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Selling The Region: The Problems of a Multi-Agency Approach in Promoting Regional Economies

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Abstract

The institutional landscape for promoting regions for foreign inward investment continues to evolve across all nations. In the UK the abandonment of regional development agencies has led to years of institutional flux and uncertainty. One nation in the UK, Wales has seen the most dramatic changes in structure. The Welsh Development Agency was arguably one of the most successful in the world but was abolished in 2006 and has seen no direct replacement. This paper carries out a qualitative investigation over a 6 year period analyzing stages in the process of promoting of region. The paper examines how the loss of a strong coordinating marketing agency, and an evolving multi-agency approach creates problems. The paper also explores whether the framework of organisational fields developed in organisation theory might provide a means of understanding how the evolving multi-agency approach to inward investment attraction can be highly problematic. The findings have implications applicable for any region promoting itself for inward investment.

Key words: Inward investment; Wales; Organisational Fields; Regional Development

1. Introduction

Inward investment attraction is a widespread component of regional economic development policy and seemingly with good reason (Gabe and Kraybill, 2002). The positive regional impact of inward investment has been the subject of numerous empirical investigations (see for example, Lee et al., 2014; Castellani and Pieri, 2013; Hamida, 2013). Effects identified in the literature have ranged from higher wage premiums (Fosfuri et al., 2001) to increasing regional innovation (García et al., 2013). In small open economies, inward investment might provide essential capital allowing regions to prosper and support endogenous development (Li and Liu, 2005), and work to increase regional productivity through spillover effects (Driffield and Girma, 2003).

With the perceived benefits of inward investment there has been strong competition between regions to promote locations. Some have argued that this has, in the EU at least, led to something of a race to the bottom with wasteful competition between similar areas (see for example Storper, 1997; Gordon, 1999; and Burger et al., 2013). Nonetheless, regional branding by agencies for attracting inward investment has increased dramatically (Paddison, 1993; Van der Berg and Braun, 1999; and Pike, 2011). As a result, research has considered the marketing and promotion mechanisms adopted for inward investment attraction (see for example, Warnaby and Medway, 2013). However there has been a paucity of research examining how different agencies tasked with attracting inward investment in the same region have worked together, or developed an efficient division of labour in their approach (one exception is Tewdwr-Jones and Phelps, 2000).

The division of inward investment marketing activity between institutions in common geographical spaces is a pertinent issue across the UK which has experienced a shifting institutional landscape with the abolition of regional development agencies and the introduction of Local Economic Partnerships (LEPs). These panels consist of groups of organisations working together to improve the economic prospects of given regions. The precise role for different partners is still an evolving process (Pike, et al., 2015). However evidence already exists to show that the disappearance of marketing by regional development agencies has for some fundamentally reshaped how economic development is taking place across England (Almond, et al., 2015). To this context has now been added the development of city regions in the UK which also have a role in area promotion.

This paper argues that a shifting marketing landscape caused by the birth and death of regional/local development organisations has caused problems for consistency in regional promotion to inward investors. In particular the trend towards a multi-agency approach to

inward investment marketing, featuring organisations with different spatial remits may provide confusing messages.

Wales and its capital city Cardiff is a useful lens through which to explore the problems. The Welsh Development Agency (WDA) was amalgamated with the Welsh Assembly Government (now the Welsh Government) in 2006. A ‘Team Wales’ approach promoted by the WDA during the 1980s and 1990s has been somewhat diluted by a plethora of new development agencies with different spatial and sectoral interests. Indeed selected commentators have connected the depreciation of the Welsh Development Agency activity, and a less focused marketing effort with a poorer performance of Wales in attracting foreign capital (McNabb and Munday, 2017).

The paper works to provide evidence of the practical implications flowing from the removal of a strong coordinating central regional marketing agency, and its replacement with a multi-agency approach. The paper also explores whether the concept of organisational fields from organisational theory might extend our understanding of the evolution of organisations involved in promoting and marketing Wales - and the resulting problems of multi-agency interactions. *Organisational fields* can be defined as “aggregations of organisations that are involved in similar activities” (Lagendijk and Cornford, 2000). The development of the concept has been central to institutional theory in organisation studies and has led to a number of critical ideas in organisational theory, most notably *institutional isomorphism* (Di Maggio and Powell, 1983). The concept of *institutional isomorphism* offers an explanation of the tendency of increased homogeneity across organisations in the same organisational field.

The paper proceeds as follows. The next section reviews the literature examining place marketing of regions for inward investment, and examines the place of the concept of organisational fields within this specific context. The third section presents the case of Wales and Cardiff, and reports on research undertaken over a period 2012-17. The concluding discussion brings conceptual insights from organisational theory to bear on the research findings, particularly in-light of continuing changes in the structure of Cardiff and Wales’ efforts to promote the area to new investors. The section also examines the practical implications resulting, particularly in respect of the need for strong coordinating regional marketing agencies tasked with inward investment attraction.

2. Marketing locations to inward investors

The strong growth in foreign direct investment (FDI) in the period after 1980 has been accompanied by debates on the location determinants of FDI coupled with questions on the effectiveness of location marketing activity. The interest in both the role of government intervention to attract foreign capital was in part an acknowledgement that attracting foreign capital could have serious developmental implications for less prosperous regions (Hill and Munday, 1992; Driffield and Munday, 2000). With the advantages of inward investment widely accepted, many governments concerned themselves with developing inward investment friendly policies, and with “winning” regions seeking to offer both tax incentives and capital, labour and infrastructure subsidies (Bellak and Leibrecht, 2005).

The 1980s and 1990s witnessed an intensification of competition for inward investment, with this partly driven by institutionally set targets for growth (see for example, Coe et al., 2004; MacKinnon and Phelps, 2001). There are undoubtedly significant scale economies involved in marketing regions nationally and overseas, and with research questioning the capacity of subnational actors to leverage resources for this endeavour. Yet how the marketing task to inward investors is accomplished and made efficient by governments, agencies, and/or individuals is problematic. The task is made more difficult with large numbers of regions and countries all competing for inward investment, and with instances of bidding wars between regions and states, and a resulting “race to the bottom” scenario where more competitive (expensive) packages of support are offered that can effectively produce poor global welfare outcomes (see for example, Charlton, 2003)

Empirical work on the location specific determinants of FDI has focused on the role of financial incentives and other subsidies in attracting inward investment (see for example, Hines, 1996; Oxelheim and Ghauri, 2004). Unfortunately, accurately picking up on the more subtle elements of incentive packages to inward investors is difficult which is why the level of explicit grants and subsidies is not necessary a statistically significant variable in studies (for the UK, for example, see Hill and Munday, 1992; Billington, 1999). Policies to attract inward investment into developed nations vary by locality yet there are some common practices identified by Guimon (2009) who recognised a strong focus on highly skilled work forces and local amenities and infrastructure. As a result, “marketing and promotion” of place has been accepted as playing an important role in attracting investment in developed nations over and above explicit tax incentives, grants and subsidies.

Consequently with mixed evidence as to the success of financial and fiscal incentives in attracting inward investment, more attention has been focused on the process of location

marketing and how institutions work together to promote an area effectively to inward investors. Wells and Wints (1990) found that for industrial countries, promotion was the most important determinant for attracting inward investment. Tewdwr-Jones and Phelps (2000) considered the unique ways in which collaboration had taken place in packaging, bidding and marketing of regions to inward investors and how the land use planning process had been used in the promotion and ‘gazumping’ process. They highlight the creativity with which local institutions assembled a package of incentives, that is, training and input sourcing, land gifts, and customised sites and infrastructure, and how institutions worked to ensure that once location decisions were confirmed, that local planning procedures did not unduly halt the development process. This research acknowledges the important role of inter-institutional effort in marketing and coordinating the nature of the location offer to inward investors. We would argue that a strong theme in this earlier work was a team approach in the regional marketing effort to inward investors, but with the team coordinated by a strong coordinating agency (the Welsh Development Agency).

A significant academic literature explores the notion of place marketing and promotion, for example, the work of Paddison (1993), Morgan et al. (2002), Parkerson and Saunders (2005) and Hospers (2007). This research has focused on the link between the marketing of place and regional development. Richardson and Belt (2001) find evidence of a link between the marketing of a place and the resulting impact on economic development. An important characterisation of the marketing and branding of regions was noted by Hospers (2007:3): “The terms ‘place (or city or regional) marketing’ and ‘branding’ are used interchangeably-as is mostly the case nowadays”.

Hospers (2007) acknowledges that communicating what a region has to offer is not the same as establishing an image of that region abroad. Indeed there is a crucial distinction to be made between the establishment of a brand image for a region and the marketing of that region for economic development purposes. This is emphasised in Kavaratzis and Ashworth (2005) who note the difficulties of establishing a place brand compared to the marketing of that location. The evidence suggests that it is very difficult to promote a region if there is not an established understanding of that region’s resources and characteristics; that is a clear and unified understanding of the ‘brand image’ of the region.

In the paper we focus on the case of the inward investment promotion of Wales and Cardiff. The nature of the actors involved in the inward investment marketing effort, and their interactions with one another, exercise a strong influence on the efficiency of the promotional effort, and we show that changes in the organisational landscape of promotion and changes in

the players involved can affect the promotion effort, particularly where the geographical coverage of actors overlap.

In understanding the evolution and efficacy of the inward investment marketing effort we believe some perspectives from organisation theory are useful and in particular we draw on the concept of organisational fields that has been developed in institutional theory (DiMaggio and Powell, 1983). Work examining organisational fields can be defined as an exploration of “...those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services and products” (Di Maggio and Powell, 1983). This was later expanded upon further by another notable organisational institutionalist Scott (1994) to note that the definition should also include frequency of interaction. He notes that the frequency of organisational interactions within the field is more important than those interactions outside the field. These definitions are seen as painting only a partial picture of organisational fields (Furnari, 2015) but the concept has become a central pillar of the organisational studies literature (Wooten and Hoffman, 2008; Fligstein and McAdam, 2015) and a useful tool for the study of complex interrelations of agents within a field (Scott, 2004).

Organisational fields provide a partial framework through which to understand the evolution and problems with the regional marketing effort in the reference case. The concept of organisational fields links to the notion of *institutional isomorphism* that has been an influential element in institutional theory in the study of organisations (Di Maggio and Powell, 1983). This describes and explains the tendency towards homogeneity in the organisational forms to be found across the organisations in the same organisational field. We consider this in the context of those organisations marketing regions to inward investment. Di Maggio and Powell note *institutional isomorphism* occurs as a result of three forces: coercive, normative and mimetic. First, organisations that compete for the same scarce resources and governmental support are subject to pressures to conform to conventions by the most powerful actors in the field. Second, organisations are subject to normative pressures to conform, including the shared experiences and education of employees in the organisations and the role of agencies that promote ‘best practice’ models that tend to come from the same sphere and so share similar values. Finally there is a tendency toward mimicry and copying, particularly of the dominant organisations in terms of their organisational structure and processes.

The key insight that DiMaggio and Powell’s (1983) seminal contribution made to understanding organisations was that the requirement for legitimacy within the relevant context – and a consequent pressure to conform from one or more of these forces – is a more compelling

explanation of the pattern of organisational forms across an organisational field than that of rational efficiency arguments (their paper offers a competing explanation to the efficiency thesis for the dominance of the bureaucratic form).

3. Case: Inward investment in Wales and Cardiff

By way of context here to the inward investment marketing effort in Wales it is useful to reflect on the regional economic problems connected with the effort. Then the context for inward investment promotion in Wales through much of the period since 1976 (and the establishment of the Welsh Development Agency) has been structural change in the regional economy and the loss of employment in traditional industries such as steel and coal, and with inadequate indigenous investment to fill the gap left by departing industry. Then an inward investment marketing effort in the 1970s and 1980s went hand-in-hand with programmes of advanced factory building, industrial estate development, and investment grants for those placing new activity in assisted areas close to those areas that had suffered most from structural decline. Marketing effort was focused on inward investors that would create new jobs, new capital, and with inward investors expected to diversify the manufacturing base, and with the expectation that such firms might create a series of spillovers for other local firms. Similar processes occurred in other UK regions such as Scotland and the North East. While the focus in the 1970s and 1980s was very much on manufacturing (and with Wales particularly successful in winning new inward investment in sectors such as electronic engineering and automotive components), the decline in some parts of the inward investment manufacturing base in the 1990s and 2000's led to more focus on sectors such as financial services and information and communication. Wales was also successful after the 1990s in attracting call centres of financial and business services firms.

Inward investment history in Wales also links to broader internationalization trends in terms of participants and motives. For example, North American firms dominated foreign inward investment inflows into Wales until the 1970s. The number of European and Japanese manufacturing investments in the Welsh total increased sharply in the 1980s and with location choices strongly influenced by relatively low factor costs, good infrastructure access from Wales to markets in England and further afield in the EU (Hill and Munday, 1992).

Wales is estimated to have secured almost 1,500 overseas inward investment projects between 1984 and 2007, with an estimated £13.5bn of planned capital investment, and almost 100,000 planned new jobs and 70,000 safeguarded jobs (see Welsh Government, 2009; and for a more recent commentary on Welsh inward investment trends see Crawley et al., 2012). Much

of this activity was focused in South East Wales and what has now become the Cardiff Capital region (Crawley and Munday, 2017).

The inward investment journey of the region became more difficult after 2000. The relative performance of Wales as a whole in terms of inward investment projects and associated jobs weakened in the period 2000-2010. From a position in the 1980s where the region regularly attracted over 15% of the UK share of new inward investment projects and jobs (Hill and Munday, 1992), the period 2000-2010 saw tougher conditions with just three years seeing the region achieve a greater than 10% share of UK new inward investment jobs (see Table 1). The period saw more labour intensive elements of the foreign manufacturing sector in Wales leaving to take advantage of cheaper factor costs in Eastern Europe and further afield. Indeed, the growth of China and India as power houses of low cost business has meant many developed regions in Europe have had to compete even harder to attract mobile capital investment. Table 2 shows more recent Welsh performance in attracting inward investment, and with this contrasted to that of other UK regions. In the five year period to 2016-17 Wales received a UK share of new inward investment jobs similar to its share of UK employment, and this far from relative performances achieved in the period 2000-10.

Table 1 & 2 about here

From an inward investment promotion perspective the later periods saw Wales also undergoing some changes in the structure of regional promotion to inward investors. The Welsh Development Agency was abolished in 2006 and its functions were moved to a new body called International Business Wales (IBW), which was located in the Welsh Government Department for the Economy and Transport. However, by December 2010 the IBW was no longer a discrete entity and its functions were moved fully into the Welsh Government's Department for Business, Enterprise, Technology and Science.

Around this time there were concerns voiced about how these changes were affecting inward investment promotion. The Welsh Affairs Committee (2012) flagged regional concerns on how Wales was losing 'voice' and 'visibility' in inward investment promotion over the period following the abolition of the WDA. Some of their concerns centred on the relationship between the devolved administrations and UK Trade & Investment (UKTI) which had overall responsibility for UK trade and investment. An International Business Development Forum (IBDF) governed the relationship between UKTI and devolved regions in matters of managing flows of inward investment. A series of evidences provided to the Welsh Affairs Committee (2012) suggested that Welsh priorities and strengths were not being well communicated to UKTI and then not best communicated to prospective inward investors. Witnesses to the

Committee described a situation where: “Repeated Welsh Government re-organisation had detracted from the task of selling Wales to the world” [p.25-26] and “Potential investors all too often feel that they are being shunted back-and-forth when they try to establish contact with the Welsh administration, and to no real effect.” [p.26]. The Committee concluded that opportunities were being missed and that the region required more vigorous marketing and a more explicit narrative on the benefits of Wales that could be promoted to overseas markets. In particular they highlighted:

“The abolition of the Welsh Development Agency has reduced Wales's visibility in the global market place. Nearly five years on from its abolition, the WDA brand remains one of the most recognisable of all Welsh brands. The Welsh Government must urgently consider how existing recognition of the WDA brand can be used to improve and increase Wales's global identity.” [p.27]

While, Table 1 (and 2) reveal some worsening of the inward investment performance of Wales in selected years, care is required here in attributing changes in performance to the removal of the WDA. Figure 1 shows that around 2006-07 several other regions of the UK saw a dip in inward investment performance, and with performances in later years needing to be seen in the context of the economic crises after the Credit Crunch. What is clear however, is that the structure of the marketing effort became complicated by the changes in the organisations involved, changes in personnel, and changes in the number of institutions on the ground in Wales seeking new inward investment.

Figure 1 & Table 3 about here

Table 3 identifies the main agencies involved in marketing Wales and Cardiff in particular after 2006-07. Note here that in this study it was important to consider organisations working at each of the national, regional and more local levels to better understand issues of process.

The material for the discussion in this paper was developed from a series of interviews carried out with staff and other stakeholders, including inward investing firms, in the period 2012-17. In part this was linked to commissioned research that sought to examine the role of different agencies in promoting Wales and Cardiff to inward investors and which explored how these agencies collaborated, and then with some analysis of opportunities and conflicts that arose (Crawley et al., 2012). Interviews with personnel within the organisations was supplemented by material from firms who had interacted with these agencies prior to investments. Table 4 summarises the types of organisations involved, the years the interviews took place and the number of interviews carried out. Using a purposeful sampling approach interviewees were initially identified by contacting key persons within development agencies, this provided

detailed background to how these organisations work and who they were interacting with, this often led to further contacts within other agencies. Critical to this approach was temporality; given the time scale of the interviews, questioning was careful to identify whether responses were different across time allowing us to map a time-scale against the activities of individuals and agencies. Semi structured interviews (40) as well as several in-depth extended interviews were carried out (10) in cases between 2012 and 2017 and this often involved multiple individuals within the same organisations. The in-depth interviews were undertaken in line with an inductive approach, allowing the creation of categories from the data. The identified categories were: interaction between agencies; competition between agencies; marketing of Wales overseas; miscommunication to inward investors; lack of clarity of responsibility in marketing effort; and competition from other UK regional agencies. Analyses were then conducted between categories after completing all the interviews, this method is similar to that described in Charmaz (1990). This was supplemented, in cases where interviews were not possible, with information derived from a small number of questionnaire surveys. The temporal nature of this study meant that the inward investment environment was evolving as it took place, as was the number of active institutions. The time scale of the study presents a novel picture of organisational interaction in a dynamic environment. It also allows analysis based on the experience of those doing the job rather than the formal view of the organisations.

Tables 4 & 5 about here

In what follows we focus on the findings by broad theme. We believe that the case material reveals the impacts of removing a strong central agency with a multi-agency approach and the problems associated with such agencies having an overlapping focus. However, in selected themes we also identify that mimetic processes, in particular, fuelled by uncertainty among the different agencies, helps to deepen inter-agency competition, and with this creating real problems.

4. Main themes identified in the case

Taking an inductive approach and applying institutional theory we proceed by detailing the major findings that emerged from our interviews and surveys. These have been collated under four themes, *agency interaction and competition, boundary issues, marketing Wales and Cardiff and joined up working and communicating.*

Agency interaction and competition

When there are numerous agencies involved in the promotion and marketing effort, and co-located, there will inevitably be overlap. However, given limited resources and continuing

competition from other regions and nations, a degree of interaction could help improve and refine the services offered to inward investors. The findings provided a mixed picture on this. Some of the agencies shown earlier in Table 3 had worked closely with one another through either regular face-to-face contacts, or quarterly update meetings. Others appear to operate more independently which had created a degree of perceived competition. One respondent spoke in terms of a “*two tier system*” through which larger funded bodies picked up on firms first contacted by smaller agencies.

The process of interaction had in some cases engendered distrust between agencies and resulted in further disassociation of activities. Firm contact lists were maintained by all agencies and some respondents revealed that there was a great deal of protection of these lists, as they are “hard got” with limited budgets. This context undoubtedly affected the spirit of inter-agency working, and with smaller agencies protective of their image, but conscious that it was difficult to establish their image in the market with the resources available. For example, one respondent argued:

“We have worked hard on marketing and have established a successful product with limited resources, when other agencies ask to work together we have to ask, what are we gaining from this? Often it appears that [they] simply want to link themselves to what we have created without indicated what we can gain from this.”

Another respondent mentioned:

“In the past three years we have attracted in firms, we have corresponded with numerous firms and have built up strong relationships which have resulted in investments into the country. However we struggle to get our name out there, and we rely on contacts passed from agency C and agency A, our “brand” if you will is not out there.”

In part the frequent interaction process provided a route for the mimetic processes (identified by DiMaggio and Powell, 1983) among selected of the agencies, and with uncertainty caused by lack of coordination, leading to imitation in terms of strategy and objectives, which then resulted both in competition, but also created what we identify as boundary issues.

Boundary issues

Rapidly changing regional government policy and structure was viewed as creating confusion among agencies over boundaries and responsibility – a contentious issue was at what stage

investments of a certain size needed to be passed ‘up the line’ to larger organisations, and the boundaries of the cultivation of business contacts. This type of uncertainty had worked to increase the sense of competition and distrust between agencies, and more importantly had sometimes created problems for the targeted firms. One respondent showed that:

“In some cases we are encouraged to pass over the files of contacts to agency B, this is done as they are seen as the stronger and have more resources and experience. The problem is that firms do not want that, they just want one port of call for all dealings, switching between agencies does nothing except confuse those involved.”

Here then the multiplication of agencies and the structure of the promotion and marketing effort created problems. Again here there was evidence of lack of coordination through a strong central agency and with resulting problems for clients. For example, one firm identified, which was looking to invest in Wales was working with one agency but got passed to another and was given inaccurate information conflicting with what the first agency had told them:

“We were looking to develop a small project in Wales; we had been having productive consultation with agency C but were then transferred to agency B.... the dealings we had were difficult, we ended up having to almost start from scratch, explaining what we were looking to do .. in the end this was taking up too much time, we could not afford to hang around, we instead chose to go to Newcastle.”

This type of problem was identified by others together with an acceptance that the system of marketing and promotion could work to add complexity to a firm’s location decisions and actually work as a disincentive to invest. In this respect one respondent showed that:

“We need to make ourselves “visible” and I mean visible in every sense of the word, we need to be so easy to contact and communicate [with] on a daily basis that firms can reach us all the time. The present system has created too many silos, this means from the outside it looks like we don’t speak to each other and that we are not on the same page, the problem is not that, the problem is that we were told to operate in this manner.”

Indeed the research revealed a series of cases where marketing and promotion structure acted as an inward investment disincentive and with the issue grounded in an ingrained notion about how an agency should operate, rather than what was best for the inward investor (and Wales ultimately).

Marketing Wales and Cardiff

Within the research a recurrent theme was interactions between sub-regional agencies and larger national organisations, and in particular views on what elements of the regional economy should be marketed, and to whom. Important here was the balance between promoting Wales as a location, and then locations within Wales, i.e. Cardiff in this case. In Wales there has been a strong focus in attracting investment in identified key sectors (Bryan et al., 2006) but some of these key sectors were of limited interest to the Cardiff case where there was more of an interest in attracting specific high value added services. As a result there was a problem that national agencies might not promote attributes of the regional economy that were most attractive to firms in key sectors. Some of the respondents believed that ‘selective attraction’ simply caused marketing problems and poor resource use.

Another identified issue was overlaps in advertisements with different agencies promoting different aspects of Wales/Cardiff in the same marketing avenues. One respondent showed that:

“There was one example around the time of the Ryder Cup, we had put a sizeable advertisement into a North American trade publication. When we got a copy of the publication (after the competition) another advert appeared on the page opposite from a local authority in another part of Wales. I am all for competition but there must be a line whereby when advertising globally we are all seen to be pulling together not pulling apart.”

There was a strong consensus among agency respondents that Wales (during the late 1990s and early 2000s) had established a bold image internationally, but in recent years, this brand position had become less prominent and had lost value. This term ‘brand’ was raised by a number of the respondents, who have since left their posts but who questioned what had happened to the old WDA brand:

“I think that the WDA had a lot of things wrong with it at the end, in particular the structure, it was too bloated just too big. However the brand was still worth a lot, I have been all around the world and I still hear companies talking about the WDA. In fact I would suggest the brand is still worth a lot, so let’s use it.”

This view was shared by a number of respondents and with depreciation of the brand resulting from the internalisation of much of the marketing effort within Welsh Government rather than the arms-length WDA.

Indeed a some of the respondents in our research were keen to contrast Wales with Scotland in terms of coordination and added value in the regional marketing effort, pointing to success in gaining higher value projects in global financial services, and undertaking targeted activity overseas:

“Over the last three years we have seen the SDI (Scottish Development International) ramp up their overseas work, they have a very clear goal of where they want to be and how they want to get there.....IBW could not compete with them, it is too slow, everything has to be double checked and put through too many people’s desks.”

Interestingly Scotland was accused by some respondents of actually copying the Welsh approach to strong regional branding developed in the 1980s and 1990s; one respondent noted that:

“Why is Wales in general not attracting as much FDI? Short answer, Scotland, long answer, organisation. Scotland is streamlined, they are very efficient.”

In this respect Scotland was identified as heavily advertising in overseas markets where Wales had once been strong, and with Wales struggling to compete against a strong Scottish brand.

Joined up working and communicating

When assessing the interaction of all the agencies it was clear that the direction and quality of communication was a consistent concern. When looking first at formal communications between the agencies involved in promoting Wales and Cardiff there was very much a perception of “one directional“ communication. One respondent revealed:

“Going forward we need to plan better, there is a need for a more joined up approach to link together services and to let each other know what the other is doing. There is no point in not sharing information; all we are doing is wasting our time “fishing” in the same pond. To this point we have struggled to get meaningful communication between ourselves and agency D.”

This view was expressed by other respondents who acknowledge this view on a lack of communication taking place between agencies and then with an effect on external communications to the wider world, and miscommunication of both policy and offering to firms. This had led to lengthier processes even where firms described the “great service” they had and the “direct line” to the people that can make decisions:

“Everything went well, we had good contact right from the start, [and] there was a single port of call who dealt with the process. We were offered a great deal of support in terms of the operational side of moving to [the location]. We were only looking at the Welsh site during the process as 2 of our key contacts are already located in the area. Having only visited Wales once or twice I thought it was very useful to get local insight, only problem was the length of time it took to get through the processes but other than that I can’t complain.”

This positive response was from an SME who was coming to Wales. They are also operating in one of the Welsh Governments target industry sectors. This experience was not shared by a firm operating out of the target sectors but of a similar size and larger investment than that of the first:

“To be honest it was confusing, we dealt with agency B to begin with, it was difficult to get some answers to what we thought were simple questions. We spoke at length to the contact we were given and after a number of emails and phone conversations we were passed to agency A. The most annoying thing was that one did not tell the other our full situation; we were given different information by one group over the other. We also seemed to get tangled up in some internal “issues”, we kept getting redirected and brought around the houses. We are not a large firm, we don’t have lots of staff dealing with this, it was me, [and] I got frustrated with the lack of progress so thought we should move on.”

5. Discussion and conclusions

First and foremost the case developed here reveals the need for care in developing the inward investment marketing effort at subnational level. The loss of a strong central marketing organisation and a lack of coordination of sub-regional agency effort was seen to lead to real inefficiencies. Moreover, the case reveals problems in the changing nature of actors in the process of marketing to inward investors. A practical issue here is avoidance of a multi-agency approach unless it can be carefully coordinated. There is also a lesson here to carefully manage the process of change within institutions responsible for marketing a region externally.

From this research we can see how the multiplicity of agencies operating alongside each other in marketing and promoting a region are subject to pressures to conform. There is some evidence that the organisations mimic one another, with different marketing and promotion agencies sharing similar structures, and then chasing the same target firms. Similarity in roles causes confusion for inward investors in terms of appropriate avenues of support, with these same inward investors failing to comprehend organisational boundaries and responsibilities. This results in a lack of coherence, wasted resources, and intra-agency competition ultimately affecting the efficacy of promotion. The end result can be loss of inward investment opportunities.

Inevitably promotion and marketing of the region ‘should’ be set in a context of providing firms with appropriate information and reducing the costs of their search. However, this objective can be coloured by intra-agency competition to attract inward investment capital,

with the case showing that a multi-agency approach in the Cardiff area and Wales in some cases causing a lack of coherent marketing, unclear boundaries of responsibility and a loss of opportunity. In the case of Wales, the lesson would seem to be the need for real care when dismantling established marketing, promotion and brand structures. In one sense the demise of the WDA, and the transference of activity within Welsh Government appears to have reduced regional influence in UKTI processes. However, this same transfer also provided more scope for subregional promotion agencies to become established and involved in inward investment marketing and promotion. Clearly what changed after 2006-07 was the loss of a 'Team Wales' approach that had been so successful in the 1980s and 1990s and then more of a disjointed inconsistent approach which was further hindered by a lack of clarity on which industry sectors might be prioritised in the marketing effort.

Some aspects of the case are consistent with expectations from organisational theory. There are a series of predictors of isomorphic change, including the dependence of one organisation upon another and the attendant coercive pressures, and this potentially means they will become more alike. In the case study here, smaller sub-regional agencies were dependent in part on financial resources from the regional government. Moreover, a prediction of the theory is that in the presence of uncertainty, organisations become more alike. In the case, the uncertainty caused by changes in the structure of inward investment promotion, and uncertainty over which sectors to promote, may have led to the different agencies structuring their promotion efforts in similar ways – this providing evidence of mimetic processes. Then, the multiplicity of agencies at different geographical scales working to market locations for inward investment, resulted in similar methods, a homogeneity of approach, similar means of making contacts, and competition for resources to promote reference areas. It is the multiplicity of agencies that resulted in some confusion for prospective investors in terms of appropriate channels of support and with the similarity in approach and structure meaning that incoming firms were unclear on boundaries and responsibilities of the agencies involved. Indeed the case reveals the importance of top down coordination of inward investment promotion at the regional level, and the importance of avoiding activity that overlaps. The sector 'approach' adopted by the Welsh Government had been adopted by the other sub-regional agencies and this also led to overlap, and some duplication of promotion campaigns. Indeed poor coordination leads to competition between similar agencies, and a lack of information sharing that directly led to duplication of enquiries – almost a process of cumulative causation.

We would argue that the case considered echoes earlier problems in Wales in regard to local SME support services in the 1990s (Bristow and Munday, 1997) where a one-stop shop system

(Business Connect) for business assistance was developed to reduce the confusion and duplication characterizing local SME support services. Bristow and Munday (1997) showed that in the 1990s, at least in some parts of Wales, a clear division of labour was developing between the regional agencies, which were concentrating on attracting more inward investment to the area, and the more local agencies which were emphasizing indigenous business growth, and with the one-stop shop facility reducing wasteful duplication by directing activity appropriately. In this respect the evidence from the case here shows a failure to learn from earlier developments and the importance of a strong coordination system for allocating investment enquiries. The findings also support the notion that a more integrated less fractured organisational structure would prevent wasteful competition and that sub-national economic governance requires the active participation of all actors maintaining a consistent strategy.

There is clearly a need for more research in this area. In particular deeper study of the organizational processes within the different agencies involved in the case would be useful in providing a more fine grained analysis of the nature of isomorphic changes taking place.

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Table 1: Inward investment – Wales/UK, New FDI Jobs 2000-2010

Year	UK	Wales	Wales %	Location quotient*
2000/01	71,488	4,520	6.3%	1.3
2001/02	34,087	3,872	11.3%	2.4
2002/03	34,396	4,083	11.8%	2.5
2003/04	25,463	4,064	15.9%	3.3
2004/05	39,592	2,593	6.5%	1.4
2005/06	34,077	3,132	9.2%	1.9
2006/07	36,526	3,379	9.3%	1.9
2007/08	45,051	3,743	8.3%	1.7
2008/09	35,111	2,185	6.2%	1.3
2009/10	53,358	3,431	6.4%	1.3

Note* Location quotient here is the regional share of inward investment new jobs divided by the regional share of UK employment.

Source: UKTI data

Table 2 FDI projects by UK region (2012-13 tax year to 2016-17 tax year)

Region	Total FDI projects	Total new jobs	Total safeguarded jobs	New jobs UK share	LQ* new jobs
North East	300	15,415	8,651	4.2	1
North West	687	30,055	23,819	8.2	0.7
Yorkshire and The Humber	491	16,431	11,117	4.5	0.5
East Midlands	344	14,030	22,114	3.8	0.5
West Midlands	731	42,958	18,137	11.7	1.3
East of England	511	17,050	16,217	4.6	0.5
London	3,816	105,691	32,961	28.7	2.0
South East	1,082	25,515	19,453	6.9	0.5
South West	407	12,020	17,178	3.3	0.4
Scotland	643	27,125	18,992	7.4	0.9
Wales	429	18,558	27,058	5.0	1.1
Northern Ireland	203	13,691	2,665	3.7	1.3
Grand total (includes some projects not aligned to individual regional sites)	9,798	368,022	244,965	100	na

Note: For definition of LQ see note to Table 1.

Source: Department for International Trade.

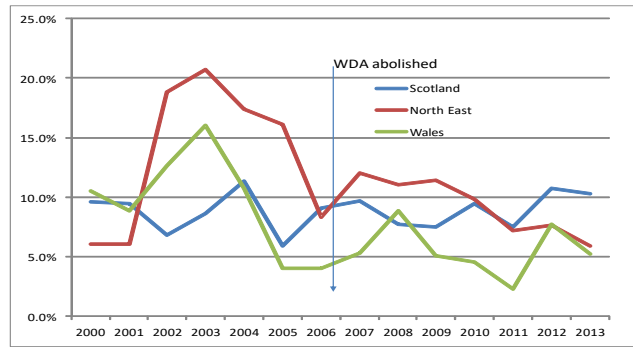
Table 3: Agencies with Inward Investment Responsibilities in Wales

Organization	Year Founded	Year Ended	Function	Source of Finance
Welsh Development Agency	1976	1999	Marketing, Inward Investment and Trade	UK Government
Welsh Government (WG)	2010 (WG takes over inward investment function)	Present	Trade(2006 onwards) Inward Investment (2010 onwards)	Self-Funded
International Business Wales	2006	2010	Inward investment and facilitating trade	Welsh Government
Regional Economic Forum (4 in Wales)	1998	Present	Economic Development	Local Authorities Welsh Assembly Government and Private Industry
Capital Wales	2002	2014	Branding and Marketing	Local Authorities (Excluding Cardiff)
Invest in Cardiff	2013	Present	Inward Investment	Cardiff Council
Cardiff and Co	2007	2012	Marketing and Inward Investment Attraction	Cardiff Council
UKTI	2013	Present	MOU with WG work on Trade and Investment	UK Government
Development Board for Rural Wales	1976	1995	Inward Investment	Welsh Office
Local Authorities	1980s	Present	Inward Investment and Marketing	Authority-Funded
Cardiff Capital Region	2016	Present	Inward Investment and Marketing	Local Authorities and Welsh Government

Table 4: Summary of Interviews

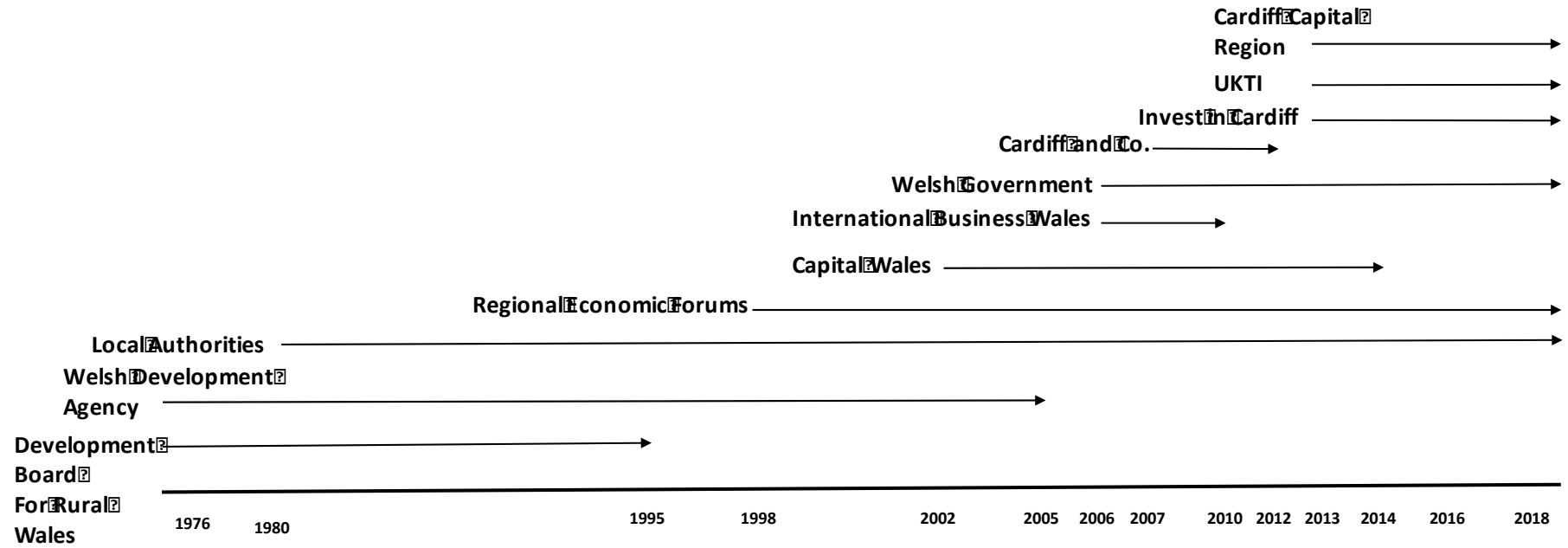
Groups interviewed	Number of semi-structured interviews	Number of in-depth interviews	Surveys	Respondents by Year (n)	Nature of Interview Questions
Practitioners: Employees of Welsh Development Agency; Cardiff and Co, International Business Wales, Development Board for Rural Wales, Confederation of British Industry Wales, Federation of Small Business Wales	18	6	5	2012(14) 2013(6) 2014(4) 2015(2) 2016(2) 2017(1)	Organisational Structure, Interactions with other agencies and clients, Changing Nature of work, Competition
Firms: Large and small firms	4	0	2	2012(4) 2013(2)	Background to Business, Choice of location, Interaction with agencies, Experience.
Government: Welsh Government, UK Trade and Investment, Local Authorities, Scottish Development Agency	8	2	1	2011(2) 2012(5) 2013(2) 2014(0) 2015(1) 2016(1)	Remit of Agencies, Goals and Targets, Government interaction, Finance
Policy implementation: Welsh Government, Local Authorities	10	2	0	2011(2) 2012(7) 2013(1) 2014(1) 2015(1)	Interaction between agencies, finance, training, competition
Totals	40	10	8	na	n/a

Figure 1: Relative Share of Inward Investment Projects: Wales (population weighted)



Source: Derived from UKTI data

Figure 2: Time lines of Organizations



*This figure only includes the length of time these organization were operating in Wales.

