

# Kuala Lumpur in

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**ATKearney**

**2014 Global Cities Index  
and Emerging Cities Outlook**

## Global Cities, Present and Future

Today more than ever, global cities need to run just to stand still. Urban leaders who wish to provide their citizens with the benefits of becoming a global powerhouse must fire on all cylinders, all the time.



## TOPLINE REPORT OF THE A.T. KEARNEY 2014 GLOBAL CITIES INDEX AND EMERGING CITIES OUTLOOK

### BACKGROUND

- The results of the **A.T. Kearney 2014 Global Cities Index and Emerging Cities Outlook** were released on **15<sup>th</sup> April 2014** and surveys that have been conducted for **every two years** since 2008. **A.T. Kearney's Global Cities Index (GCI)** examines a comprehensive list of **84 cities** on every continent, measuring how globally engaged they are across **26 metrics** in **five** dimensions:
  - 1. Business Activity**
  - 2. Human Capital**
  - 3. Information Exchange**
  - 4. Cultural Experience**
  - 5. Political Engagement**
  
- The companion **Emerging Cities Outlook (ECO)** builds on those insights and **complements the GCI** by **examines the likelihood that 34 cities** in low- and middle-income countries will improve their future global positioning over the next 10 to 20 years. It is based on how quickly they've been catching up with the top performers on a number of leading human capital, business activity, and innovation indicators. By focusing on the elements that contribute to the generation, attraction, and retention of global capital, people, and ideas, the GCI and ECO can be powerful tools in the hands of policy makers and business leaders.
  
- Kuala Lumpur was ranked **53<sup>rd</sup> out of 84 cities** (2012: 49<sup>th</sup>/66) in the Global Cities Index 2014. While in the Emerging Cities Outlook, Kuala Lumpur was ranked **10<sup>th</sup> out of 34 cities** with a score of **50.6**.

## **GLOBAL CITIES INDEX 2014 OVERVIEW**

- As in every previous edition, New York and London lead the ranking, followed this year by Paris, Tokyo, and Hong Kong (see figure 2). Among the top 20 cities, seven are in the Asia Pacific region (Tokyo, Hong Kong, Beijing, Singapore, Seoul, Sydney, and Shanghai), seven are in Europe (London, Paris, Brussels, Madrid, Vienna, Moscow, and Berlin), and six are in the Americas (New York, Los Angeles, Chicago, Washington, Toronto, and Buenos Aires). Cairo is the leading city in Africa, remaining in the top 50 despite Egypt's political and economic turbulence.

### **City Highlights**

- The 2014 GCI includes 18 new cities (six in the Middle East and North Africa, four in the Americas, three in Europe, three in sub-Saharan Africa, and two in Asia Pacific) to improve the index's global representation. Budapest, Prague, and Vancouver open the ranking of the new cities, coming in at positions 46 through 48, with Tunis, Lahore, and Kinshasa closing the classification of new cities at numbers 81 through 83.

### **Regional Highlights**

- Singapore, at ninth place in the GCI, is clearly in a league of its own among cities in Southeast Asia, with no close rivals in business activity, human capital, or information exchange. Culturally, Bangkok (42) is the best performer in the region, and in political engagement Singapore, Bangkok, Jakarta (51), and Kuala Lumpur (53) lead Ho Chi Minh City (70) and Manila (63) by a large distance. Cities in South Asia on our index mostly stand out along the dimension of information exchange. That said, outward-looking Mumbai (41) far outstrips its peers in business activity and human capital.

## **KUALA LUMPUR'S PERFORMANCE**

### **1. A.T. Kearney Global Cities Index, 2014**

- In the Global Cities Index 2014, Kuala Lumpur was ranked **53<sup>rd</sup> out of 84 cities** (2012: 49<sup>th</sup>/66). Kuala Lumpur's overall performance in the five dimensions is shown in Table 1.

**Table 1: Summary of Kuala Lumpur's Performance in 5 Dimensions**

<b>Kuala Lumpur</b>	<b>2014 (n=84)</b>		<b>2012 (n=66)</b>	
	<b>Rank</b>	<b>Index</b>	<b>Rank</b>	<b>Index</b>
<b>Overall Ranking</b>	<b>53</b>	<b>16.3</b>	<b>49</b>	<b>1.49</b>
Business Activity	28	7.3	27	2.5
Human Capital	56	2.7	55	2.4
Information Exchange	70	2.9	58	1.9
Cultural Experience	57	1.6	53	1.1
Political Engagement	23	1.8	31	1.5

Note: Values (Index) for 2012 are calculated on a 0 to 10 scale.

Values (Index) for 2014 are calculated on a 0 to 100 scale.

- Table 1 shows Kuala Lumpur's best performance is in the Political Engagement area. Political Engagement assesses how a city influences global policy dialogue as measured by the number of embassies and consulates, major think tanks, international organizations and local institutions with international reach that reside in the city, and the number of political conferences a city hosts.
- Among cities in ASEAN countries, Kuala Lumpur dropped one place to 4<sup>th</sup> position from 3<sup>rd</sup> position last year after Singapore, Bangkok and Jakarta as shown in Table 2.

**Table 2: Kuala Lumpur Vs Cities in ASEAN Countries**

City	Country	2014		2012	
		Rank	Index	Rank	Index
Singapore	Singapore	1	34.3	1	3.20
Bangkok	Thailand	2	20.7	2	1.93
Jakarta	Indonesia	3	17.2	5	1.30
<b>Kuala Lumpur</b>	<b>Malaysia</b>	<b>4</b>	<b>16.3</b>	<b>3</b>	<b>1.49</b>
Manila	Philippines	5	12.7	4	1.49
Ho Chi Minh City	Vietnam	6	8.9	6	0.72

Note: Values (Index) for 2012 are calculated on a 0 to 10 scale.

Values (Index) for 2014 are calculated on a 0 to 100 scale.

**Table 3: Kuala Lumpur Vs Cities in Asia Pacific Countries**

City	Country	2014		2012	
		Rank	Index	Rank	Index
Tokyo	Japan	1	47.2	1	4.99
Hong Kong	China	2	41.3	2	4.56
Beijing	China	3	35.1	6	3.05
Singapore	Singapore	4	34.3	4	3.20
Seoul	South Korea	5	32.6	3	3.41
Sydney	Australia	6	32.3	5	3.13
Shanghai	China	7	29.4	7	2.73
Taipei	China	8	21.3	8	2.05
Mumbai	India	9	20.9	10	1.79
Bangkok	Thailand	10	20.7	9	1.93
Jakarta	Indonesia	11	17.2	14	1.30
<b>Kuala Lumpur</b>	<b>Malaysia</b>	<b>12</b>	<b>16.3</b>	<b>12</b>	<b>1.49</b>
New Delhi	India	13	15.2	11	1.55
Manila	Philippines	14	12.7	13	1.49
Guangzhou	China	15	11.0	16	0.82
Bangalore	India	16	10.2	15	0.85
Ho Chi Minh City	Vietnam	17	8.9	17	0.72
Chennai	India	18	7.6	-	-
Shenzhen	China	19	7.2	20	0.62
Karachi	Pakistan	20	6.9	18	0.66
Kolkata	India	21	6.0	19	0.63
Lahore	Pakistan	22	4.8	-	-
Chongqing	China	23	3.8	21	0.25

Note: Values (Index) for 2012 are calculated on a 0 to 10 scale.

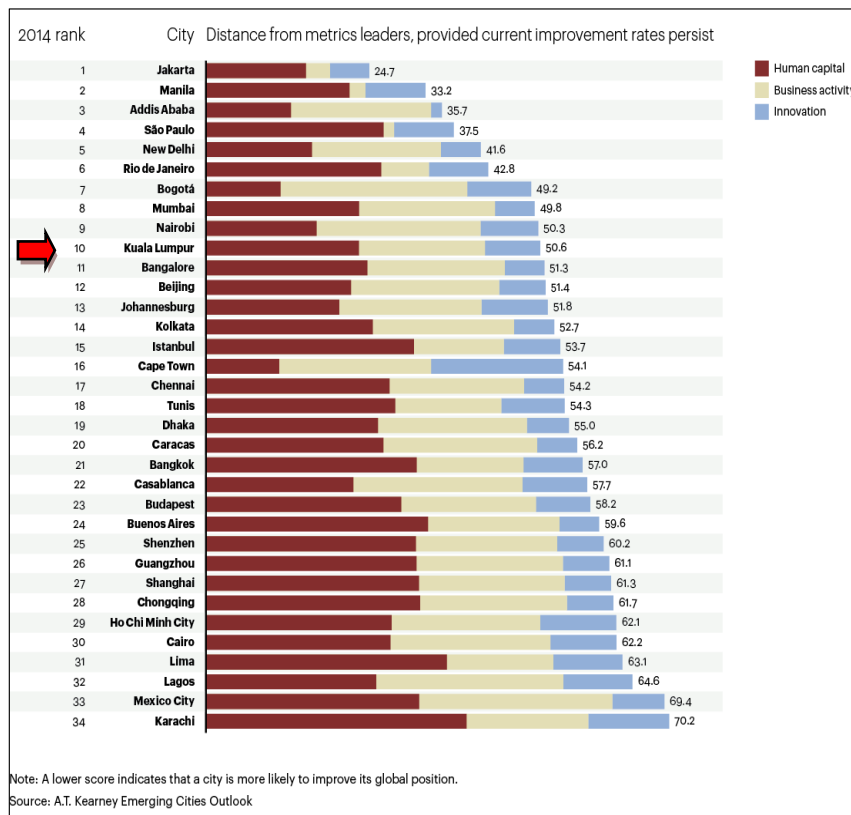
Values (Index) for 2014 are calculated on a 0 to 100 scale.

- Based on Table 3 above, Kuala Lumpur remained at 12<sup>th</sup> position among cities in Asia Pacific countries, ahead of New Delhi (13<sup>th</sup>), Manila (14<sup>th</sup>), Guangzhou (15<sup>th</sup>), Bangalore (16<sup>th</sup>), Ho Chi Minh City (17<sup>th</sup>), Chennai (18<sup>th</sup>), Shenzhen (19<sup>th</sup>) and Karachi (20<sup>th</sup>).

## 2. Emerging Cities Outlook, 2014

- Emerging Cities Outlook (ECO) measures the likelihood that cities in low- and middle-income countries will improve their global standing over the next 10 to 20 years. ECO calculate how long it would take for any given city, provided that it progresses at the same rate as between 2008 and 2013, to reach the global leader in each of 10 leading indicators of business activity, human capital—and also innovation, which is crucial to attract talent and business. Kuala Lumpur was ranked **10<sup>th</sup> out of 34 cities** with a score of **50.6** as shown in Figure 1.

**Figure 1: Emerging Cities Outlook 2014**



- Kuala Lumpur is the city that will most quickly catch up with the leaders in terms of the ease of doing business. Jakarta, Manila, and Kuala Lumpur's strong showing on the ECO signals that major cities throughout eastern Asia are laying solid groundwork to advance as global cities and eventually dispute the top positions in the GCI.
- Two Southeast Asian cities, Jakarta and Manila, head up the list of emerging cities most likely to progress. Although both cities are currently in the lower half of the GCI on the dimension of business activity, their rapid improvement on the ECO's leading indicators would allow them to reach the business leaders faster than any other low- or middle-income city in the world except São Paulo.
- Furthermore, Jakarta is moving up quickly in the area of human capital—particularly in measures of stability and security, but also in addressing income inequality and environmental concerns—as well as across several important innovation indicators.
- Manila, too, is bolstered by a relatively sharp increase in human capital indicators, with an especially notable improvement in healthcare quality and availability.

**Table 4: Summary of Kuala Lumpur's Performance in 3 Categories**

Kuala Lumpur	2014 (n=34)	
	Rank	Index
<b>Overall Ranking</b>	<b>10</b>	<b>50.6</b>
Human Capital	11	23.2
Business Activity	10	19.1
Innovation	18	8.4

## METHODOLOGY

### 1.0 Global Cities Index Methodology

- A.T. Kearney's Global Cities Index ranks metropolitan areas according to 26 metrics across five dimensions:
  - i. **Business activity** is measured by headquarters of major global corporations, locations of top business services firms, the value of a city's capital markets, the number of international conferences, and the flow of goods through ports and airports (**weighting: 30 percent**).
  - ii. **Human capital** evaluates a city's ability to attract talent based on the following measures: size of foreign-born population, quality of universities, number of international schools, international student population, and number of residents with university degrees (**weighting: 30 percent**).
  - iii. **Information exchange** examines how well news and information circulate within and outside the city, based on: accessibility to major television news channels, Internet presence (capturing the robustness of results when searching for the city name in major languages), number of international news bureaus, freedom of expression, and broadband subscriber rate (**weighting: 15 percent**).
  - iv. **Cultural experience** measures diverse attractions, including number of major sporting events a city hosts; number of museums, performing-arts venues, and diverse culinary establishments; number of international travelers; and number of sister-city relationships (**weighting: 15 percent**).
  - v. **Political engagement** assesses how a city influences global policy dialogue as measured by the number of embassies and consulates, major think tanks, international organizations and local institutions with international reach that reside in the city, and the number of political conferences a city hosts (**weighting: 10 percent**).
- As a compendium of analyses published in 2013, the 2014 GCI may represent data as far back as 2010. Thus, today's current events can be

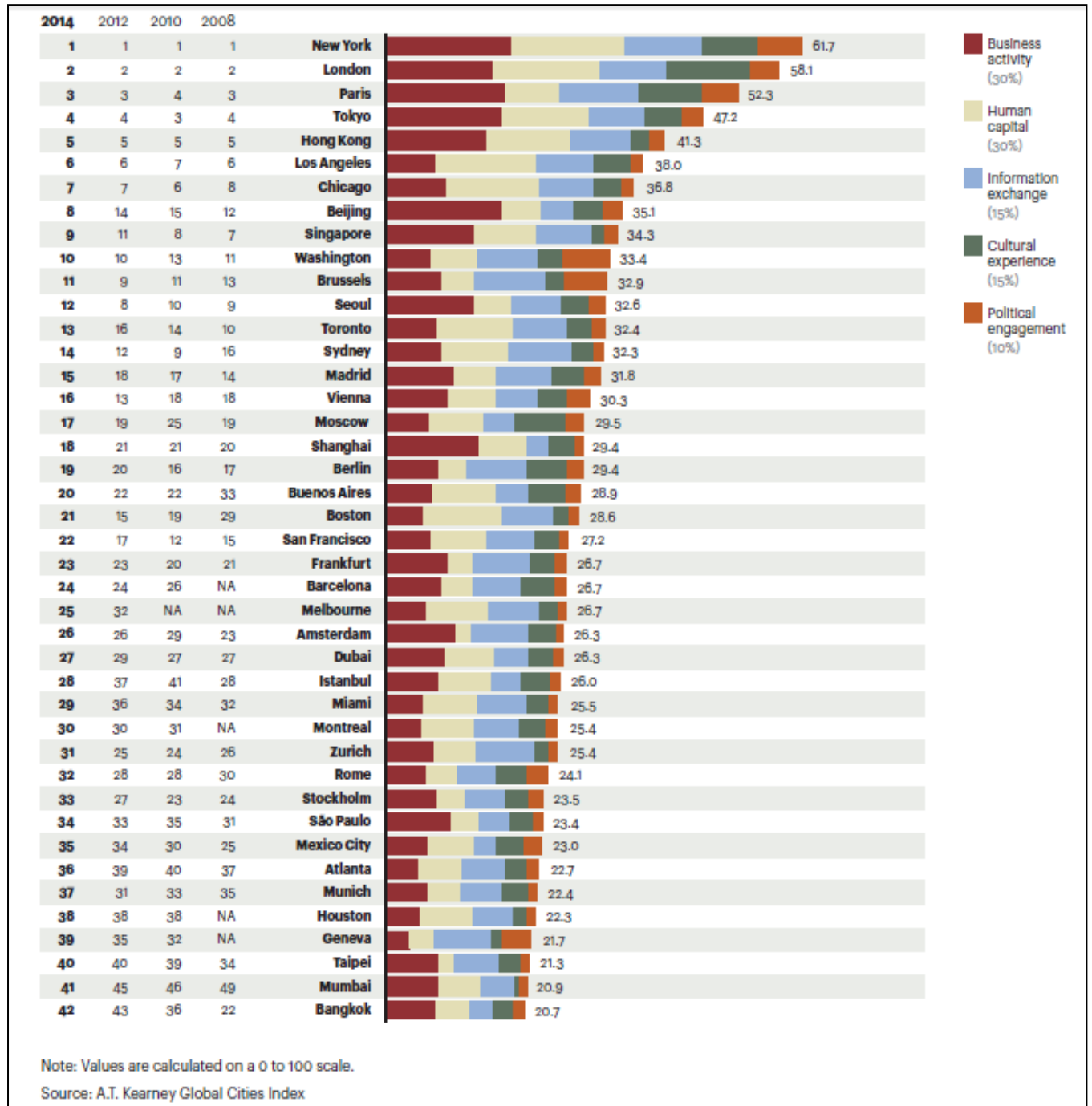


expected to show up in our next set of rankings. A panel of academic experts and corporate executives informed and tested the global rankings.

## **2.0 Emerging Cities Outlook Methodology**

- The Emerging Cities Outlook examines 34 cities located in countries that the World Bank classifies as low or medium income. It measures how quickly cities are evolving along 10 leading indicators that are most likely, over time, to influence a city's ability to attract, retain, and generate flows of ideas, capital, and people—and, given that rate of evolution, how long it would take a city to catch up with the GCI leader in each of those indicators.
  
- Indicators is grouped into three categories:
  - i. **Business activity** analyzes the evolution of a city's GDP, changes in its infrastructure (such as roads, public transportation, housing, and water supply), the ease of doing business in the country where it is located, and perceptions regarding public-sector transparency.
  
  - ii. **Human capital** looks at trends in stability and security, healthcare availability and quality, income equality, and environmental sustainability.
  
  - iii. **Innovation** is included in our ECO for the first time this year, given its criticality as a catalyst to attract business and talent. In this area, we examine progress in the number of patent filings per capita and changes in a basket of select additional metrics (such as number of new businesses created, volume of venture capital deals, gross expenditure in R&D, and ease of obtaining credit).

## Appendix 1: A.T. Kearney Global Cities Index, 2014 (rankings 1 – 42)



**Appendix 1 (continued):  
A.T. Kearney Global Cities Index, 2014 (rankings 43 – 84)**

