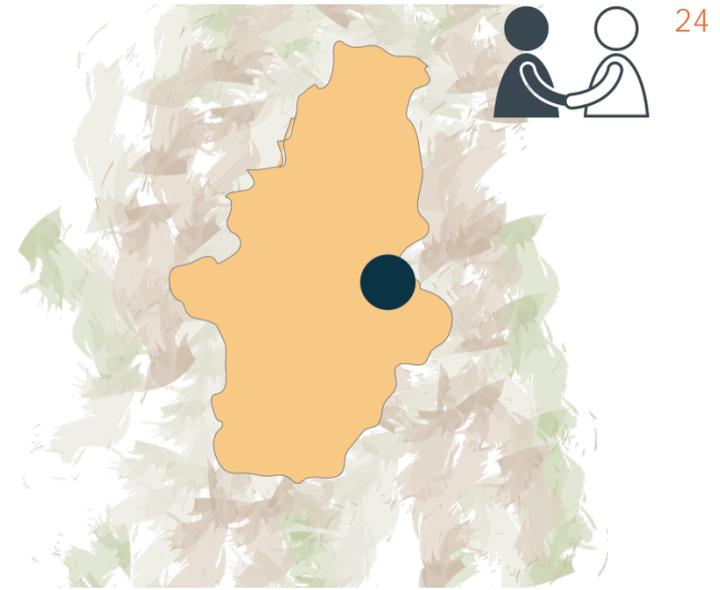
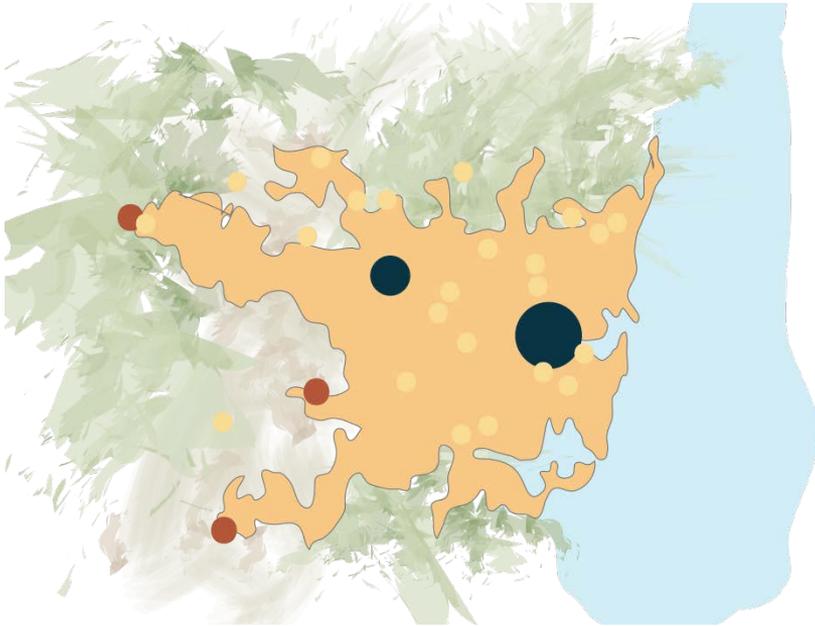
2015

# London

- City led convening model
- Compact- green belt, inner city development. 2010- deviation reflected in City Fringe and the Eastern Cluster
- City authority

## Bogota

- Direct-operational
- Invest in Bogota initiative- PPP between the Bogota Chamber of Commerce and the Bogota City Government
- Compact (2000)

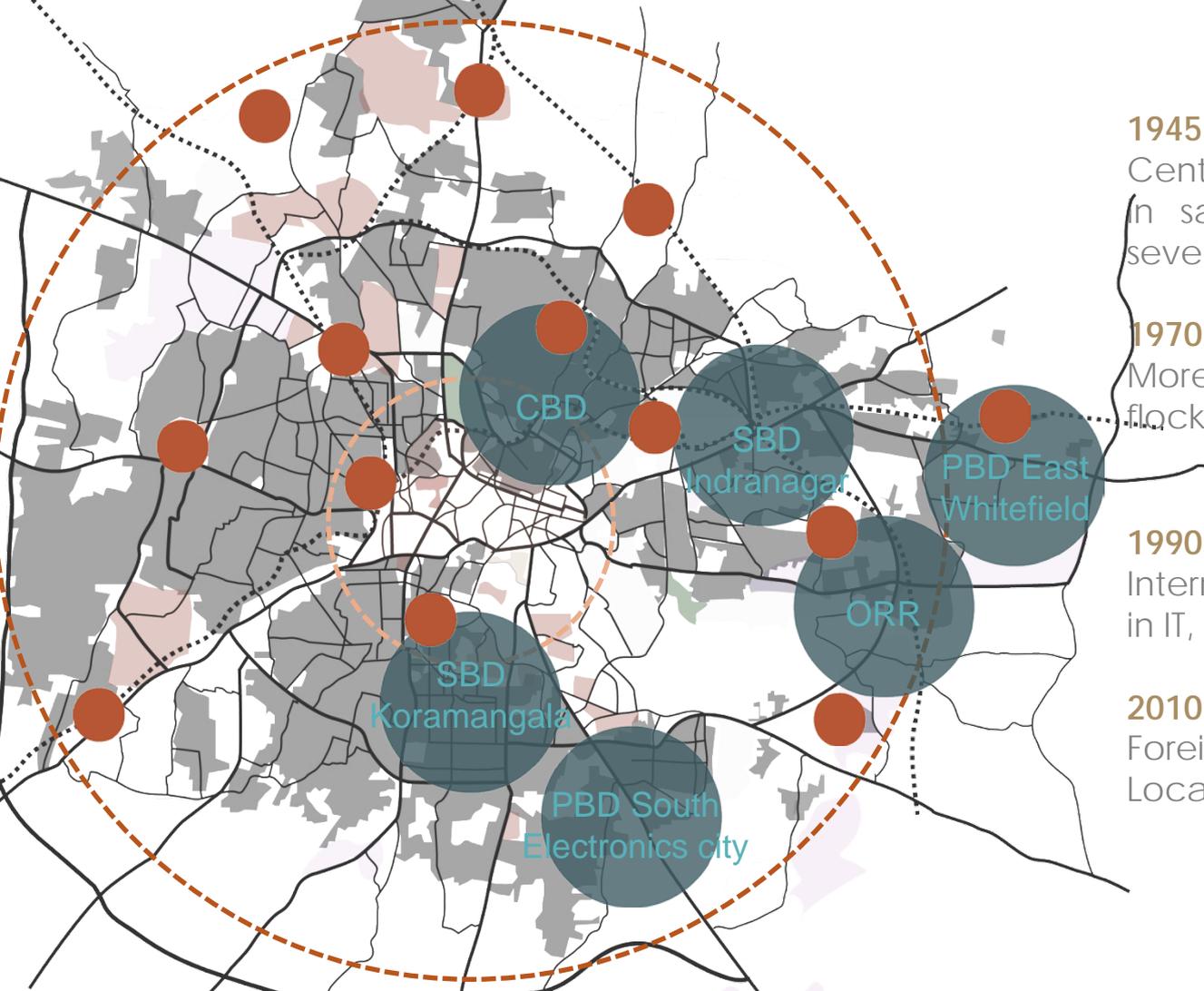


## Sydney

- Business-led
- Committee of Sydney advocated for a consolidated city Government- the Greater Sydney Commission (2015)
- Regional integration

# EMPIRICAL 4

Case study . Interviews



### 1945: India's independence

Central Government investment in safe city. Bangalore housed several technical universities.

### 1970: Urbanization

More universities and companies flock

### 1990: STPI

Internet boom spurred investment in IT, tax incentives

### 2010: 100% FDI

Foreign companies are attracted. Locate outside city center.



1950

1970

1990

2010

2020



1945  
India's independence

early 1970's  
Software export  
scheme

1991  
STPI scheme

2005  
SEZ  
JnNURM

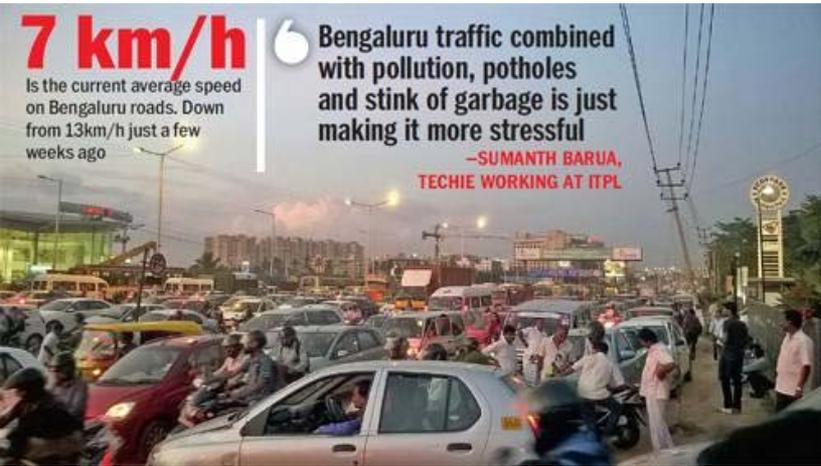
1978  
Electronic City

1994  
ITPb

2015  
AMRUT

1999  
BATF

# OVERVIEW



## How top companies are blending CSR with responsible growth

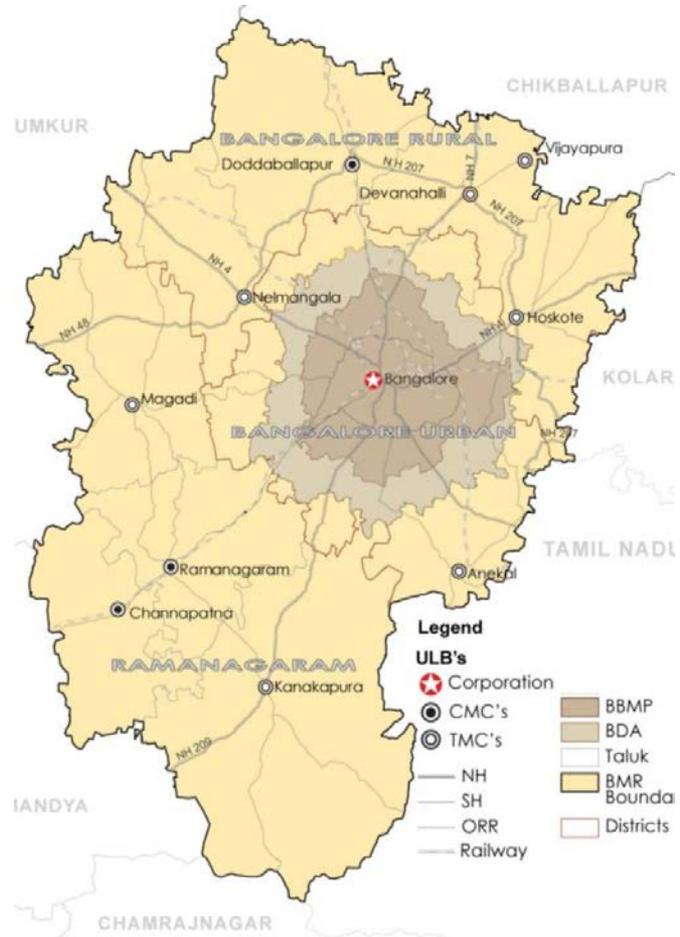
By ET Bureau | Updated: Sep 19, 2016, 09:22 AM IST Post a Comment



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By *Utkarsh Majumdar, Namrata Rana and Neeti Sanan*

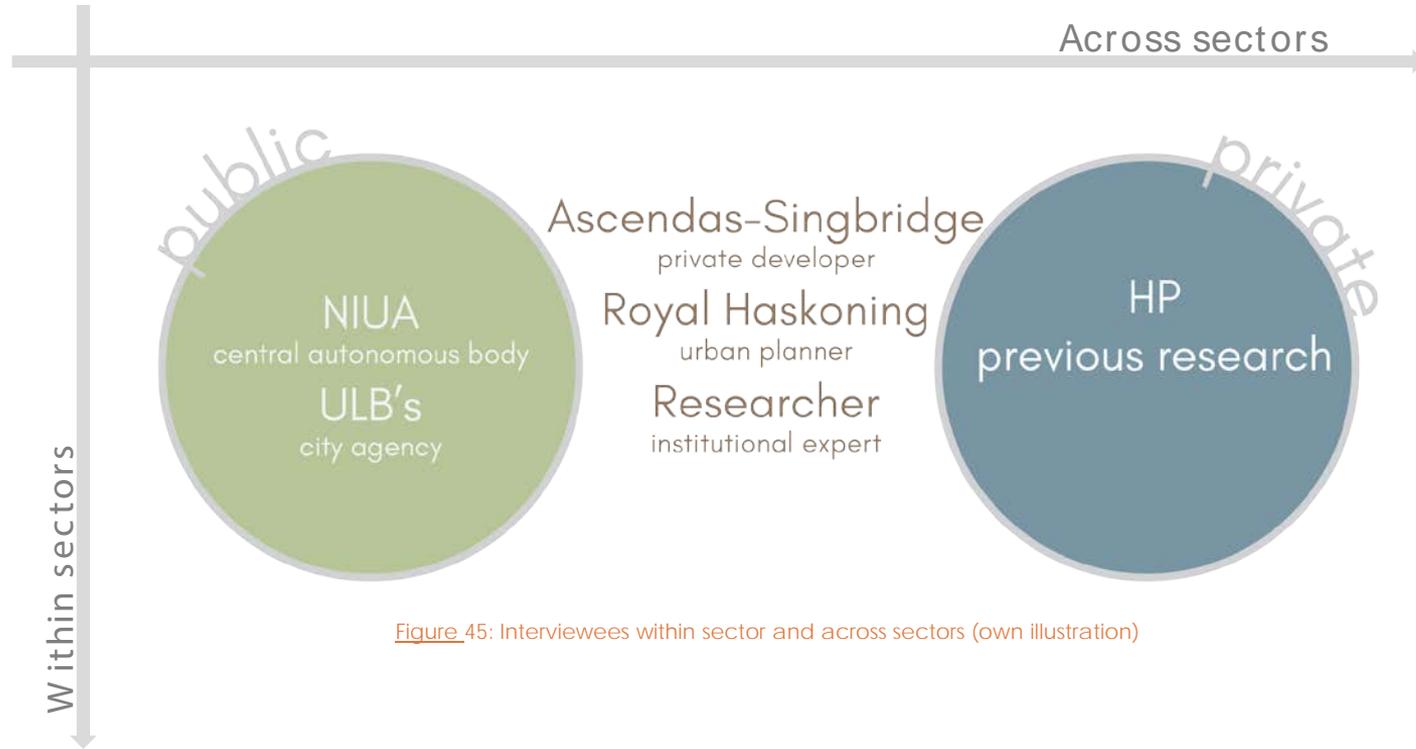
Can a company that allocates sumptuous amounts for social initiatives be hailed a good company when its business operations cause long term systemic damages to the environment or economy?



# NEGATIVE EXTERNALITIES

7/10 subjects interviewed

Semi structured interviews

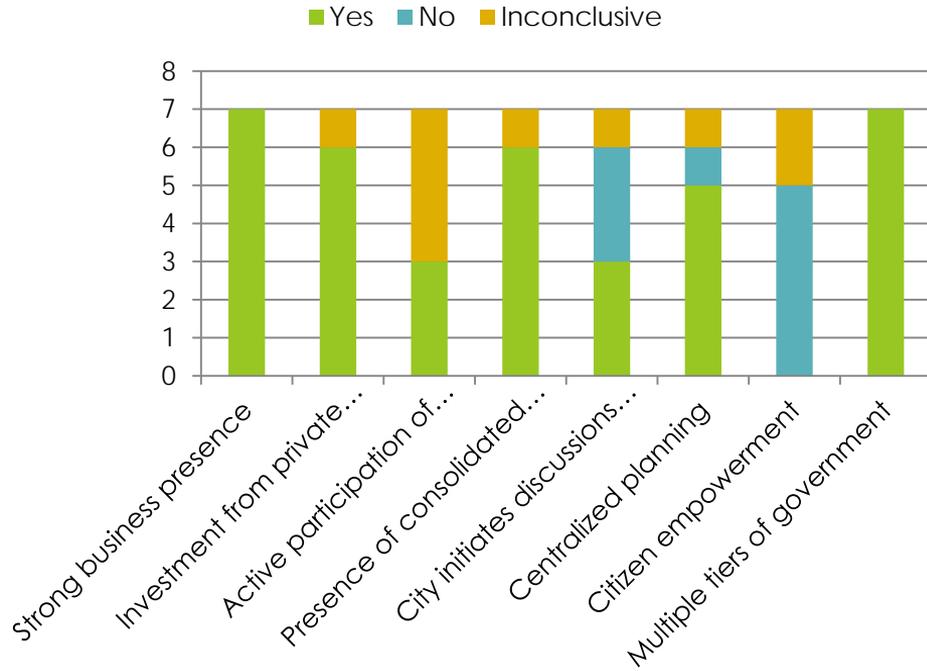


[Figure 45](#): Interviewees within sector and across sectors (own illustration)

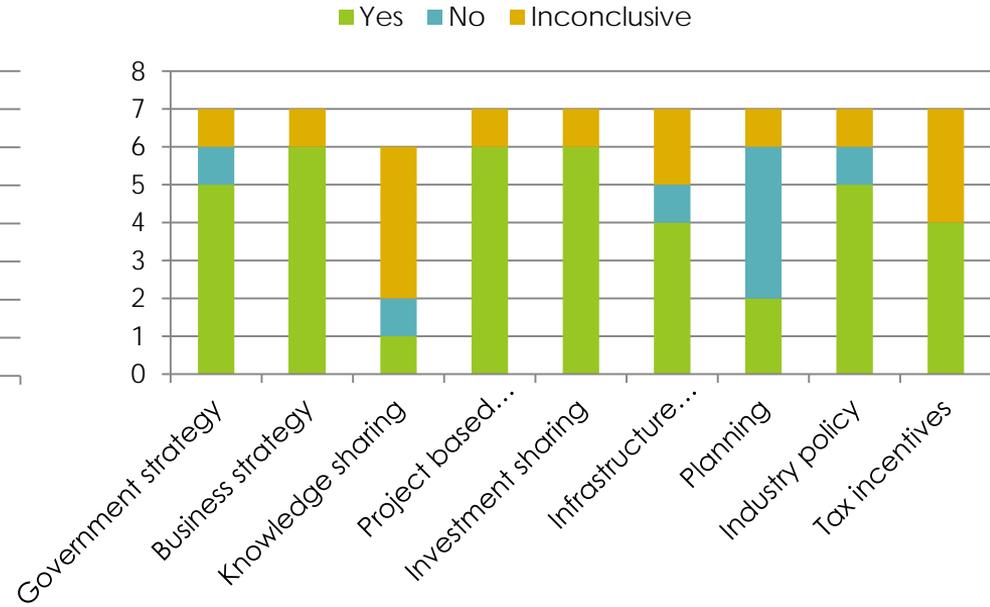
# INTERVIEWS

Table 5: Classification matrix with interview data coded (own illustration)

Criterion framework for determining the collaboration model	Purpose	Feature	Criteria	Values	Ascendas-Singbridge	Hewlett Packard	Royal HaskoningDHV	Institutional expert	NIUA	BMRDA	BDA	
					2017	2017	2017	2017	2017	2017	2017	
Driving agent	What was the direction of the initiative?	Business led	Strong business presence	Yes/ no/ inconclusive	yes	yes	yes	yes	yes	yes	yes	
			Investment from private	Yes/ no/ inconclusive	yes	inconclusive	yes	yes	yes	yes	yes	
			Active participation of businesses in city issues	Yes/ no/ inconclusive	inconclusive	inconclusive	yes	inconclusive	inconclusive	yes	yes	
		City led	Presence of consolidated city authority	Yes/ no/ inconclusive	inconclusive	no	no	no	no	no	no	no
			City initiates discussions with private sector	Yes/ no/ inconclusive	no	no	yes	no	inconclusive	yes	yes	
		Hybrid	Centralized planning	Yes/ no/ inconclusive	yes	yes	no	inconclusive	yes	yes	yes	
	Citizen empowerment		Yes/ no/ inconclusive	no	inconclusive	no	no	no	inconclusive	no		
	Multiple tiers of government		Yes/ no/ inconclusive	yes	yes	yes	yes	yes	yes	yes		
	Motive	What was the motive for collaboration?	Strategic	Government strategy	Yes/ no/ inconclusive	yes	yes	inconclusive	no	yes	yes	yes
				Business strategy	Yes/ no/ inconclusive	yes	yes	yes	yes	inconclusive	yes	yes
				Knowledge sharing	Yes/ no/ inconclusive	inconclusive	inconclusive	no	inconclusive	inconclusive	inconclusive	yes
		Operational	Project based collaboration	Yes/ no/ inconclusive	yes	inconclusive	yes	yes	yes	yes	yes	yes
Investment sharing			Yes/ no/ inconclusive	yes	yes	yes	yes	inconclusive	yes	yes	yes	
Infrastructure improvements			Yes/ no/ inconclusive	yes	no	yes	inconclusive	yes	-	yes		
Outcome (dialogues translated into action)		Planning	Yes/ no/ inconclusive	yes	yes	no	no	inconclusive	no	no	no	
		Industry policy	Yes/ no/ inconclusive	no	yes	yes	yes	inconclusive	yes	yes		
		Tax incentives	Yes/ no/ inconclusive	inconclusive	yes	yes	yes	inconclusive	yes	inconclusive		
Nature	What was the nature of collaboration?	Mediated collaboration	presence of third party mediators	Yes/ no/ inconclusive	no	no	no	no	no	no	no	
			Interaction with government/ private sector	city/ state/ center	center	center	all	state, center	no	state	state	
	Nature	Formality	Organised/ adhoc/ both	organised	both	both	adhoc	inconclusive	organised	organised		
		Frequency of meetings	Not frequent/ frequent/ very	inconclusive	frequent	frequent	frequent	not frequent	frequent	frequent		



Driving agent of collaborations



Motive for collaborations

EVALUATION

# EVALUATION

Discussion . Reflection

# 5

		top down city led model	city led convening model	business community led model	direct operational model	Case of Bangalore
city	accessible and transparent frameworks and processes	●	●	●	●	●
	clear and consistent long term planning	●	●	●	●	●
business	representative, co-operative and unified strategic business voice	●	●	●	●	●
	use of business expertise to help city authorities overcome challenges and achieve objectives	●	●	●	●	●
both	formal channels for business to contribute to strategic agenda	●	●	●	●	●
	balancing of business interests with broader long term city needs	●	●	●	●	●
	alignment of incentives on strategic priorities (and accountability to deliver)	●	●	●	●	●
	abilities to invest in development agenda	●	●	●	●	●
	direct personal relationship between business and city leaders	●	●	●	●	●

Figure 47: Evaluation of success factors for collaboration in Bangalore (own illustration, adapted from GCBA 2015)



## Driving agent

Collaboration invited, but a weak  
City government is a hindrance

Driving agent behind initiatives and  
development patterns

## Strategic/ operational

Strategic collaboration at State  
and Central level

Business growth and competitive  
advantage in select cities

Operational collaboration at City  
level

Collaboration is adhoc, particularly  
for infrastructure

## Nature

Inconclusive

Inconclusive

# EVALUATION

## Hybrid model

Policy level  
collaboration is solid  
at the **central level**

Translation of policy  
to **planning lacks**  
**foresight**

Planning is **private**  
**led** to a large extent

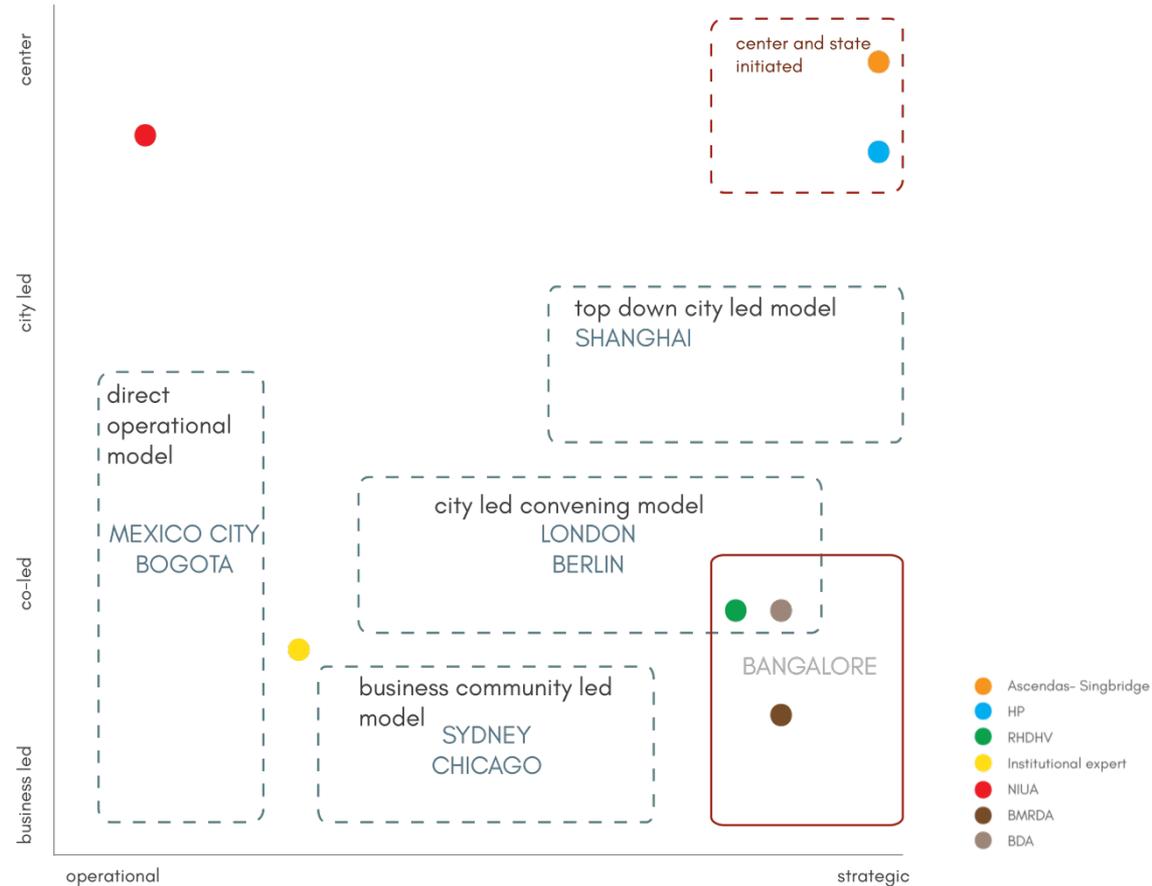


Figure 49: Collaboration in Bangalore as per the GCBA framework (own illustration, adapted from GCBA 2015)



- Healthy and productive collaboration across sectors
- Outcomes in policies like STPI, SEZ.
- Raised investment interest

JnNurm, AMRUT,  
NASSCOM



- Industrial promotion through interactions
- Approvals, permissions
- State interest in maintaining Bangalore's competitive status

KEONICS, IT Policy

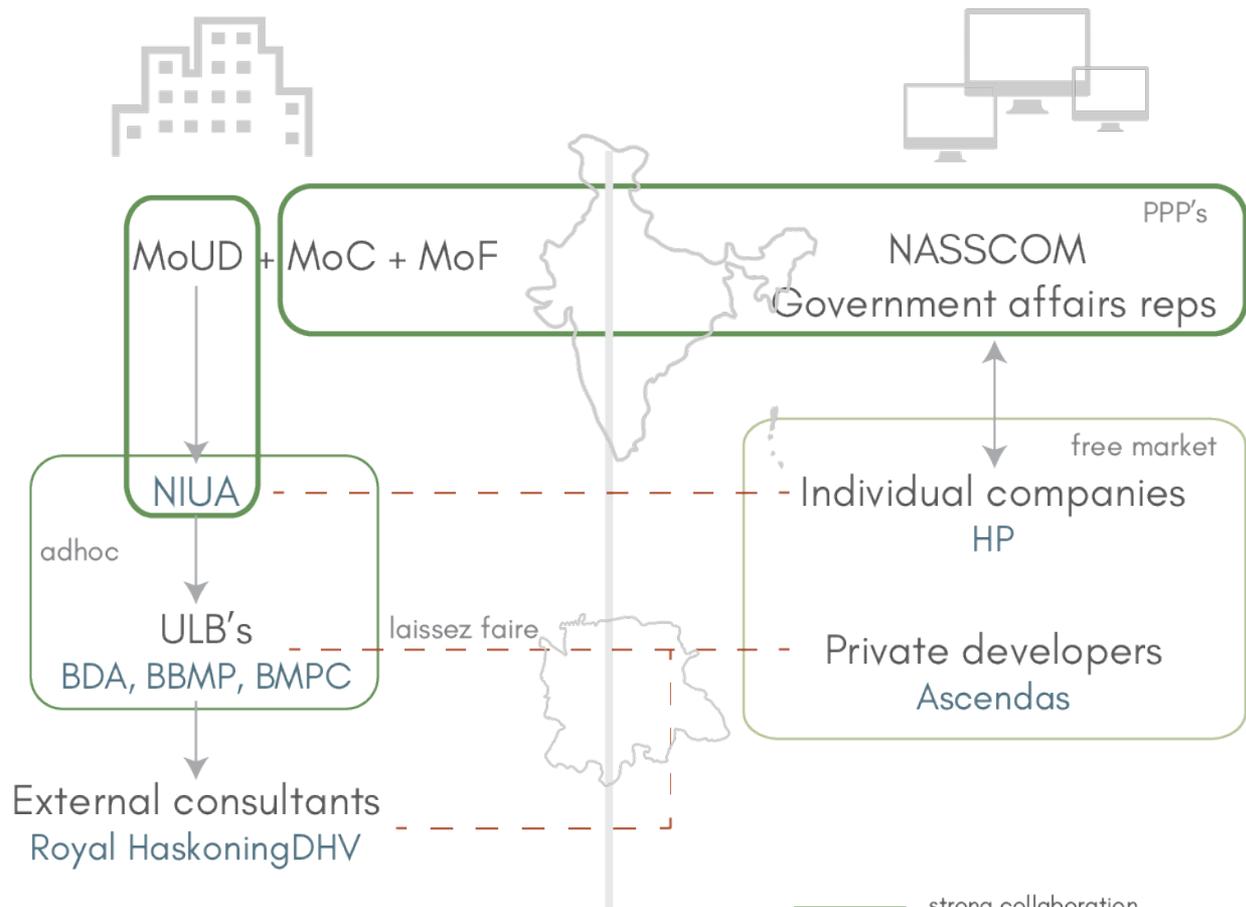


- Minimal collaboration on planning
- Collaboration (if at all) on infrastructure
- Weak City government
- Large real estate developments approved at higher levels

BATF, ABIDe



EVALUATION



Figure\_50: Collaboration network (own illustration from empirical findings)

- strong collaboration
- - - weak collaboration
- minimal collaboration
- - - missing collaboration



## What factors influence the location decisions of businesses at the macro level?

### Causes

- Skilled labor pool
- Climate
- Accommodation costs
- Government vision and support-SEZ

### Effects

- Traffic congestion
- Crowding
- Lack of solid waste management
- Power shortage

SEZ's

1978      Electronics City

1994      ITPL

2005      Manyata Embassy  
Business Park

2015      ORR corridor



# SUB QUESTIONS



What role does competitive advantage play in determining the collaboration model used in a city?

## Policy instruments

1986	Computer Software Export, Development and Training Policy	₹
1991	STPI	
2005	SEZ	

## Pursuing competitive advantage

- Central policies to improve GDP
- State agenda to attract investment via SEZ's

## Collaboration enhancing competitive advantage

- Welcomed for financial reasons
- Unwelcome at planning level
- Other cities have successfully collaborated on both fronts

SUB QUESTIONS



What are the changes seen in the city when the private sector (or public sector) lead real estate development?

## PPP Initiatives

1988 NASSCOM

1999 BATF

2005 JNNURM

2015 AMRUT



## Existing institutional framework

Overlapping jurisdictions impede a holistic vision for competitive city advantage.

## Existing cross-sector interaction

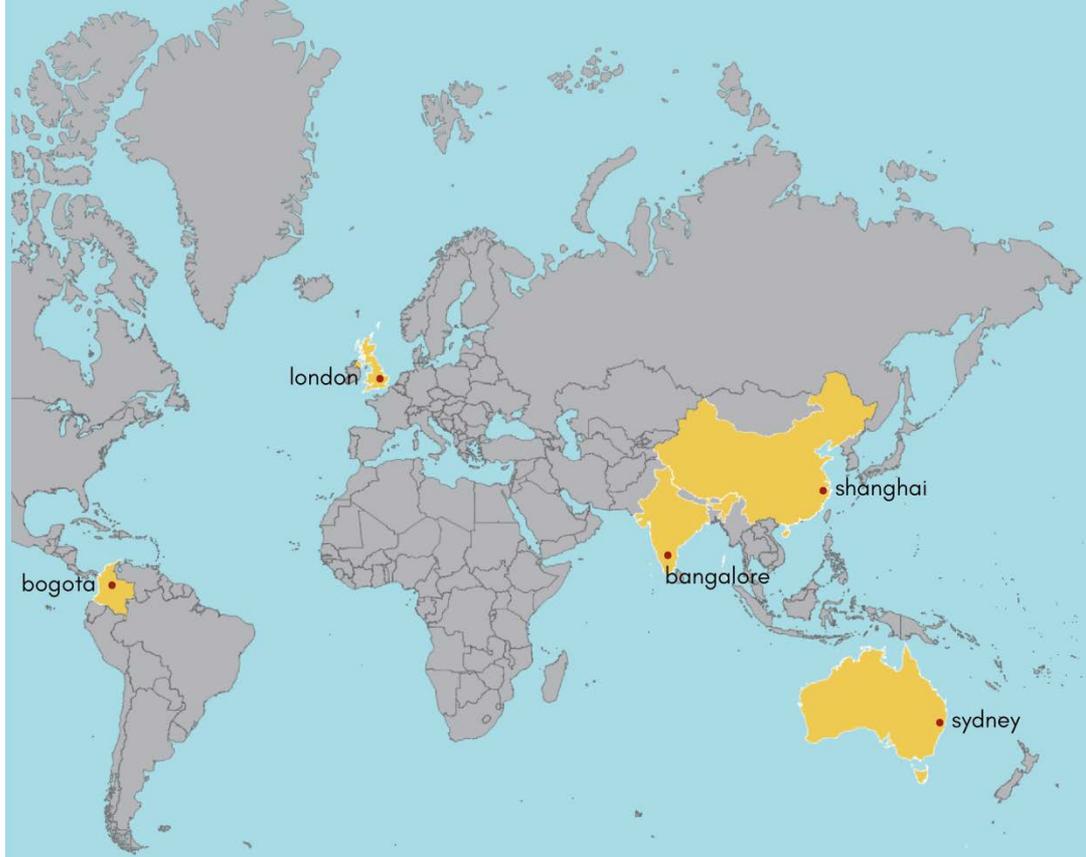
- Hybrid
- Healthy Central level collaboration-profitable policies
- Weak City level collaboration-infrastructure woes.

SUB QUESTIONS

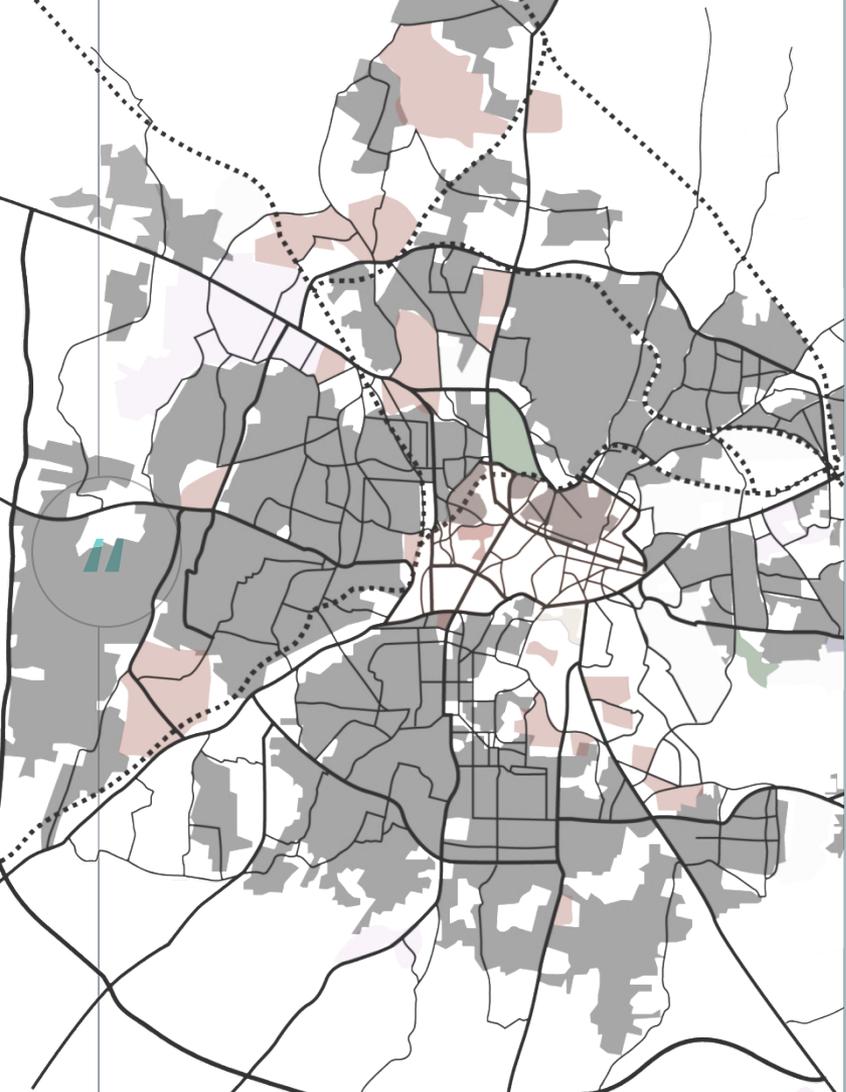
THESIS  
Research question

# 5

- No prescribed urban structure
- Collaboration adopted for **competitive advantage**
- Strong and consolidated City authority
- Decreased livability can threaten city advantage



Shanghai	London	Sydney	Bogota	Bangalore
22 mil	8.4 mil	5 mil	9.8 mil	10.4 mil
7300	1700	1700	1600	1300
Trade, finance	Finance	Trade, tourism	Trade, tourism	IT
Top down	City-led convening	Business-led	Direct operational	Hybrid
Contained (2000) 1 city 9 towns (2015)	Compact (1935) inner city regen	Regional integration (2005)	Compact (2000)	Compromised green belt
Central	Consolidated City authority	Consolidated City authority	City authority	Central + State authority



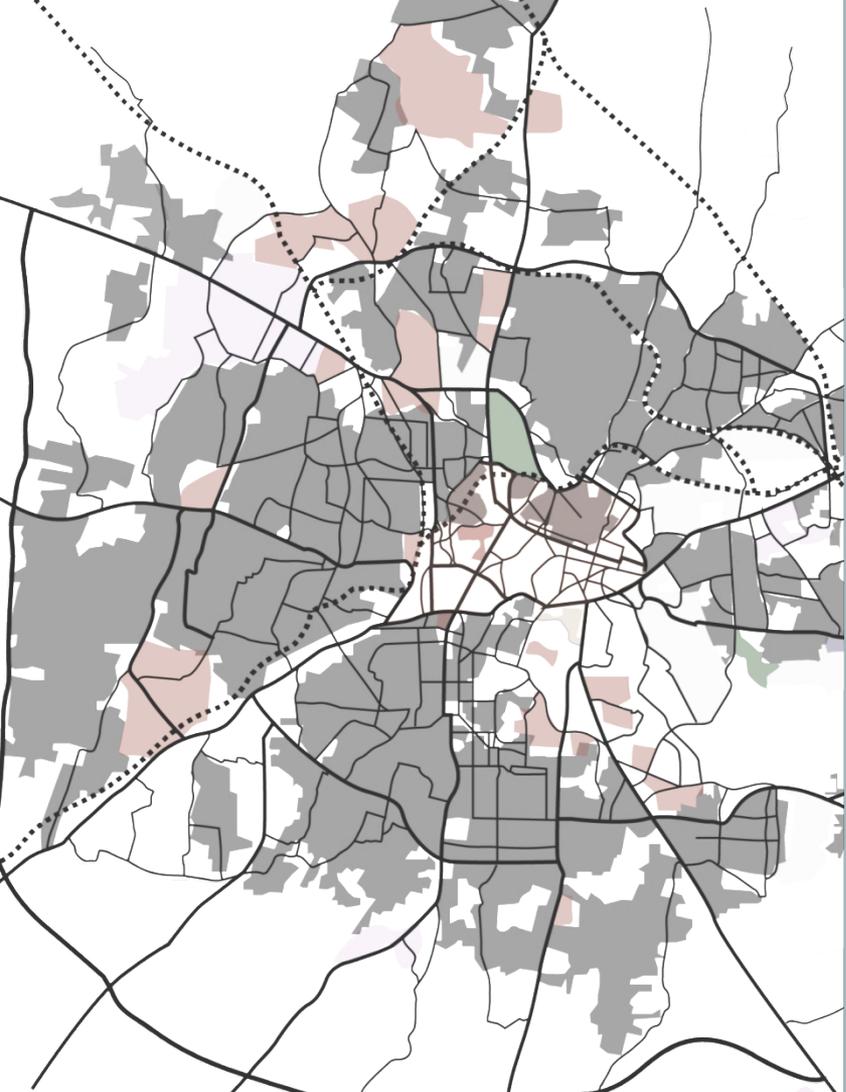
How can an environment of competitive advantage in a city be maintained *while* tackling the diseconomies of agglomeration?

*The manner in which a city develops is heavily dependent on the agenda of businesses and their location decisions.*

**Collaboration** is essential between City authorities and the private sector.

Dialogues between State, City and private sector should happen on matters of **real estate development**.

	To maintain competitive advantage	To tackle negative externalities	Both (maintain while tackling)
1	Devolved city government with increased steering capacity	Local Economic Development (LED) *	
2	Investment in infrastructure and regeneration *	Infrastructure before commercial development *	Prioritise degrading city over pure economic gain
3	Investment in research and educational institutions	Compact urban development	Collaboration between businesses and City
4	Strategies for business retention through economic or industrial policies *	Restricted greenfield conversion	



Livability



Size



Urbanization



Business investment



Livability



Size



Urbanization



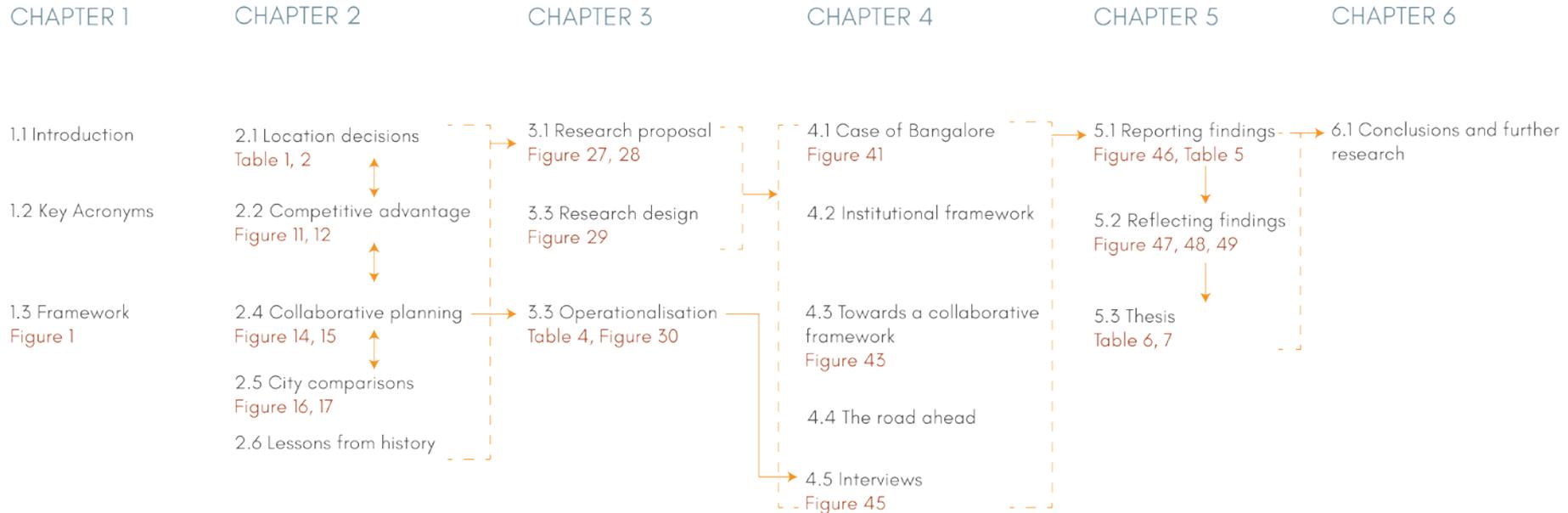
Business investment



***Bangalore.**  
Where the world  
comes to work.*



Any questions?  
Thank you.



# RESEARCH STRUCTURE