



## CITY CENTRES AS PLACES FOR STRATEGIC COOPERATION THROUGH ACTIVE CITY MANAGEMENT – THE SIGNIFICANCE OF TRADE ENTITIES

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### Abstract

*This paper posits that the contemporary city should be viewed as a common space that needs the effort of many various stakeholders in order to satisfy the diverse (and changing) needs of its stakeholders. Yet, achieving this effectively requires active management and coordination of a range of activities. This paper discusses three examples of recent activities in Cracow (Poland) that reflect strategic approach. The first of these case studies focuses on identifying the factors encouraging students to remain in Cracow after completing their studies. The second case study corresponds to a shopping centre opened in 2006 and the last case study shows the recent application of the cultural park legal framework to the city centre of Cracow. This study also makes reference to recent research funded by the European Commission's Life Long Learning programme on the professional competences of city managers across 6 countries.*

**Keywords:** city manager, town centre management, destination management, retail development, urban tourism, city attractiveness

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### 1. INTRODUCTION

The significance and role of cities and other administrative units is changing rapidly along with the growing mobility of physical, human and financial resources not only on a European scale but also globally. The effects of this have led to loss of residents in city centres, as well as capital and manpower flows towards more attractive places. These issues are affecting places at a micro, meso and macroeconomic levels. As a result of this, there is a growing need for more synergy in the coordination of strategic responses by key decision makers particularly given the rapid change in the nature of stakeholder needs given the development of increasingly diverse local communities. There is a need to counteract these

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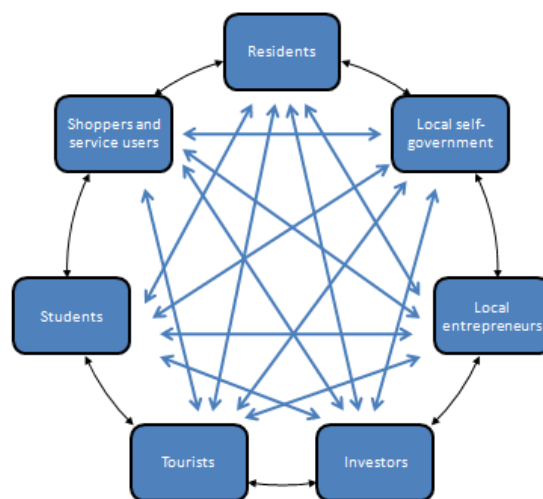
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global socio-economic trends and develop common tools supporting management in local, regional and national government. The awareness among stakeholders of the evolving nature of urban spaces and their ability to co-operate play an important role in this multidisciplinary process, which has been taking place in Poland over the last two decades (Rouba and Markowski, 1995; Zuziak, 1998; Young and Kaczmarek, 1999; Strzelecka, 2008; Coca-Stefaniak, Radominski, *et al.*, 2009; Florek and Proszowska-Sala, 2010). These new challenges often demand also new management skills and competences. This study presents examples of recent interventions in Cracow that have invigorated the city and enhanced its offer to local residents as well as tourists. The breadth and scope of the examples used here implies the need for developing managerial competences not only among local government employees but also among other entities shaping the urban space and affecting its development. In line with this, a brief outline of on-going pan-European research on this topic funded by the European Commission is offered.

## 2. THE CITY (CENTRE) AS AN AREA OF CONFLICT AND COOPERATION

A city satisfies the needs of various stakeholder groups as a residential area, a tourism destination, a place of study, a shopping destination, and/or a place for inward investment. At the same time, a city's urban development priorities will depend on the needs of its key stakeholders. City may therefore be viewed as a network that may and should be managed for the joint success of all the stakeholders involved (Brańka and Plichta, 2014, p. 199). This is one of the main challenges for city management and city development as expectations will vary considerably across stakeholder groups and conflict may often arise between local residents and tourists or local retailers as a result of differing views on issues such as place attractiveness, to mention but one example. This is a potential conflict area between certain stakeholder groups like e.g. residents and tourists or local small retailers and shopping mall investors. Figure no. 1 depicts the complex interrelations that exist between key city (centre) stakeholder groups with regards to urban development.



Source: own elaboration

Figure no. 1 – The city as a network of stakeholders

In the European Union towns and cities are generally managed by a local authority. Poland is no exception to this and the Local Authorities Act (1990) as well as the Constitution of the Republic of Poland (1997) state clearly that the responsibility of local government in Poland is „satisfying the collective needs of the community”. Satisfying the needs of the community in the long run is only possible through assuring the socio-economic development of the city, which is normally carried out in consultation with key stakeholders. After a long break (1939-1989), imposed by historical events free market conditions and democratic elections in local authorities were reinstated in Poland in 1989. This situation is in contrast to that of many other European countries where, over time, a more varied set of mechanisms has emerged to facilitate local development. While the role of local authorities remains pivotal in this, market forces were allowed to influence local development mechanisms since the 1980s. This has included, for instance, strategic tools such as Town Centre Management (Wells, 1991), where retail has played traditionally a key role in countries such as Spain, Italy, France and the UK (Coca-Stefaniak, Parker, *et al.*, 2009) even if initial simplistic views of town and city centres as mere shopping destinations (Figure no. 2) have evolved since towards much more strategically savvy approaches (Coca-Stefaniak and Carroll, 2014). In spite of the country’s relative isolation from global markets until 1989, Poland has also started exploring novel approaches such as Town Centre Management (Radominski and Coca-Stefaniak, 2007), with embryonic pilots started in 2008 in Toruń and Łódź.



Source: Coca-Stefaniak, 2013

Figure no. 2 – Evolution of town centre management practice in the UK

Today, the city manager’s role across Europe involves managing key stakeholders that may often represent different ‘layers’ of a town or city centre, including managers of smaller places within the urban realm, such as shopping centres and shopping malls, universities, cultural institutions, third sector organisations, housing associations, residential areas under development (construction), and special funding models of Town Centre Management such

as Business Improvement Districts (Morçöl *et al.*, 2008) that often include various small independent retailers. This requires a special set of skills and competences that often go beyond those normally available among local authority employees. Therefore, the identification of these competences remains a key area of on-going research (Coca-Stefaniak *et al.*, 2008; Coca-Stefaniak and Parker, 2010) and a key element for supporting future successful urban development in a competitive global market.

### 3. RETAIL AS AN ELEMENT OF CITY ATTRACTIVENESS FOR NEW RESIDENTS

The provision of an offer that satisfies consumers' needs is one of the key functions of retail today, even if property development is set to become a key area of growth and investment for the retail sector in the not-so-distant future. The availability and mix of goods and services coupled with a positive customer experience in convenient locations form key elements of today's retail offer (Śmigielka, 2013). As a result of this, retail remains an essential part of the city both in terms of function and place.

Students eager to settle down in the university's host town/city following the completion of their studies are a potential source of human capital and future prosperity for the city. In view of this, a survey was conducted in June 2011 with 633 full-time students of Cracow University of Economics (CUE) (Brańka, 2013, pp. 87-97). CUE is the third largest university in Cracow with approximately 20 000 students. The purpose of the study was to identify the factors influencing graduates' decisions with respect to their intended place of residence after graduation. For this purpose the survey was limited to students who lived outside Cracow before starting their studies and moved to the city subsequently in order to study.

The survey revealed that Cracow's top five attractiveness factors among students were:

1. Number of attractive jobs / employers (88% of respondents)
2. High salaries relative to other cities (68%)
3. City's atmosphere (65%)
4. Family members living in the city (56%)
5. Affordable residential property (54%)

In the survey the respondents were asked to prioritise 5 factors from a total of 11 available. The factor "Access to developed shopping infrastructure in the city" was the least popular (15% of respondents). According to this, it would appear that retail infrastructure itself is of little importance compared to other economic factors such as job opportunities, expected salary levels and affordable residential property. In spite of this, retail infrastructure should be approached from a wider perspective, as an element shaping the city landscape along with culture and therefore influencing city atmosphere, which happened to be a very important factor for the survey's respondents.

Although economic factors such as employment, salaries and property prices were clearly the most important ones for the students surveyed, two thirds of respondents indicated the importance of city atmosphere on their decision to settle down locally. Thus, when comparing cities with similar economic parameters, this factor may become pivotal. Given that city atmosphere is shaped by many components, and that retail infrastructure is one of its foundations, access to the right mix of shops and services (e.g. cafes, restaurants) in the city centre along with an enticing cultural offer remain key to success with tourists and residents alike. Retail structure and offer may influence not only residents' quality of life but also tourist perceptions.

#### 4. A SHOPPING CENTRE THAT BECAME A TOURIST ATTRACTION OF THE CITY CENTRE– THE CASE OF THE CRACOW’S GALERIA KRAKOWSKA

Galeria Krakowska is a shopping centre opened in the year 2006 in Cracow. It includes 270 shops and service businesses with total surface of 60.000 m<sup>2</sup> and 4.500 m<sup>2</sup> of office space (Galeria Krakowska, n.d.). The exceptional feature of this building complex is the location near the UNESCO-listed historic centre of the city. With the approximate walking distance of less than 10 minutes. Since its establishment the above mentioned shopping centre has been regularly indicated as one of the important attractions for the city visitors. As one may see in Table no. 1, in the years 2008-2013 the mentioned shopping centre was ranked between 7<sup>th</sup> and 11<sup>th</sup>. It was perceived as an important attraction mainly by domestic visitors (up to 8,6% of them in 2011). The top 10 attractions indicated in these years were dominated by historical districts, monuments, museums and religious centres, what is not a surprise as Cracow is a city full of historic sites and cultural attractions. It is worth underlining that in the year 2013 Cracow was visited by 9,3 mln people, including 2,6 mln foreigners (Borkowski *et al.*, 2013, p. 43).

As Cracow is commonly perceived both in Poland and abroad as the most attractive city to visit in Poland, it seems a marketing success for the shopping centre investor to be regarded as a significant attraction of the city. Obviously almost 8% of the domestic visitors to Cracow found this shopping centre more attractive than many other cultural attractions that didn’t make it to the top 10. It may be considered an evidence that modern retail is a desirable element of the contemporary city for the visitors. What surely increases footfall in the mentioned centre is (among others) the unique location – next to the historic city centre, railway and bus stations. In this case, the investor managed to create an attractive retail and service offer that is directly linked with the pedestrian traffic, mass transportation and the cultural offer of the city.

The project was feasible due to the decision of the local authorities to revitalize the degraded space located next to the main railway station. After eight years of existence the shopping centre is much appreciated not only by the tourists but also the city’s residents. Although there has been criticism of the project regarding Galeria Krakowska as a threat to the local small retail, there has been no significant decline in small retail, restaurants or cafes in the historic city centre.

**Table no. 1 – The “Galeria Krakowska” shopping centre among Cracow’s top attractions for domestic and foreign visitors**

	2013	2012	2011	2010	2009	2008	2006
Rank	11 <sup>th</sup>	11 <sup>th</sup>	9 <sup>th</sup>	7 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	14 <sup>th</sup>
% of domestic visitors	7.6%	2.9%	8.6%	8%	6.1%	6.8%	4.5%
% of foreign visitors	0.8%	1%	1.2%	1.7%	0.8%	1.5%	1.5%

Sources: own elaboration based on Borkowski *et al.* (2013, p. 102), Grabiński *et al.* (2011, p. 148), Grabiński *et al.* (2009, p. 123), Grabiński *et al.* (2006, p. 101)

#### 5. CULTURAL PARK AS LEGAL FRAMEWORK ALLOWING SPATIAL ORDER IN THE LANDSCAPE OF CITY CENTRES

Since 1989 the Polish cities have a problem with the presence of abundant advertising in the public space. Before the World War II the advertising in Poland developed similarly

to other European countries due to the market economy. After the war, in centrally planned economy, marketing, including advertising, was redundant. Having returned to the market economy in 1989 the advertising in Poland has expanded but the authorities had neither instruments nor experiences to assure a balanced advertising presence in the public space. “The city, where promotion fills space excessively is perceived as chaotic and unfriendly. (...) The posters, placards, billboards, citylights, but also signboards and neons has become a dominating component of the information landscape in the Polish big cities” (cf. Dudek-Mańkowska, 2007, pp. 107-109; 302). Unfortunately so far the local authorities lacked legal instruments that would enable the regulation of advertising in city centres and preventing the excessive and chaotic actions of private businesses.

Initially due to the lack of effective legal instruments to prohibit excessive advertising the city authorities have offered free advertisements to all entrepreneurs operating in the historic city-centre who complied with the city regulations concerning outdoor advertising (e.g. signboards of companies). The authorities admitted in the year 2007 that “as the legal system is imperfect we have decided to use the carrot instead of the stick and to reward those entrepreneurs that comply with the regulations concerning the heritage and artistic form promoted in the historic city-centre” (Hajok, 2007, p. 4). The entrepreneurs were offered free advertisements on the official web-site of the city: [www.krakow.pl](http://www.krakow.pl) which is a very popular site with a monthly number of visits of around 1.45 mln (as of 2013, based on: Kraków i miejska strona ...). Unfortunately these actions were not enough to convince all entrepreneurs to voluntarily comply their outdoor promotion activities in the historic city centre with the regulations.

On 3<sup>rd</sup> November 2010 the City Council of Cracow implemented the cultural park legal framework for the historic city centre of Cracow (Rada Miasta Krakowa, 2010). The act was implemented in order “to protect the cultural landscape, monuments and historic urban system” of the UNESCO-listed city centre. The use of this legal framework allowed to implement certain prohibitions and limitations referring to “execution of construction works, retail and service, placement of advertising media and visual information media, as well as storage waste” (Rada Miasta Krakowa, 2010, paragraph 3, point 1, section 5). This act imposed many new obligations on retail and service businesses in the historic city centre and the entities had to conform to the new law in 6 months. An important aspect of the framework was to regulate advertising in the centre of the city. Therefore, each company located in the cultural park was allowed to have only one information board located in the building with its premises. The information board on the building must not be too large (as there is a surface limit) and its form should be adapted to the architecture of the building. As excessive advertising placed on scaffoldings during construction works was one of the major advertising-related problems in the past, the cultural park imposed limitations in the size and duration of such advertisements.

Today, the city authorities are able to manage the landscape of the historic city centre as a whole, even though it consists mainly of private-owned buildings. Unlike before, the cultural park legal framework provides the local authorities with legal instruments that may prevent all the entities located in the city centre (mainly private businesses) from excessive advertising and deterioration of the culture landscape and city image.

The experiences of more than two years show that the overall number of the information-boards and/or advertisements dropped in the historic city centre between the year 2011 and 2013 (Urząd Miasta Krakowa, 2013). Furthermore a much higher percentage of the present advertising media conforms with all the local laws.



The primary benefit from the adopted legal framework is protection of the city's heritage. The improvement in the urban design is furthermore a benefit for both residents and tourists visiting the city. Paradoxically even if the limitations imposed by the self-government limit the freedom of the property-owners and entrepreneurs (e.g. small retail), the improvements in the urban design may result in improving the footfall of the residents and tourists. Therefore all the local stakeholders seems to benefit from the imposed regulations. In this case, there was no bottom-up activity and the self-government played the role of the city centre manager.

## **6. IDENTIFYING THE PROFESSIONAL PROFILE OF PLACE MANAGERS IN TOURISM DESTINATIONS**

On-going research funded by the European Commission's Life Long Learning programme and led by the authors of this paper is studying the skills and competences of place managers in the Czech Republic, Greece, Poland, Sweden, Turkey and the UK. The target groups of this research include town centre managers as well as employees of Destination Marketing Organisations (DMOs), local authority employees and professionals in tourism so as to gain a wider understanding of the complexities faced by place managers and marketers in the knowledge that the management and branding of places are increasingly convergent paradigms (Coca-Stefaniak, 2014). This pan-European research project has deliberately chosen small to medium sized towns and cities as samples due to their more closely-knit relationship with their local heritage and the special potential that these places have for tourism development as opposed to larger global destinations such as London, Paris or Rome.

## **7. CONCLUSION**

The experiences of many European countries reflect the necessity of investing in town and city centres. This should consist of integration and cooperation between various entities, including the public, private and voluntary sectors. The presented Cracow-based examples show that retail plays an important role for stakeholders both directly and indirectly (e.g. shaping city atmosphere and design). Furthermore the case studies indicate the necessity of not only building awareness of common goals among different local stakeholders. Promoting cooperation between them is key and so is the need for a shared access to knowledge and competence-related resources. The rapidly changing socio-economic landscape of many town and city centres across Europe means that knowledge and managerial competences should not remain the sole responsibility of local authority employees but instead a shared approach with other public institutions and entrepreneurs. Early findings from a pan-European research project funded by the European Union indicate that a more multidisciplinary approach to places and the new competences that their management requires will help policy makers to formulate more resilient policies and strategy guidelines for attractive and better managed places.

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