

Randstad: Sustainable Growth in the Age of Cities

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What will make a city competitive in 2030? Read all about the future of work and sustainable growth in cities in this new white paper written by our co-founders Pieter van de Glind and Harmen van Sprang together with Pieter de Jong (shareNL). Learn about the age of value ecosystems with practical recommendations that every city should consider.

Preface

Cities are hubs for human and economic development. For urban development to be sustainable and inclusive, access to information, education and decent work are key. So what should cities do to make sure that they stay both competitive and inclusive for all residents?

As part of the Flexibility@work series, our 2018 publication “Sustainable growth in the age of cities” explores how cities have grown from being silo-oriented to the complex ecosystems they are forming today. We find a similar pattern in the development of businesses, citizens and indeed labor relations. The networks connecting people across continents are becoming denser, faster, and more extensive every year. Mutual dependence and transnational connections of cities, businesses and citizens alike lead to a need for policies that cater to these complex ecosystems.

Cities are attractive to both high- and low-income individuals. That is why large cities often have high levels of inequality. Much of this inequality can be traced back to residents’ potential on the labor market, which is highly affected by technological advancements. Routine jobs are the most vulnerable to technological advancement. While in most advanced economies, highly skilled non-routine work has increased considerably, routine jobs are generally disappearing, regardless of skill level. Interestingly, non-routine low- skilled jobs are also on the increase,

particularly in sectors that are still hard to automate, such as care and personal services.

This is demonstrated in the first part of this Flexibility@work publication, where research by Maarten Goos et al. shows how every new highly skilled job in technology can be a catalyst for up to five new unrelated jobs, both low- and medium-skilled. This publication also demonstrates how most of these new jobs are created in cities where there is a large low- skilled workforce present that can be upskilled.

In the future of work, a competitive city's value proposition is not confined to its ability to attract businesses. A competitive city offers opportunities to all residents, seeks to reduce inequalities, and protects the vulnerable. Skills, including soft skills, are essential for an inclusive urban labor market, or as the OECD put it in 2016: "Labor market and skill policies as well as tax and benefit schemes will need to be adapted to promote skills adaption as well as labor mobility while at the same time ensuring that work, even low-paying work, provides a sufficient income to escape poverty".

By investing in education, labor mobility, and targeted public-private partnerships, cities can be both competitive and inclusive for all their residents. Only then can we create the skilled workforce and agile, inclusive labor market that will be key to sustainable urban development (Jacques van den Broek).

Introduction

Cities are our future. Whether you are an economist, sociologist, business leader, researcher, or politician, cities are on your radar and you will have heard the following numbers and repeated them dozens of times: 200 years ago, most people lived in rural areas; 100 years ago, urbanization had started and twenty percent of the world's population were living in urban areas; 10 years ago, more than half of the world's population were living in cities; and by the middle of the 21st century, seven out of every ten people on earth will be living in cities. Global businesses are already beginning to plan strategy from a city, rather than a country, perspective. Cities generate more than 80% of global GDP (Economist, 2013). Cities are at the forefront of human progress. However, historically some cities have been doing better than others. What is causing this difference and what

will make cities competitive in the future?

The current rise of the platform economy marks the emergence of a new era. In this section, drawing on the latest predictions about future labor markets and by extrapolating underlying patterns from the past into the future, we endeavor to paint a picture of what this new era and the cities within it will look like. We identify the characteristics sprouting from those underlying patterns in order to understand what will make cities competitive in this new age. Along the way, we will come across the age of silos, starting at the industrial revolution and ending at the digital revolution; the age of value chains, starting at the digital revolution; and the age of value ecosystems, which has only just begun, but will be prominent across OECD countries by 2030.

First set of recommendations

- A clear vision and mission plan on how to platformize the city government, allowing some parts of the organizational structures to become porous and other parts to become fluid.
- A plan that enables public officials to easily engage in collaborative co-creation with other stakeholders. This will allow the governmental organization to solve public challenges and meeting public goals in shifting coalitions of diverse stakeholders.
- A vision and execution plan on how the city government will enable optimum access for and among all actors within the city as well as within its metropolitan area, its rural surroundings and the rest of the world, enabling economic and socio-economic ecosystems to add value to the city.
- An urban planning strategy that governs and invests in both the physical and the digital infrastructure.
- A long-term plan to enable anyone who works for the city government in any form to learn the right skills to operate the city as a value ecosystem.
- The proper implementation of these recommendations will create the basis of the next set of recommendations.

Second set of recommendations

- Developing skilled workers locally by optimizing access to opportunities for learning and work experience for all.
- Creating a dashboard that tracks current skills levels and needs and predicts skill shortages, enabling cities to steer learning priorities.
- Shaping a culture that inspires citizens to play with automation. Polarization is

the biggest threat to competitive cities. It is not guaranteed that citizens will have equal access to social and economic opportunities. In the most competitive cities, inclusivity is not a solidarity principle, but an economic requirement. The more that jobless people are encouraged to engage in work, the more they are likely to make the leap to medium- and high- skilled work roles, and the better the local labor supply becomes. This will in turn attract more world-class innovation to the city. We therefore recommend that cities draw up strategies for all residents of all skill levels, and to make the value that is available in the city accessible to all, giving every individual the best possible chance to pursue self-actualization. This requires:

- A plan to reshape the current configuration and functions of the city's physical and digital public infrastructure, turning physical spaces into city hubs that are seamlessly connected with fully digitalized public services, while providing optimal online and offline access to social services.
- Providing a solid economic basis for all citizens, while also providing a perspective of next steps.
- A set of 'journeys' for citizens at different life stages and of different skill levels that allows them to choose where they want to go and where to find the assets, skills, organizations, and people they need to get there. These journeys can be accessed both digitally and at the various city hubs. and to make the value that is available in the city accessible to all, giving every individual the best possible chance to pursue self-actualization.
- Developing a joint strategy of social innovation to steer towards an inclusive local labor market by taking action to constantly improve the position of the most vulnerable on the labor market.

Ultimately, the productivity of cities as value ecosystems and the ability of online platforms to connect needs and have efficiently will allow cities to provide all their citizens with access to everything they need to live a happy, connected and sustainable life.


