## The Interplay between Global Cities and International Migrants in the Global Economy

In this era of globalisation, the world is now 'borderless' in which capital, information and production can be moved across national border seamlessly. While globalisation has blurred the distinction between countries, the flow of economic resources, such as human capital and financial capital, has become easier than ever before. Suggested by Crang, globalisation redefines the relationships between economic production and territoriality, social processes and institutions. As such, through studying the two key global cities – Hong Kong and London, this article serves two purposes, first, to explain why global cities are central to the development of the global economy; second, discuss the role of international migrants in the global cities. To examine the impact of global cities in the development of the global economy, this thesis would employ Sasakia Sassen's 'global city hypothesis' as the backbone for the analysis. The key terms 'global cities', 'global economy' and 'international migrants' will be defined along the article.

First and foremost, it is incontestable that global cities are central to the development of the global economy. The concept of 'global cities' is based upon Sasakia Sassen's two widely-cited literature – The Mobility of Labour and Capital (1988) and The Global City (1991). Before explaining the concept of global cities and its impact to the development of the global economy, it is worth revisiting a few scholarship prior Sassen's publications, to understand briefly how 'global cities' is derived and differentiated from 'world cities'. Suggested by Janet Abu-Lughod (1971), it is not possible to study 'city' without relating it to the 'international system'. In the 1980s, Hall (1984) and Friedmann (1986) introduced the concept of 'world city', suggesting an international hierarchies system, in which cities could be grouped into three tiers, namely the core, semi-peripheral, and peripheral cities. While the 'world cities hypothesis' was criticised to be operating in an interstate framework, Sassen (1984) elevated the study of 'city' from 'international' to a 'global' level, which is arguably way beyond the nation-state system. As the name suggests, her 'global city hypothesis' involves global spatial order, in which global flows of money, information and people through transnational networks of cities are considered (Robinson, 2009). Specifically, Sassen placed much attention to the duality between global cities and global economy, in which she suggested that it is the mix of spatial dispersal and global integration that give rise to the contemporary global cities. As such, given the close linkage between global cities and global economy in Sassen's theory, it would be appropriate to employ the 'global city hypothesis' as an overarching framework, to facilitate this article's discussion.

Global cities, such as London and Hong Kong, can be considered as an important node in the global economy, based on objective indicators such as economic output, physical capital, financial maturity, human capital, cultural experience and quality of life (Sassen, 1991). There are two main types of firms operating in global cities, i.e. large global firms (transnational corporations, TNCs) and highly specialised service firms (financial institutions, accounting firms, law firms, consulting firms, media agencies and so forth). Sassen's concept of global cities focuses on the flow of information and capital (ibid), yet, more often than not, such movement of information and capital remains between the two types of firms stated above.

Since the seven fundamental 'global city hypothesis' are arguably interlinked with each other, to analyse how global cities are central to the development of the global economy, it would be more comprehensive to examine them all together, rather than separately. To begin with, according to Sassen (1991), the geography of globalisation consists both a dynamic dispersal and centralisation. With globalisation, the increasing spatial dispersal of economic activities at metropolitan, national, and global level has contributed to the need of a new territorial centralisation of top-level management and central corporate functions (ibid). As those central corporate functions, such as human resources, technology, compliance, are becoming more complex, many large global firms outsource them to highly specialised firms. To benefit from agglomeration economies, these transnational companies would operate in global cities, where they are closely clustered with specialised service firms. In urban economics, firms can achieve economies of scales and network effects when agglomerating with each other; with more firms of related business engage in the clustering of economic activity, cost of production decreases, hence increasing returns to scale (Glaeser, 2011). As such, both the large global firm and the specialised service firm could benefit in operating closely in global cities. When those specialised firms provide global services, their global network is strengthened. In the long-run, this business practice would positively impact the global economy, since people's employment is secured, and at the same time, both firms who engage in the international trade in services would be benefited. Therefore, it is clear that global cities are central to the development of the global economy.

To strengthen and evaluate the arguments, we shall apply the 'global cities hypothesis' in real business context. Taking over New York as the world's top financial centre (Financial Times, 2015), London has two business districts – Canary Wharf and City of London. While most, if not all, transnational corporations and financial services institutions (investment banks, accountancy firms, law firms and so forth) have offices in London (many of which are global headquarters or EMEA1 head office), many TNCs or investment banks outsource their central corporate functions/ non-client facing businesses (human resources, technology, operations) to highly specialised firms. Nowadays, many large corporations invest substantially in corporate technology to streamline their businesses. As such, technology-consulting companies, such as Accenture, IBM, receive plenty of business opportunities. On top of the professional services' reputation, it could be the reason that both the large global firm and the specialised service firm operate in the global cities, hence both businesses cluster together and benefit from agglomeration economies as discussed above. However, this could just be wishful thinking in real business practice.

Other than outsourcing, many TNCs choose to near-shore or offshore their central corporate functions to save cost and most importantly, avoid the risk of customer's data leak. A near-shoring example would be Deutsche Bank and Morgan Stanley operating in Birmingham and Glasgow respectively, where their technology and compliance centres are located due to the lower operating cost, compared to that of London, the global city. Additionally, many financial institutions offshore their technology function to Bangalore – Silicon Valley of India. While offshoring can benefit the global economy, as it provides job security for employees in the offshore-offices, over-reliance on certain type of services i.e. technology would hinder the long-term development of a country. It could be argued that such pigeonholing is a form of division of labour and economies of scale, through which employees can do what they do best, and at the same time, the employers can operate at a better cost-level. Equally importantly, the offshoring business could provide a better standard of living for people in the developing countries like India; nevertheless, this may lead to wealth inequality between the offshore city and the rest of the country, for instance, 39.93% of people in Chhattisgarh are living below poverty line, which is almost double than that of Karnataka (the state of Bangalore) with 20.91% (Reserve Bank of India, 2014).

So far, through using normative 'global-city hypothesis' theory and the real-life case study of the financial institutions in London, the article has examined how global cities are central to the development of the global economy. However, with the evaluation of the nearshoring and offshoring business strategy, it has been suggested that non-global cities do also play a significant, yet smaller, role in the development of the global economy, after all, nearshoring and offshoring can only be practised by TNCs given the global footprint they have. Therefore, considering the number of companies operating in London at the moment, global cities, to a large extent, are still central to the development of the global economy.

Without the contribution by international migrants, a person who moves from one place to another to seek a better living (Anderson, 2015), global cities might not be as impactful as they are in the development of the global economy. Suggested by (Findlay, Li, Jowett and Skeldon, 1996), global cities are attractive to firms due to the possibility of being able to tap a diverse pool of highly skilled labour, including the expatriate. Following Sassen's (1991) discourse on the occupational and income polarisation, in which she argued that there was an absolute growth at both the top and bottom and of the labour market, but 'falling out' of the middle. While Sassen's literature was contributed 25 years ago, her hourglass-shaped occupational polarisation is still worth revisiting. The remaining part of this article would build upon the literature by Findlay (et al, 1996) and Sassen (1991) and discuss how highly and lowly skilled migrants impact the global cities through the lens of financial institution once again.

Nowadays, 'diversity' (in any form, e.g. racial, gender, cultural) has become one of the 'corporate values' for many TNCs. Companies tend to hire more people from different backgrounds. In particular, highly skilled migrants, such as senior or middle management, are popular in the labour market. For instance, Tidjane Thiam, has recently become the first C.E.O. in an European Bank – Credit Suisse (Bloomberg, 2015). On top of the excellent track record in workplace, Thiam's diverse background as an Ivory-Coast-born businessman, who was educated in France, could allegedly become one of the contributing factors for becoming the first black senior executive in the Swiss-bank. In terms of the role of these highly skilled workers in global cities, not only do the international migrants contribute their professional expertise in the labour force, but also serve as an agent for restructuring the TNCs inside the global cities, thus further strengthening the position of that particular global city. Besides the London-based Tidjane Thiam for Credit Suisse, the London-based Deutsche Bank ex-C.E.O. Anshu Jain, who was born and raised in India, was also a significant contributor in restructuring the German bank in the post-crisis era in 2010. The examples of Thiam and Jain suggest the positive impact of highly skilled migrants in TNCs in global city i.e. London, and hence strengthens the position of that global city, for instance, London has overtaken New York has the world largest financial hub (Financial Times, 2015).

To evaluate, the impact of highly skilled migrants in global cities is also determined upon the business needs in that particular city. In Hong Kong's asset wealth management industry, there used to be a significant presence of the non-Chinese or expatriates in the pre-handover colonial time before 1997, working as portfolio managers or private bankers to serve the foreign or British tycoons who reside in the city. However, in modern times, given the rise of Chinese's wealth, those highly skilled international migrants, i.e. non-Chinese private bankers, are forced to leave Hong Kong, since investment banks tend to hire Chinese-speaking private bankers to serve their new targeted customers i.e. the Chinese tycoons. As such, the impact of the highly skilled migrants (in this case, the non-Chinese-speaking private bankers) in global city (i.e. Hong Kong) is dependent on the business needs and the clients' expectation.

In global cities, lowly skilled migrants are equally attractive. For example, in Hong Kong, physical- based occupations like security guards and construction workers employ plenty of migrants from the Southeast Asian countries due to the lack of the supply of labour in those business sectors. Regardless of their aspiration, whether it is to seek permanent residency or to purely earn a better living, these lowly skilled workers have undoubtedly contributed much to the local city, as being part of the labour force in that particular sector.

However, the impact of international migrants in global cities also depends on the work nature and the skillset requirement of that particular job. Taking the financial services intuitions in London as example, while TNCs hope to recruit more international migrants to boost their 'diversity ratio', many of the recruited international migrants are based on non-client facing roles like the middle or back office in investment banks. On one hand, as much stereotyping as it seems, language and cultural barriers could be an obstacle for non- native English-speaking migrants to land a job in client-facing environment, which might seem more 'glamorous' and 'interesting' to some. On the other hand, it could be the reason that international migrants have certain expertise in some business areas, for instance, technology department hires significant amount of software engineers from India and risks and internal audit department recruit plenty of Chinese labour due to the their maths expertise.

In conclusion, through the use of 'global cities hypothesis' as an overarching framework and the case studies of London and Hong Kong, this article has explained how and why global cities are central to the development of the global economy, followed with an evaluation of the nearshoring and offshoring business strategies. This article has also discussed the role of highly skilled and lowly skilled migrants in global cities with discussions of the previous and potential obstacles faced by the international migrants. Nevertheless, in assessing the impact of global cities in the development of global economy and international migrants role in such cities, a country's political decisions and governance policy should also be discussed. The coming few months in 2016 would be an interesting time to revisit the arguments put forth in this article since the UK government is raising the Tier 2 visa requirement in April and the results of Brexit and the US presidential elections is uncertain. All these new government policies, political decisions outcomes and changes in global political landscape would undoubtedly impact the global cities' impact to global economy and as well as international migrants' future contribution to global cities.

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