

Empowering the Global City-Region - The Crucial Roles of Local Government

J. Hamzah, A.R. Azmizam, A. Habibah and A. Buang

School of Social, Development and Environmental Studies, Faculty of Social Sciences
and Humanities, Universiti Kebangsaan Malaysia, 43600 Bangi, Selangor, Malaysia

Abstract: To be competitive in this era of globalisation, city-regions have to be able to position themselves in the global city system. It is through such positioning of its city-regions that a country's private and public sectors may avail themselves of continuous flows of investments. To empower the city-region to achieve this goal Local Governments (LGs) may have to play several crucial roles. This article scrutinises the roles of Malaysian LGs in empowering the Kuala Lumpur City-Region (KLCR) to attract financial flows in order to generate economic growth and development for the country. The analysis was based on the results of a field survey of 315 respondents representing 10 main LGs in KLCR and aided by relevant official documents. By subjecting the data to statistical tests, the study found that the LGs' multi-faceted roles had resulted in a KLCR capable of both leveraging its economic growth and enhancing its liveability, thus indicating the growing ability of the KLCR to position itself in the global city system. In conclusion, the roles of LGs are critical to the empowerment of a city-region. As such it is recommended that LGs in developing economies be given all the necessary resources and supports to enable them to institute functions that will facilitate and foster the competitiveness of their global city-regions.

Key words: Globalization • Local government • City-region • Competitiveness • International economy

INTRODUCTION

The term city region may be understood simply as a metropolitan, a city, conurbation or an urban zone with multiple administrative districts and shared resources like a labour market, transport network and central business district. A global city region suggests that the world system is now being reconstituted as a mosaic of urban superclusters constituting the basic motors of the world economy [1]. In this new context, managing the affairs of a city and its region is an interactive process of planning, implementing and monitoring some or all of the social, economic, cultural or environmental facets of the city development. As such, the effective management of a global city region requires a shift from the more traditional technocratic process of urban planning to a more inclusive process involving a wide spectrum of actors and stakeholders [2].

In lieu of this shift, the emphasis now is on the necessities of a global city and city-region to be governed effectively in order to achieve sustainable and conducive

environment for work and living [3-5]. This means that the global city-region has to fulfill multi-faceted roles, which include being a catalyst for economic growth, being a centre for innovation and entrepreneurship and being a venue for high quality investment services. Also important is the preservation of the city region's uniqueness to ensure its distinct image and identity.

The implication of these raised expectations of the global city-region is the expansion and deepening of the functions and responsibilities of the local government (LG). Under normal circumstances LGs help to generate a conducive environment for national development by offering physical, economic and social amenities [6-7] such as maintaining the drainage and sewerage system, market places and crematorium, road maintenance and street-lighting, landscaping, public health and sanitation services [15]. Now as globalisation brings to the city-region increased industrialization, trade, commerce and modern services that demand more both of urban space and urban support services [8-12], LGs multiple roles would have to include more efficient service delivery

functions and employment generation; greater development planning, management and control functions (such as building control, land-use planning, development of industrial estates); creative promotion of tourism; and fresh urban renewal and beautification programmes.

In other words, in the age of globalisation and more so during global economic crises, the transformation of the global city-region demands a review of internal and inter-business relationships. The goal is higher and higher competitiveness with all stakeholders involved in driving the urban dynamics [13]. The challenge is how to harness the potentials of strategic cross border metropolitan planning [14] – for instance with respect to the management of LG finance and fiscal development [13] - in ways that will amplify productive interactions between the local and global players. In short, how can the LG become an effective machinery to empower the global city-region in order to enhance the nation's competitive edge?.

Given the context of these new challenges facing the global city- region, this paper analyses the performance of LG in Malaysia in empowering the Kuala Lumpur city-region (KLCR) competitiveness, particularly in enhancing Foreign Direct Investment (FDI) into the local economy.

MATERIALS AND METHODS

The Study Area: The study involved 10 main LGs in the KLCR, which area extended beyond the boundaries of Kuala Lumpur proper. These were the Putrajaya Corporation, the city councils of Kuala Lumpur (DBKL), Shah Alam (MBSA) and Petaling Jaya (MBPJ) and the municipal councils of Klang (MPK), Kajang, Subang Jaya (MPSJ), Selayang (MPS), Ampang Jaya (MPAJ) and Sepang (MPSp). While commanding a total population of six million in 2010 KLCR's contribution of about RM263 billion to the Gross National Income in the same year testified to the KLCR's capability as a catalyst of the nation's economic growth. It is not surprising therefore that it was designated as the a National Key Economic Area.

According to Malaysia's Economic Transformation Plan, four important dynamics distinguish the potentials of the KLCR as a national key economic area. First, urbanisation intensity in the KLCR would serve as a driver of the gross national income growth. Second, as a primate city the KLCR dominates the Malaysia's urban economy as it targets to grow its population by five

percent per year and achieve its gross national income growth of by 10 per cent a year [16]. The third dynamic is the KLCR urban productivity which would be further harnessed as urbanisation intensifies in pursuit of greater efficiency. Finally, the intensification of the KLCR as a liveable city where living would be fine-tuned to meet competitive challenges that come with globalisation. To empower the KLCR to play out all the four dynamics is the task of the LGs. By honing their administrative sector, fiscal management, public service provision, private sector development and participation in local and regional decisions to formulate partnership between LG and civil society, the 10 main LGs in the KLCR are expected to articulate efficient and transparent inter-government transfer systems and creative mechanisms to mobilise and manage local resources [17] in ways that would sharpen the KLCR competitiveness as a global city-region.

Data Collection and Analysis: This study conducted a questionnaire survey of 315 respondents representing the 10 main LGs in KLCR. Key data were also drawn from several official documents, namely the Kuala Lumpur City Plan 2020; the Report of Economic Transformation Plan: A Roadmap for Malaysia, National Key Economic Area Report 2011; and the Malaysian Industrial Development Authority's Annual Report. Other information items were obtained from the Department of Local Authority, Ministry of Housing and Local Government and the State of Selangor Secretariat Office 2010. In order to show the influence of the LGs' roles in KLCR, data on the total local and foreign investments in KLCR from 2007-2010 as provided by Malaysian Industrial Development Authority were analysed. A Pearson correlation was then calculated to measure the relationship between the roles of the LGs and the KLCR development.

RESULTS AND DISCUSSION

Increase in the economic growth of the KLCR. Table 1 shows the amount of total investment in KLCR from 2007-2010. Overall, the figures indicate that there was an increase of the amount of total local and foreign investment. Petaling, administrated by the LGs of MBPJ, MBSA and MPSJ dominated the scene by attracting huge amounts of investments in three consecutive years. Klang, administrated by the LG of MPK is ranked second. Nevertheless, in 2009 and 2010, the total amount of investments had dropped due to the world economy recessive scenario.

Table 1: Total Local and Foreign Investment in Kuala Lumpur City-Region from 2007-2010

Study area	Total Local and Foreign Investment (RM)			
	2007	2008	2009	2010
Kuala Lumpur				
• DBKL	92,355,909	52,761,459	52,761,459	52,761,459
Petaling				
• MBPJ	1,052,562,830	5,407,587,709	3,405,006,172	3,150,790,528
• MBSA				
• MPSJ				
Klang				
• MPK	2,010,903,745	1,651,904,209	1,731,532,333	1,952,006,973
Hulu Langat				
• MPAJ	349,443,265	549,989,351	474,690,574	254,914,358
• MPKj				
Gombak				
• MPS	260,375,907	340,142,611	428,748,809	156,527,576
Selangor				
• MPSp	173,094,050	2,148,400	924,000	27,850,000
Total	3,938,735,706	8,069,558,870	6,196,566,208	5,597,135,567

Source: [18]

Table 2: Measurement of Pearson Correlation between LG roles and KLCR's development

Rank	Roles of Local Government in Kuala Lumpur City-region (n = 315)	Pearson Correlation Local Government in Kuala Lumpur City-Region with Roles of Local Government (r)	Correlation	Sig. (2 tailed)	
				Value	Significant
1	Social functions	0.771	Strong	P < 0.01	Positive
2	Developmental functions	0.767	Strong	P < 0.01	Positive
3	Environmental functions	0.762	Strong	P < 0.01	Positive
4	Public health and hygiene	0.729	Strong	P < 0.01	Positive
5	Public amenities	0.725	Strong	P < 0.01	Positive

Positive Correlation Between Lgs' Roles and KLCR's Development: Table 2 shows a summary of the overall Pearson correlation scores of five independent variables with the KLCR development as the dependent variable.

The independent variables pertain to LGs roles with respect to the environment, public amenities, public health and hygiene, social functions and developmental functions.

The results clearly show that the roles of LGs have a strong and positive relationship with the KLCR development. The correlation co-efficient values between the LG roles and the KLCR development range between 0.684 to 0.878.

How the LGs Empowered the KLCR's Development: The study found six ways as to how the LGs had empowered the development of the KLCR:

1. An across-the-board intensification of the LGs' multi-faceted roles signified that all stakeholders had taken larger roles and this had driven development in the KLCR. The statistical correlation results indicated that the roles of LGs were not only manifesting at the conceptual level, but had also been functioning at the real urban management level involving all stakeholders of the KLCR. Since none of the five LG roles exhibited a poor relationship with the KLCR development (r values less than 0.50), this proved that the LGs' managerial practices had empowered the KLCR development. A strong performance of the LGs' social function (r=0.771) was indispensable to the enhancement of development in the KLCR. A particularly strong and diversified performance of the LGs' development function (r=0.767) was at the heart of the development enhancement of the KLCR.

Critical aspects of these development functions pertained to the access to and availability of information about LG projects, financial statements, report revenues and expenses of the LG operations and an open tender project procurement process.

- 2 Another constructive aspect of the LGs' roles was the smart partnership and cooperation between public and private sectors.
As the majority of the stakeholders concurred that their roles in KLCR were at the 'good' to 'moderate' performance levels, this denoted the LGs' shifted focus to tasks that really mattered in the development of a city-region, viz. the planning and implementation of development. With this emphasis the LGs had impacted directly on the KLCR economics of agglomeration to further develop the city-region's competitiveness.
- 3 The LGs had managed to improve their performance by improving the mechanism of their delivery system. The implementation of the one stop centre (OSC), for example, had helped to expedite the approval of application process of the local authorities. Other innovations were online services, especially online approval of license applications and improvement of the local authorities' counter services.
- 4 Besides managerial improvements, the scope of public delivery system was enlarged and upgraded to encompass land administration, investment facilitation, quality management, performance measurement, consolidated licenses and permits, management of public complaints, reduction of bureaucratic red tape and information and communication technology (ICT) development.
- 5 The LGs' concern and emphasis on the need to reduce the costs of doing business and encourage private investments had positively influenced the investors' perceptions of the KLCR as a preferred destination for trade and business investments. In fact, the private sector in the KLCR had itself become an important promoter of the KLCR economic resources which in turn enhanced the KLCR development [19].
- 6 The assurance of best practices in governance as stipulated in the 10th Malaysia Plan was followed through by the LGs in the KLCR. Steps were taken to enhance the integrity, transparency and accountability of the public and private sectors and to address corruption and reduce wastage and cost of doing business. All these contributed to the perception of good governance in the KLCR [20] and enhance the KLCR competitiveness.

The roles of LGs in expediting growth in KLCR have a close bearing on the country's Economic Transformation Plan. The plan had determined the achievement of the national vision by 2020 in line of which the KLCR was expected to raise its gross national income contribution by 2.5 times, from RM258 billion to approximately RM650 billion per year. The Economic Transformation Plan aimed at attracting some 100 of the world's most dynamic companies by connecting the KLCR to Singapore *via* a high speed rail system. This would continue to enhance the KLCR's liveability while increasing its contribution to the country's Gross National Income [20].

In this vein it is interesting to note that by 2020 with the added pressure of having to cater to one million new residents by then, the KLCR's vision was to achieve 20-20 development wherein the city-region simultaneously achieved a top 20 global ranking in terms of city gross domestic product growth and as well as liveability [19]. With such targets it is only to be expected that both growth and liveability will continue to be KLCR's twin crusades.

CONCLUSION

It can be concluded that based on the results of this study the LGs' roles had spearheaded the development of the KLCR as a global city-region. They had empowered the overall performance of the KLCR through the soundness of their business oriented infrastructures and good governance practices backed by macro planning perspectives set in a steady Economic Transformation Plan. This study implies that the functional strengthening of each LG within its own economic niche sector enables it to generate vibrant growth environment within the city region. Going by the KLCR experience, it is suggested therefore that deliberate strengthening of LGs' functional roles be a feature in the development planning and management of city regions in developing countries. Furthermore, future studies seeking to empower other city regions should do well to focus on secondary and intermediate city regions not only for the benefit of the LG stakeholders but also for the purpose of enriching existing literature on city and city-region dynamics.

ACKNOWLEDGEMENT

The research has been funded by E-Science Fund of Ministry of Science, Technology and Innovation, Malaysia (MOSTI), 06-01-02-SF0357.

REFERENCES

1. Scott, A.J., ed., 2001. *Global City-Regions: Trends, Theory Policy*, Oxford: Oxford University Press.
2. Boschken, H.L., 2008. A multiple-perspective construct of the American global city. *Urban Studies*, 45(1): 3-28.
3. Mehmet, Z.D. and P.S. Albayraktaroglu, 2009. The social dimensions of local governments in Turkey: social work and social aid, a qualitative research in Ankara Case. *Humanity & Social Sciences Journal*, 4(1): 90-106.
3. Vogel, R.K., H.V. Savitch, J. Xu, A.G. Yeh, W. Wu, A. Sancton, P. Kantor and P. Newman, 2010. Governing global city regions in China and the West. *Progress in Planning*, 73(1): 1-75.
4. Gordon, I.R. and T. Travers, 2010. London: Planning the ungovernable city. *City, Culture and Society*, 1(2): 49-55.
5. Chorianopoulos, I., T. Pagonis, S. Koukoulas and S. Drymoniti, 2010. Planning, competitiveness and sprawl in the Mediterranean city: The case of Athens. *Cities*, 27(4): 249-259.
6. Boschma, R.A., 2004. Competitiveness of regions from an evolutionary perspective. *Journal of the Regional Studies Association*, 28(9): 1001-1014.
7. Department of Town and Country Planning Peninsular Malaysia, 2006. *National Urbanisation Policy*.
8. Hamzah, J., A.M. Jalaluddin and A.R. Azmizam, 2009. Efficient Urban Governance in Managing and Enhancing Competitiveness of the Kuala Lumpur City-Region. *Asian Profile*, 37(6): 597-612.
9. Hamzah, J. and A. Habibah, 2009. Keefisienan perkhidmatan pihak berkuasa tempatan di Wilayah Bandaraya Kuala Lumpur: Perspektif komuniti. *Geografia Online: Malaysian Journal of Society and Space*, 5(1): 54-68.
10. Hamzah, J., A.M. Jalaluddin and A.R. Azmizam, 2009. The Role of Efficient Urban Governance in Managing Kuala Lumpur City-Region Development. *Asian Social Sci.*, 5(8): 14-32.
11. Azmizam, A.R., J. Hamzah and A. Habibah, 2010. The efficient urban governance in managing and enhancing competitiveness of property markets in Kuala Lumpur city-region. *e-Bangi*, 5(1): 116-131.
12. Boyne, G.A., 1997. Competition and local government. In R. Paddison and W.F. Lever, (Eds.). *International Perspectives in Urban Studies*. London: Jessica Kingsley Publishers, pp: 102-122.
13. Parr, J.B., 2005. Perspectives on the city-region. *Journal of the Regional Studies Association*, 39(5): 555-566.
14. Lee Lam Thye, 2002. Urban governance in managing and governing of cities. In S.R. Sharifah Norazizan, E. Aishah and A. Nobaya, (Eds.). *Cities in the 21st century: Urban issues and challenges*. Serdang: Penerbit Universiti Putra Malaysia.
15. Prime Minister Department, 2010. *Government Transformation Programmes: Annual Report*.
16. Phang, S.N., 2008. Transforming local government in Malaysia implication for centralization and democratization. *Journal of Malaysia Chinese Studies*, 11: 97-110.
17. Malaysian Industrial Development Authority, 2010. *Annual Report 2010*.
18. Kuala Lumpur City Hall, 2008. *Kuala Lumpur City Plan 2020*.
19. Aggarwal, R., I. Erel, M. Ferreira and P. Matos, 2011. Does governance travel around the world? Evidence from institutional investors. *Journal of Financial Economics*, 100(1): 154-181.
20. Economic Planning Unit Malaysia, 2010. 10th Malaysian Plan. Kuala Lumpur: Percetakan Negara.