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The Future of Regional Cities in the Information Age: The Impact of Information Technology on Manchester's Financial and Business Services Sector

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ABSTRACT

Castells identifies two potential consequences of the introduction of information technology into the workplace: dispersal of the workforce and individualization of work, including the spread of teleworking. Such tendencies would undermine one of the rationales for cities: bringing large numbers of people together in order to choreograph their work. Has information technology had the impact that Castells suggests? Evidence from interviews with members of the financial and business services sector in central Manchester is used to test Castells' claim about the effects of information technology on work and workers. The interviewees reveal that, despite changes in working practices resulting from heavy investment in information technologies, the potency of formal and informal face-to-face interaction to generate cohesion and trust, and maintain competitiveness, encourages firms to locate in the city centre and curtails the attraction of teleworking.

KEY WORDS

Castells / cities / information technology / producer services / teleworking

Introduction

Publication of the three volumes of Manuel Castells' *The Information Age* (1996, 1997, 1998) has highlighted the profound impact of information technology on employment and work in the global age. Castells argues that 'the restructuring of firms and organizations, allowed by information technology and stimulated by global competition, is ushering in a fundamental transformation of work: *the individualization of labor in the labor process*' (Castells, 1996: 265, italics in original). Information technology increases the opportunities for flexible working, facilitating the introduction of business practices such as subcontracting, outsourcing and consulting, and of forms of employment such as part-time and temporary work and homeworking (or teleworking when working from home is dependent on computers and telephone networks). No longer is it necessary for people to cram together into densely populated urban areas in order to obtain efficiencies in communications and transactions through propinquity. Information technology allows almost instantaneous information flows irrespective of distance. As a result, work and workers are being increasingly dispersed. This is illustrated by the changing nature of cities in the UK: once huge centres of manufacturing, they lost large numbers of jobs over the last decades of the 20th century, partly due to the decline of traditional industries as manufacturing moved to cheap-labour sites around the world, but also due to a significant urban-rural shift in economic activity within the UK (Fothergill and Gudgin, 1982). For example, between 1981 and 1996, employment in manufacturing in Britain fell by almost a third and Britain's 20 largest cities lost half a million jobs (across all sectors) while the rest of the country gained 1.7 million (Turok and Edge, 1999). What is happening is the decentralization of work, its transfer out of British city centres to their suburbs and to towns in the surrounding countryside, or to other countries where production costs are significantly lower. However, the transformation of work currently stops short of the individualization that Castells predicted; even he acknowledges that the incidence of homeworking to date is not high (Castells, 1996: 395). For example, the Labour Force Survey estimated that in 1998 only a tiny minority, 2.5 percent, of the employed UK labour force worked mainly from home, with a further 3.5 percent working partially from home (that is, at least one day per week). The incidence of teleworking is even less, since only 50 percent of those who worked mainly from home used a telephone and computer to do so, as did only 61 percent of those who worked partially from home (Felstead et al., 2000). Combining these figures produces an estimate of 3.4 percent for the proportion of the British workforce who were mainly or partially teleworkers in 1998. (Because of the very low incidence of homeworking, both across Britain as a whole and in our study, we do not consider its multifarious forms here: see Felstead and Jewson (1999), Huws (2001), Qvortrup (1998) and Stanworth (1998) for a full discussion of these, including the difficulties in obtaining reliable estimates of the numbers involved.)

Despite the small numbers currently involved, to many commentators the trend towards the dispersal of the workforce promoted by information technology seemed to point towards an eventual demise of cities (Boden and Molotch, 1994; Pascall, 1987). The dystopian vision was of city centres in crisis following the collapse in employment and loss of population because 'urban inhabitants could escape to the rural idyll to live, work and interact from an "electronic cottage" tied into advanced telecommunication grids' (Amin and Graham, 1997: 412). However, counter to this scenario, Castells offers an alternative based on his conviction that a consequence of information technology is the growth in importance of networks in the sphere of employment and work.¹ Drawing on the work of Sassen (1991), he argues that networks 'strengthen the concentration of high-level activities in a few nodes' (Castells, 1996: 384). These high-level activities are the advanced 'producer services' that co-ordinate and control the global economy, among which the 'central components ... are insurance, banking, financial services, real estate, legal services, accountancy, and professional associations' (Sassen, 1994: 55–6). Sassen's argument, echoed by Castells, is that cities, having lost their role as centres of manufacturing, are now the key sites for the financial and business services sector that is growing due to the enlarged scale and complexity of transactions in the increasingly globalized and swift-moving economy. This sector is playing a key role in the revitalization of cities that began in the closing years of the 20th century. This claim is plausible insofar as the business-services complex has become the economic engine of a small number of global cities – Sassen examines London, New York and Tokyo – where it is heavily concentrated in a core district and attends to the needs of major transnational corporations. The City of London is an obvious illustration, retaining its position for reasons set out perspicuously and comprehensively by Thrift (1994), although even the City locates many of its back offices and call centres in cheaper, peripheral areas. It is not so obvious, however, that the financial and business services sector can promote the economic regeneration of lesser cities which serve mainly small and medium-sized clients located in their regions, even though Sassen suggests it can: '... this growth in services for firms is evident in cities at different levels of a nation's urban system. Some of these cities will cater to regional or subnational markets ...' (Sassen, 1994: 53).²

There are countervailing pressures on these regional cities, which can be illustrated by the case of Manchester, the regional centre of the north west of England. First, the competition from the global cities: Manchester is unlikely to service many major transnational corporations, which will turn to London or other global cities except in special circumstances, such as having a key site in the north west or a particular allegiance to the region. Although information technology enables financial and business services firms in Manchester to have access to the same information as those based in London, it also enables their clients to engage in closer relations with London firms, which have more resources and more experience on the international stage. Second, there is the inconvenience of locating in old city centres, which have poor access, are

congested and lack parking spaces, and of operating from offices built up to a century ago, unsuited to modern work practices and to the installation of computer networks. Added to this, rents are higher in the city centre than those charged for new, prestige developments on business parks being developed on the city's edge. Yet, despite these pressures, the financial and business services sector in central Manchester did expand, at least during the bull market of the 1990s, growing to employ 24.7 percent of Manchester's 280,000 workforce in 1999 (National Statistics, 1999), despite the overall decline in that workforce by 26.2 percent between 1971 and 1997 (Giordano and Twomey, 2002).

This article considers the impact of information technology on the financial and business complex in central Manchester. It discusses whether advances in information technology have fostered the decentralization of the workforce and individualized forms of work – especially homeworking – or whether the city centre retains advantages for a concentrated network of high-level professionals. The article responds to Graham's observation, after he has criticized many commentators' visions of the future of cities for being oversimplified and speculative grand metaphors, that '*Actual* telecommunications-based developments in *real* contemporary cities are rarely analysed in detail' (Graham, 1997: 45, italics in original).

The Study

The data presented in this article is from a project that formed part of the ESRC Cities: Competitiveness and Cohesion Research Programme. The aims of the programme were to improve understanding of how cities develop and mobilize distinctive economic assets to secure competitive advantage and to examine the associated implications for social cohesion. The purpose of our project was to consider the relationship between the economic regeneration of Manchester city centre and the sustainable development of its 'good' suburbs. This article focuses on the city centre dimension of the research, conducted in 1998. Manchester is the undisputed regional centre of north-west England. In a recent inventory of world cities, based on the strength of their producer services sector, Manchester (jointly with Birmingham) was the second ranked UK city, albeit separated by 64 other world cities from London, which is one of the top four 'alpha world cities' (Beaverstock et al., 1999). Manchester is actively promoted by the city council and development agencies as a European financial and business centre (Mellor, 1997; Quilley, 1995), which resonates with Sassen's and Castells' claim, set out briefly above, that there is a new urban regime typified by the global cities whose concentrated business services complexes are the 'engines' of economic growth. We examine whether that claim can be extended to regional cities like Manchester in Halfpenny et al. (2003b). In the current article, we focus on one specific aspect of Castells' argument and consider whether information and communication technologies sustain Manchester's position as a node in the flows that comprise the economy of the

region and beyond or whether the technologies undermine the city by promoting decentralization of the workforce and individualization of work – in particular, homeworking.

Our research on Manchester's city centre consisted of six case studies of professions selected from the financial and business services sector, namely accountancy, the actuarial profession, advertising, architecture, corporate finance and law. The corporate finance case included corporate banking, venture capital and stockbroking, and we included creative design agencies in our advertising case. Each profession was chosen because it had a significant presence in the city, it was well represented in the city centre and it was widely recognized across the business community and among policy-makers to be contributing to and benefiting from Manchester's regeneration during the 1990s that followed the recession at the beginning of the decade. Our six cases included the four – accountancy, advertising, banking and law – used as the basis for constructing the roster of world cities mentioned above (Beaverstock et al., 1999). A total of 34 firms from the six professions participated in the research. The sample of firms reflected our intention to include an eclectic mix ranging from large to small and from multi-national to local, in order to incorporate the full scope and diversity of financial and business services available in the city. The relative size and profile of the firms varied according to the professional service sampled. For example, the largest law firm in the sample employed 210 staff, including 97 fee earners and 36 partners, whereas one of the (then) 'big six' international accountancy firms employed over 400 people in its Manchester office and 6500 nationwide. In contrast, the largest architects' practice employed around 100 staff and the largest advertising firm around 60.

The first stage of the city centre research consisted of semi-structured interviews with a senior representative of each of the 34 firms. The interview involved, *inter alia*, questions about professional and organizational change within the company and about changing professional careers more generally. The second stage consisted of 70 semi-structured interviews with employees from the sampled companies: 14 accountants, 12 actuaries, 10 architects, 11 solicitors, 4 venture capitalists, 7 corporate bankers and 12 from advertising and creative design. The interview was designed, among other matters, to establish how the respondent's career had developed over time since leaving full-time education. Both sets of interviews gave us the opportunity to discuss the impact of developments in information technology on the sampled firms.³ In the following sections, we report what our interviewees told us about their understanding of the role of information technology in their professional working lives.

The Introduction of Information Technology

Our respondents reported that the impact of major technological developments on their firms had occurred relatively recently; it was only during the last five

to ten years that the firms had spent heavily on information technology. Before that, their investment of money, time and effort into information technology had been ad hoc and piecemeal. The impetus for substantial investment and a more structured approach came from the recession of the early 1990s during which information technology played a key role in the firms' strategic plans for maintaining business and avoiding, or minimizing, redundancies by improving competitiveness. Rather than raise the fees they charged to clients, firms were keen to increase the volume of business conducted without increasing their staff numbers. Investment in information technology enabled them to achieve this through the automation of routine clerical work, which reduced the demand for support staff. Information technology enabled professionals to produce work at the press of a few keys that had previously required a considerable input by secretaries and administrative assistants, and it enabled support staff to produce and subsequently amend standard documents much more quickly. This was particularly the case for solicitors who had traditionally required a great deal of administrative support.

Obviously when you talk about running a business, you want more fee earners and less people not earning fees, if they still provide the same service, and that's very much happened. So while there's I think been a forty-five per cent growth in solicitors over the last twelve months, there has only been a twenty per cent increase in secretarial and administrative staff ...

And that's facilitated by IT?

Yes. (Solicitor)

Information technology enabled Manchester-based firms to compete with other financial centres and to attract additional business: for example, work decentralized from London and Edinburgh. Many of our interviewees credited information technology with a significant role in the revival of Manchester as a financial centre following the 'big bang' liberalization of financial markets. It gave regional financiers instant access to market data, allowing two trading floors to operate in Manchester; the clearing banks could pool the resources of the regional branches and headquarters so allowing a flatter chain of authority; and the city's venture capitalists could join in networks of firms operating together across the whole country.

By the time of our interviews at the end of the 1990s, financial and business services firms had become reliant on information technology in conducting their everyday business and it was the norm to have a personal computer on every desk. The rapid pace at which developments in information technology had occurred was mentioned by employers in all six professions we studied. They complained that it was difficult to keep up with the latest products and explained how investing in information technology was a continual process because existing products rapidly became obsolete as improved ones were released.

As soon as you've got more access of course people then say 'this hasn't been improved in three years' or one year or something, 'this needs bringing up to date' and it's a self-generating thing, you then have to improve the software. (Solicitor)

Despite the hint here that short replacement cycles undermine information technology's ability to contribute cost-effectively to productivity gains, there was a general consensus that long-term company profitability was facilitated by investing in the technology and it was seen as crucial if companies were to remain significant players in a very competitive economic climate.

We are in six figures every year in our investment in it and it is sensational that our IT people constantly want what is new, constantly want and will give you the benefits of why you should be buying it. (Advertising)

The need to install information technology facilities had been a significant impetus to recent office moves within both the finance and legal professions. Those in the older and often prestigious buildings in the urban core acknowledge the conflict of interests, especially if, as in the case of the banks, they owned the freeholds of their buildings. They had to balance the sunk investment in their existing offices against the difficulty of installing computer networks. The large property development schemes in the city centre in the mid-1990s were partly motivated by the need to erect new prestige offices that were modelled around information technology. Their design and construction had the added benefit of contributing to the economic activity within the city centre and, therefore, to the demand for financial and business services.

Changes in Working Patterns

The transfer of routine activities to computers was, according to our respondents, the central change achieved through investing in information technology. The development of specialized software meant that professionals spent less time on basic work of a labour-intensive kind because computer programs greatly speeded up standardized tasks that had previously been completed manually. For example, accountants relied on computers in auditing accounts and actuaries used them for the assessment of risk.

Ten years ago we might write out an audit programme, now it's computerised so that it's menu driven, what do you want, print it out, we might still have a hard copy on file. So that's quite a major change. (Accountant)

We have to go through every policy that we've got, look at the benefits we might have to pay out, look at the premiums that have been paid and work out how much money we should already have saved up to cover our eventual liability. You can imagine doing that manually, it really is a task. So computerisation has hugely helped a lot of the administrative processes. (Actuary)

Professionals also spent less time on many essential tasks because the majority of information they needed was stored on computers and was easily retrievable.

Computerized accounts ensured that client records could be transferred between colleagues efficiently; company databases increased the amount of information readily available to professionals during the course of their everyday work; and anything on a computer could be quickly sent across the electronic network.

A relationship manager outside will prepare his credit analysis and his words and push a button and that will land on a credit area desk. We will then put the papers together and a decision will be taken. (Venture capitalist)

Thus, computerization, our interviewees maintained, had improved productivity and effectiveness by increasing the speed at which professionals could do their work, assemble information and make decisions. They no longer had to spend valuable time searching through complex, less reliable paper filing systems because they could retrieve required information without leaving their desks.

Information about companies in which we are considering investing is very important to us. Information, conversations that have taken place between someone at [our company] and either a company or an individual working in that company and we try very hard to record those electronically across the country so that they can be retrieved by an individual. (Venture capitalist)

Developments in information technology had changed the nature of internal communication between professionals because, by using email, voice-mail and fax, they could interact with each other more quickly and easily than in the past. These provided reliable, cost-effective means of communication, increasing the speed at which business was conducted and helping to guarantee an efficient service to clients. Although improved communication was helpful to staff working on the same site, it was particularly useful to professionals working with colleagues in national and multi-national companies whose offices are scattered around the country and the world. It also fostered close links between financial and business services firms in Manchester and London, revealing that the relationship between global and regional cities in the same country are complex: not only do they compete – on an unequal footing – but they also collaborate. Furthermore, information technology enabled the professionals to work efficiently outside the office, for example, during journeys and from hotel rooms on their way to business meetings.

Reducing the amount of time spent on core tasks and increasing the speed and effectiveness of communication had important implications for the content and scope of professional work. In particular, our interviewees reported that these changes had contributed significantly to the increased diversification of business activities as professionals had more time to devote to developing new specialisms. For example, marketing and management consultancy had become growth areas and, although this trend was attributable to wider economic and social changes, it was facilitated by technological developments.

I can use software that actually replaces some of the manual tasks I had to perform.

What does that mean in terms of your workload?

This frees up some of my time to concentrate on other areas of business such as marketing. (Accountant)

The involvement of professionals in tasks that ‘added value’ to clients’ companies resulted in some of them spending more time with their clients than they had done in the past. Importantly, this meant that they spent much more time away from the office, meeting clients and developing business opportunities. This had led some firms to develop, or at least consider, the cost-effective idea of ‘hot-desking’ in which employees do not have their own office space but reserve desks according to need.

Although the employers we interviewed stressed the positive consequences of investment in information technology, the employees more readily acknowledged that technological developments had led to an intensification of professional work. This was particularly noticeable to older professionals who recalled for us the less frenetic times before the introduction of information technology and who said they were, as a result, more likely to retire early rather than adapt, late in their careers, to new ways of working and the increased pace of working life.

The most crucial development our respondents believed that information technology had facilitated was a change in the relationship between professionals and clients. The extremely competitive economic climate meant that clients demanded value for money, under threat of switching their custom to alternative suppliers. Financial and business services firms were under pressure to improve their responsiveness to their clients, attending to their requirements with maximum speed and efficiency. Clients had come to expect that their demands be met because they were aware that professionals had the technological capacity to produce work quickly and, accordingly, clients imposed shorter deadlines. As a result of technological developments, professionals were also more easily accessible to clients who used whatever method necessary to communicate with them quickly.

... I think it’s got a lot to do with the technological advancements in that there’s no reason why you can’t get the letter out because you have a computer, I can’t type but I could if I had to. We can e-mail, we can fax and people will ring you up and say I need this by lunch time or whatever. (Solicitor)

The working day of professionals had lengthened to the extent that they had to be prepared to communicate with clients from home, outside their regular office hours. It was also common for professionals to continue working at home in the evening and at weekends in order to meet tight deadlines and thus fulfil their clients’ demands.

Homeworking versus networking

Interestingly, our evidence suggested that there was no reason why professionals could not work at home on a more permanent basis. Developments in

information technology had increased the portability of work, making it easy – as has already been noted – for professionals to communicate with colleagues and clients from home and spend more time away from the office. Increasingly high office rents, widespread unhappiness about the time wasted commuting in and out of an extremely congested city centre and lack of car parking close to their offices provided further reasons why homeworking appeared an attractive option.

You're actually wasting a lot of time commuting and I'm sure there are people in every office who needn't be there, who could work at home ... and I think there's the beginning of signs because rents are now quite high again. (Solicitor)

In principle, information technology facilitated homeworking whilst also reducing the need for city centre offices. Employers expressed an interest in developing the capacity for homeworking, noting its potential for cost saving and productivity gains.

... you don't incur the hour travelling into the office through the traffic, you don't incur that time going home again. You don't get minimal distractions like the phone rings and it could have waited three days or it wasn't really important ... or people walk into your office and I've got an open door policy where people can walk in any time ... I suspect that that time at home is twice more productive. (Accountant)

Employees also recognized the potential benefits of homeworking, considering in particular how it could help professionals with families, offering them flexibility and the possibility of harmonizing the demands of work and home. Young female professionals, for example, expressed an interest in being able to work from home if they decided to start a family (although it is notable that research on teleworkers has found that it can be difficult to balance work and domestic tasks, including childcare, especially for women: Sullivan and Lewis (2001) and Tremblay (2002)).

The views expressed by our interviewees accord with Baruch's summary of the possible benefits of teleworking, derived from his review of a wide-ranging literature. For the individual, these included less time spent on commuting and more time with the family, and for the employer they included higher productivity, office space saved and lower overhead costs (Baruch, 2000: 38). However, it was clear that homeworking was the exception rather than the rule in the Manchester business-services complex, undertaken by only a minority of employees in only a few firms. We learnt of two female solicitors who were able to work at home for part of their working week and some senior partners and managers occasionally worked at home to avoid the distractions of the office. It is therefore interesting to consider why technological developments have not resulted in a much higher incidence of homeworking in the six professions studied.

Many of our interviewees put forward compelling reasons why their firms had not adopted homeworking to any great extent. Foremost among these was the continuing importance attributed to face-to-face contact in conducting the

everyday business of their firm. For example, teamwork among colleagues was said by our interviewees to be facilitated by a combination of formal and informal face-to-face contact. Even though colleagues could communicate adequately from home using various forms of information technology, this was thought to be no substitute for formal pre-arranged meetings or informal day-to-day contact 'at the copying machine or at lunch time'. It was considered that homeworking would be detrimental to business interests if it occurred on a large scale.

In our business, yes there are times when people may do it [work from home] but it would be very counterproductive if a lot of people did it all of the time because you wouldn't have that bonding of managers meeting managers and speaking. 'By the way, I've got a client and I know you are an IT expert, what do you think of this?' wouldn't happen. They would all be in their little pens, it's just that their pen is called home, therefore it would destroy teamwork. (Accountant)

For professions dependent on the circulation of knowledge and sharing of ideas to further their business interests successfully, the potential of information technology to facilitate homeworking remained unrealized because it was seen to reduce the opportunities to work effectively as a team. As a director of one of the world's leading engineering firms put it in a Guardian newspaper article:

Remote working from self-sufficient farmsteads via the Internet cannot replace the powerhouses of personal interaction which drives teamwork and creativity. These are the cornerstones of how professional people add value to their work. (Fitzpatrick, 1997, cited in Amin and Graham, 1997: 413)

Similarly, many of our interviewees explicitly noted that it was essential to be within walking distance of other firms with whom they did business in order to permit face-to-face contact with the professionals working there too. This was considered crucial in order to engender mutual co-operation through personal networking – importantly something to which they believed information technology could make no contribution. Indeed, since electronic networks compress time and space through almost instantaneous communication across the globe, the coalitions of interest they enable can be fleeting and unstable, and undermine the durability of personal networks. To counter this tendency, face-to-face interaction takes on even more importance than before the advent of new technology. The relevance of propinquity to interpersonal cohesion and business co-operation – both essential in a competitive environment – was aptly summarized by one venture capitalist:

The thing is you're part of a cluster of people all based in this area. The fact that you are geographically located in this square half-mile does give people a greater sense of affinity. It is a sort of physical manifestation of the fact that you're all in the same business. It does engender co-operation. (Corporate finance)

Formal contact through face-to-face meetings was seen as an effective means of communicating between business associates because meeting clients' needs involved a team effort not only among colleagues but between various

professionals who co-operated to ensure that business was completed successfully. One solicitor remarked that gaining the approval of a variety of people would 'take till Doomsday' using indirect non-group methods of communication. A venture capitalist explained that new business usually entailed liaising with the client's solicitors and accountants immediately and the deal could be jeopardized if this was not possible.

If we went to remote working we would have to ensure that there were a number of people immediately available ready to pick those up and start them and run with them. If you don't, there will always be somebody else who will and you lose it. So we need to be in a central location. (Corporate finance)

It was essential to be close to other professionals because, we were told, with the increased pace of professional working life and more demanding clients, business meetings were likely to be arranged at extremely short notice. This suggested that homeworking would result in the loss of valuable business opportunities if professionals were unavailable to participate in hastily arranged, crucial face-to-face meetings. This accords with one of the conclusions to a study by Kompast and Wagner: 'teleworking arrangements support work systems that minimise the need for *ad hoc* co-operations and alignments' (Kompast and Wagner, 1998: 115).

Furthermore, formal contact through face-to-face meetings was seen as the most effective means of communicating with clients, particularly because non-verbal communication was thought to have a significant role in fostering good business relationships.

You can do a lot of it over the phone but it's not as easy as sitting down and sharing the same pieces of paper and maybe having three or four people around. We've tried to do telephone conferences before and it becomes very disjointed. And you don't pick people's reactions up. (Corporate finance)

Importantly, non-verbal communication was understood to enable the various parties to assess each other properly and, in doing so, helped them to build a relationship of trust. This was essential because co-operation without trust was considered extremely precarious and could be detrimental to the business interests of all those involved.

We could have done this interview over the phone. I would have had much less, I wouldn't have had any eye contact with you. I would have had much less idea of what was making you tick and, obviously that's even more the case if you were going to be paying me lots of money to do a job for you. You're going to want to feel that you've got confidence in me. (Solicitor)

Even recent advances in information technology were not considered useful in this respect. For example, we did not find any examples of video-conferencing despite its potential to support team working and meetings. This is because of the very strong emphasis upon the importance of face-to-face contact with colleagues, business associates in other firms and clients, despite the travel time incurred. Other authors have noted the social costs of video-conferencing: 'the

failure to build up effective interpersonal relations due to restricted social clues in virtual meetings' (Panteli and Dawson, 2001: 94).

Less formal contacts through social meetings such as lunches, cocktail parties and dinners were also seen as an integral part of city centre business life because they were a useful way of networking. Away from the office, business relationships could be consolidated and details of potential business opportunities discussed. Such occasions also presented a means of building reciprocity and trust in a more informal setting. Again, the benefits of less formal contact had not been replaced by developments in technology.

The solicitors and accountants and property agents all are located in the city centre. You meet them at various times either arranged during lunch times or afterwards at functions and we feed from information gleaned from these sorts of people and therefore we have to be in the town centre. (Architect)

In addition, very informal contact was regarded as a substantial advantage of being in the city centre as many of the professionals mentioned the benefits of simply 'bumping into' business associates either on the street or in local pubs and restaurants. In fact, the range of facilities for socializing in the city centre was often mentioned as a benefit of working there.

... if you walk the streets at lunch time and you go into the various watering holes you can bump into people which you wouldn't do outside the city centre. (Actuary)

Beyond the scope of technological developments, this type of contact provided another means of networking and building trust away from the formalities of the office. Overall, homeworking was seen as inevitably diminishing the potential for personal networking through the various forms of formal and informal face-to-face contact, which highlights why it was not considered to be in the business interests of firms to pursue it. In this, what our interviewees told us accords with the observation made by authors such as Thrift and Olds (1996) that face-to-face interaction, rather than dying out, has become more important as the means through which to forge trust and reciprocity – or social capital (Putnam, 2000) – in economies that have become more volatile and globalized. As Agnes found in a study of the interest rate swaps industry in Australia, 'dealing networks are underpinned by social relationships, requiring face-to-face interaction that is facilitated by spatial proximity' (Agnes, 2000: 347).⁴

City Centre Location Versus Decentralization

Many of our interviewees told us that they needed to be in close physical proximity within the city centre not only to facilitate face-to-face networking but also for practical reasons. In particular, it was necessary to have easy access to other professional services used during the course of their everyday work. For example, solicitors needed to be close to the courts, barristers' chambers and stamp duty office, and architects needed to be close to the main property

developers and the city council's planning department. Being close to other professionals for the signing of legal documents remained vital, as was the ability to transfer documents safely and quickly by hand. Indeed, some of the professionals mentioned reservations about using email to transfer confidential documents and continued to rely on more traditional methods. In addition, until the electronic signature is recognized in law, professionals have no option but to obtain a hand-written one.

Despite listing these benefits of working in the city centre, some interviewees recognized that, at least in principle, developments in information technology had reduced the need for a central location. Indeed, some of the employers agreed that there were no pressing reasons why they should not move to a lower cost, easily accessible out-of-town site.

I personally don't see that it's essential in these days of the fax, telecommunications, all the technology we currently take advantage of. This argument that we have to be up the road from the bank is dubious. (Accountant)

Nevertheless, the firms included in the research all preferred their location in – or within a short walk of – the core business district of the city, known for many years as the 'square half mile'. During the 1990s, its boundaries had been slightly redefined by a development of prestigious new offices – the Bridgewater Development. Some of the leading financial and business services firms had relocated to the development but still remained no more than a stone's throw away from their competitors. With the exception of a minority of architects and advertising firms, it was clear that moving out of the city centre was not considered a viable option. We therefore explored if there were further reasons why firms that had invested heavily in information technology were unwilling to make the move out.

Our respondents attached considerable importance to having attractive, prestigious city centre premises as these were apparently beneficial both in attracting first class clients and employees and in helping companies to stand out from their competitors. This was particularly the case in law and accountancy, as demonstrated by this comment from a solicitor whose firm had moved to the Bridgewater Development.

It was quite deliberate in transferring our profile within the city and moving to quite more spectacular and prestigious offices. And to make more of an impact within the city and to show the direction of the firm that we're not just a small local firm but we are a national firm, international firm, with offices to rival London firms. It's a deliberate statement I suppose. (Solicitor)

The choice of premises reflected the firm's dominant clientele. For example, the client base of the largest accountancy and law firms included multi-national corporations so having plush offices in the most prestigious part of the city centre was considered essential. However, for companies with smaller-sized clients, care was taken to avoid the impression of unnecessary extravagance whilst maintaining an image that provided reassurance of their business capacities. This helped to ensure the company's credibility with clients.

You've got to get the balance right being in a prestige location with the offices looking good but not looking too good and people saying 'hang on a minute, this is why our fees are so high'. (Actuary)

Two of the three largest advertising agencies in Manchester had offices outside the city centre, suggesting that a city centre location was less significant in this industry. In contrast to the core financial and business services, it appeared that a city centre location was only seen to be vital when an agency was establishing itself. The youngest advertising agency in our sample had not considered premises outside the city centre but a well-established agency thought that it would not jeopardize its business interests by moving out. Unsurprisingly for an industry preoccupied with images, modern attractive premises in an exclusive, or at least fashionable, location were considered essential but an out-of-centre location was not thought automatically to reduce credibility with clients. This was also the case for the architects as, again, some of the leading firms are not in the city centre core.

A city centre location was also thought to be important for reasons of accessibility. The close proximity of main rail and motorway networks ensured that companies were relatively easily accessible to clients and that clients could be visited reasonably easily. Relocating to suburban areas, less easy to find by road and further from the main rail stations, was not thought to make good business sense because firms would be isolated from other professionals, support services and clients. Despite this, there was general agreement that the city's transport infrastructure was in need of substantial improvement and the high level of traffic congestion was consistently mentioned as a disadvantage of working in the city centre. However, it appeared that these disadvantages were not significant enough to make an out-of-centre location an attractive alternative.

Overall, despite substantial investment in information technology with its capacity to support decentralization, our interviewees expressed a firm commitment to their city centre location, citing a combination of practical, symbolic and material reasons, including proximity to complementary services, status and sunk investment in property. The centripetal pull of the agglomeration of producer services was substantial (Halfpenny et al., 2003a), as demonstrated by reports that firms which, only shortly after re-locating to a city-edge business park, came back into the city centre in order to reaffirm their position as first-class service providers.

Concluding Remarks

Our research findings support Castells' (1996) and Sassen's (1994) argument that advanced financial and business services remain concentrated in city centres. This is the case for the smaller regional city of Manchester as much as it is for the global cities they focus on. The primary reason our interviewees

adduced for the concentration of the business services complex in the centre of Manchester is the importance of personal networks between colleagues, business associates and clients, maintained through face-to-face contact and providing the opportunity to monitor competitors while at the same time contributing to co-operative relationships across firms with different specialisms. The concentration is only indirectly influenced by information technology – its introduction has increased the speed with which information is circulated and this, in turn, has the potential to make coalitions more transient and networks less durable. To counter this possibility, our respondents believed that face-to-face contacts become even more important as a means of extending and consolidating trust relations between members of the business community.

What the introduction of information technology into Manchester's financial and business services sector has enabled more directly, according to our informants, is an initial round of perceived productivity gains, largely through increases in processing capacity and speed: for example, automating routine tasks, enabling rapid access to archived material and introducing swift modes of communication across the electronic network. However, whether real productivity gains have been achieved, in the sense of greater value of outputs compared with the cost of labour and capital inputs, remains an open question, especially given the short replacement cycle for computing hardware and software. This was not explicitly addressed by any of our interviewees. They were more concerned to keep up with the service levels delivered by their competitors and demanded by their clients, and they were prepared to continue investing heavily in information technology in pursuit of this goal, in the belief that such investment was necessary to maintain their competitive edge.

Significantly, information technology has not resulted, automatically, in a *fundamental* transformation of Manchester's financial and business services work; the flight of work and workers from the city predicted by technological determinists has not taken place. Information technology has been incorporated into existing work processes, adding a degree of flexibility but also intensifying it by allowing people to work, and making them accessible, when they are out of the office, travelling or in hotel rooms, or at home. The electronic networks play their part in enabling Manchester to act as a node in the flows that make up the modern economy, albeit a more minor, regional node than the global cities that comprise the command and control centres for transnational corporations. The firms in our sample were not expanding into servicing the world's largest companies to any great extent. Their work was not becoming increasingly individualized through homeworking, which was the exception rather than the rule, and there was little evidence that homeworking would be pursued to any great extent in the foreseeable future. The workforce was not being increasingly decentralized, with cogent arguments advanced for remaining in the city centre. In sum, our interviewees were implicitly technological determinist in the sense that they ascribed many of the changes in their industries' labour processes at least in part to the introduction of information technology.

At the same time they explicitly rejected the suggestion that information technology might determine a more fundamental change involving the exodus of work and workers from the city centre.⁵ This indicates that Castells' discussion about the changes to labour and the labour process induced by information technology needs more subtle elaboration than he provides and that it needs to be tested empirically both across a wide range of employment sectors and across cities of different scales. The temptation to overgeneralize from one sector in one place at one time must be resisted.

This leads us to end with a caveat: our interviews were conducted towards the end of a ten-year bull market and the global downturn at the start of the new millennium will undoubtedly have increased the competitive pressures on the firms in our sample, especially as their earnings derive primarily from servicing one of the weaker regional economies in Britain which is highly exposed in a recession. As the firms' older partners and managers retire, they will take with them their memories of a more relaxed and sociable working life which left time to enjoy long lunches, calling in at their club, and the contacts made through, for example, serving on the boards of Manchester's professional associations, cultural institutions and charitable organizations. Their lives were fashioned around being Manchester men (and – a very few – women); Manchester was where they worked and lived and played. Their younger replacements, more computer literate, more accustomed to the faster pace of modern work, and more often living in towns and villages surrounding Manchester, are probably less committed to the city as a source of communal life, even if avid consumers of its facilities. They may accordingly be more willing to embrace the cost savings and productivity gains made possible by technological advances and by re-location to more accessible sites outside the city. The changing gender balance in the professions will have an effect too, with the growing number of women gaining senior positions already being more receptive to homeworking and demanding more family-friendly work practices. It would be foolish of us to pretend that our interviews in the Manchester business community provided more than a snapshot of its state in the late 1990s. On the one hand, regional city centre economies are multi-faceted and volatile and, on the other, advances in information technology affect activities in unanticipated ways. Together, they make the future of Manchester's financial and business services sector unpredictable.

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Notes

- 1 It is worth noting in passing that Castells' theory has been excoriated by Abell and Reyniers (2000) partly because of the obscure and confusing way it is presented and partly because of the lack of evidence or its partiality. This article, in a modest way, provides some evidence to test one of Castells' claims.
- 2 Capital cities of smaller countries provide another interesting test case of Sassen's ideas. See, for example, Murphy's (1998) account of the niche in international corporate and financial transactions occupied by Dublin's financial services centre.
- 3 The wider changes in the professionals' working lives are described in Devine et al. (2000).
- 4 Boden and Molotch (1994) go so far as to suggest that, because 'co-present interaction' is necessary for sociality, there is a 'compulsion to proximity' that is not eroded by the availability of computer-mediated channels of communication.
- 5 We are indebted to one of the anonymous referees for encouraging us to emphasize this point.

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