

Executive Outlook on Cities and Strategy, 2030

Oxford–Protiviti Survey: Key Findings

Vlad Mykhnenko, David Howard & Nigel Mehdi

Global Centre on Healthcare & Urbanisation

Kellogg College, University of Oxford

October 2021



Kellogg College
University of Oxford



Global Centre on
**Healthcare &
Urbanisation**

protiviti[®]
Global Business Consulting

Table of Contents

1. Introduction	2
2. The Oxford-Protiviti Survey: Unpacking the Questions	5
3. Findings In Brief: A Ringing Endorsement of Cities Globally	6
4. Survey Analysis: The Global Business Perspective on the Future of Cities to 2030	6
5. Fundamentals of Urban Economic Competitiveness in 2030	10
6. Towards 2030: Urban Opportunities and Threats. Major Investment Plans and Priorities	13
7. Looking Ahead	15
8. Key Bibliography	17
Appendix 1: Underpinning Economic Theory	18
Appendix 2: Oxford – Protiviti Survey Methodology and Demographics	19

1

Introduction

A city might be best understood as a spatial concentration of households, firms, and organisations of all kinds, whose activities service a wider region, and which is increasingly connected to international flows of information, goods, money, and people. The COVID-19 pandemic has changed life and business in cities, but the future of cities will be as much determined by their state going into the crisis, as by the impact of the pandemic itself.

The uncertain outlook for the global economy coming out of the prolonged COVID-19 crisis, nevertheless, is unfortunate news for many Western cities, for which prospects appeared to be improving in recent years. Following the global financial crisis of 2007–2009, and the resultant downturns associated with the credit crunch and fiscal austerity measures of the early 2010s, many governments, and private investors have recognised the significance of cities as real engines of economic and social development.

Internationally, despite various economic and political setbacks, the relentless urbanisation drive has continued unabated, with the current population projections indicating a 68% share of urban population worldwide by 2050 (see Figure 1.1). Indeed, over the last twenty years, the process of urbanisation has accelerated, particularly in China and other upper-middle-income economies, i.e., those with an annual Gross Domestic Product (GDP) per capita between US\$ 3,996 – 12,375 (in 2019 prices).

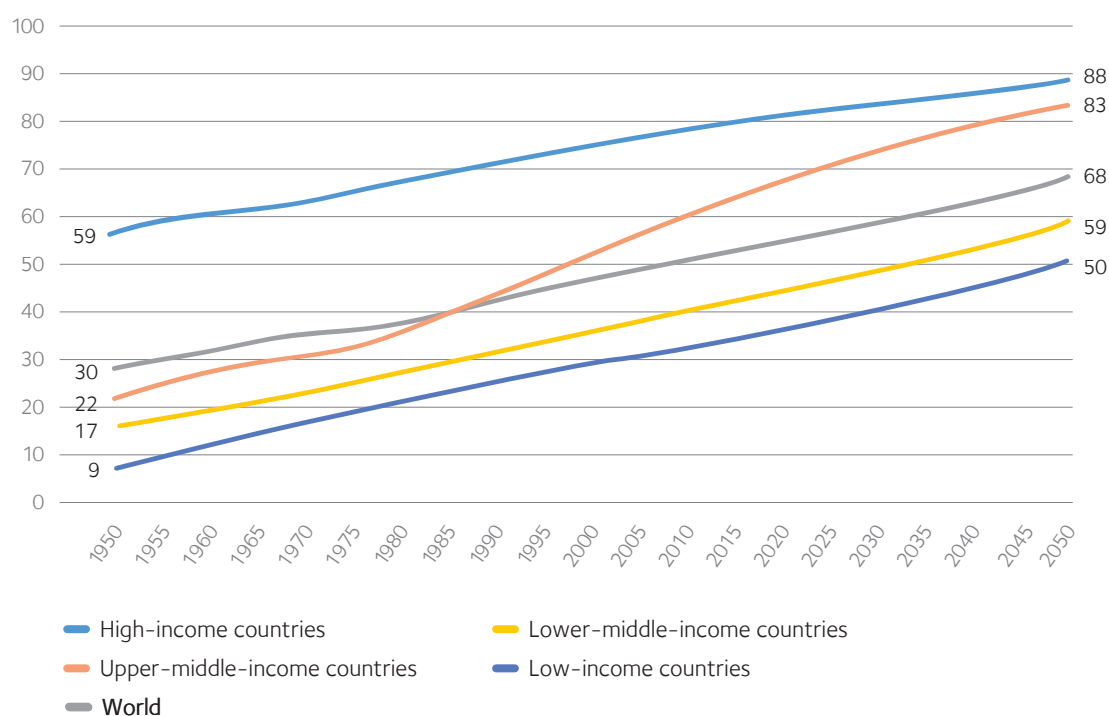


Figure 1.1. Percentage of Population at Mid-Year Residing in Urban Areas by Income Area, 1950–2050.

Source: Authors' own work on the basis of United Nations (2019) data.

According to the Population Division of the Department of Economic and Social Affairs of the United Nations, by 2050, the share of urban population in this group of countries is projected to reach 83%, closing the gap with the high-income economies (GDP per capita above US\$ 12,375 a year). Furthermore, by 2050, the majority of population in both lower-middle-income countries (GDP per capita between US\$ 1,026 – 3,995) and low-income countries (under US\$ 1,026 a year) will be urban dwellers, too, pushing the world's urban total towards 68.4%, or 6,679,756,000 people.

Before the COVID-19 crisis, many cities across North America, Europe, and the Asia-Pacific region have demonstrably been in vogue among consumers, tourists, and property developers, with a physical transformation under way in central business districts and waterfront locations. A key factor in determining how the COVID-19 pandemic, and the behavioural change it has driven, will impact cities over coming years will be the degree to which business and people revert to previous ways of working and living. This raises the question of how far-reaching and long-lasting will the impact of the pandemic be on the economic fundamentals of cities, such as capital investment, job-creation, skills, innovation, and operating costs?

During the period 1960-2020, when the share of urban population in the world increased from 34% to 56%, the global economy expanded from US\$ 11 to 85 trillion (in constant 2010 prices). Thus, on average, **over the past sixty years, a 1% increase in the level of urbanisation resulted in the growth of the world economy by US\$ 3.1 trillion** (see Figure 1.2).

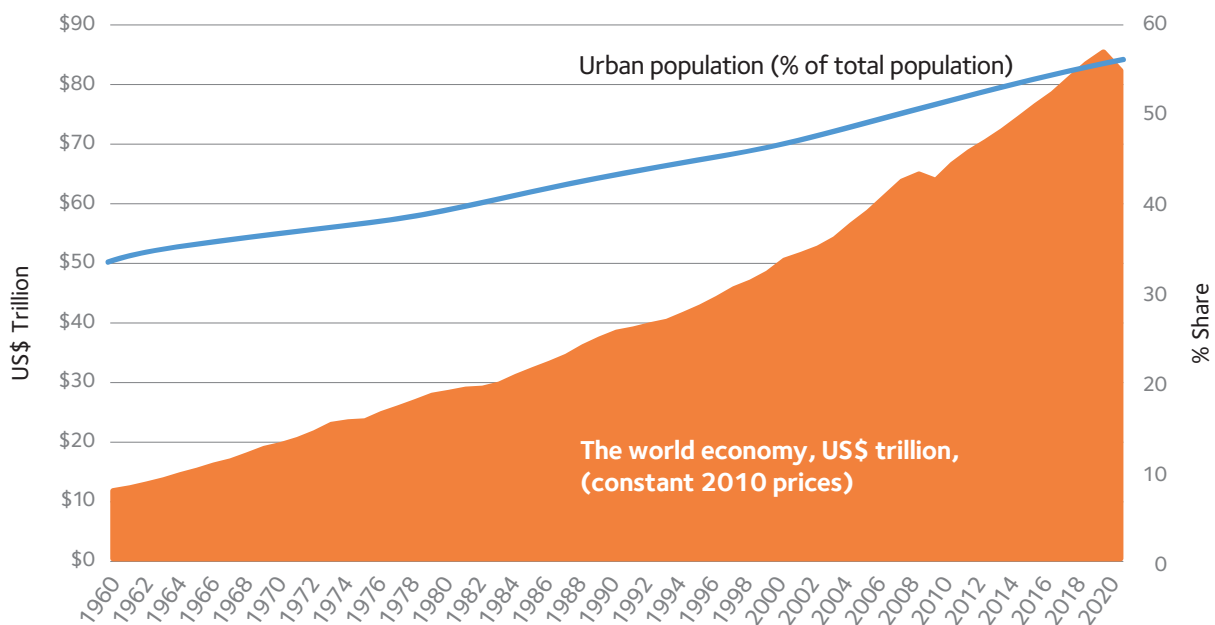


Figure 1.2. Cities Are Engines of Prosperity: Urbanisation (% Share of Total Population) and the Growth of the World Economy (Gross Domestic Product, Constant US\$ 2010 Prices), 1960-2020.

Source: Authors' analysis of United Nations (2019) and World Bank (2021) data.

Will cities continue to be the engines of prosperity over the coming decade and what are the necessary prerequisites for that to happen? Central to understanding this question is to understand the decisions being made by business leaders around the world. We have sought to assess the extent and nature of any changes in global business leaders' perspectives on cities and their future trajectories up to 2030 by asking two hundred C-suite and corporate board members a set of 26 questions via an international telephone survey. This work has been funded by global consulting firm, Protiviti, as part of its VISION by Protiviti initiative, launched in October 2021.

Box 1.1. What Makes Cities Tick

There are essentially three reasons why cities are often thought to have become more important for mobile businesses and households during the twenty-first century. First, cities afford knowledge-intensive firms access to specialised skills, technology and links to global customers and collaborators. They benefit from superior flows of ideas and information, resulting in greater learning and innovation, which yields more valuable products, processes, and services. Successful cities function as knowledge hubs in an interconnected global system of information, trade, and financial flows with a self-reinforcing centripetal dynamic that attracts mobile capital and talent.

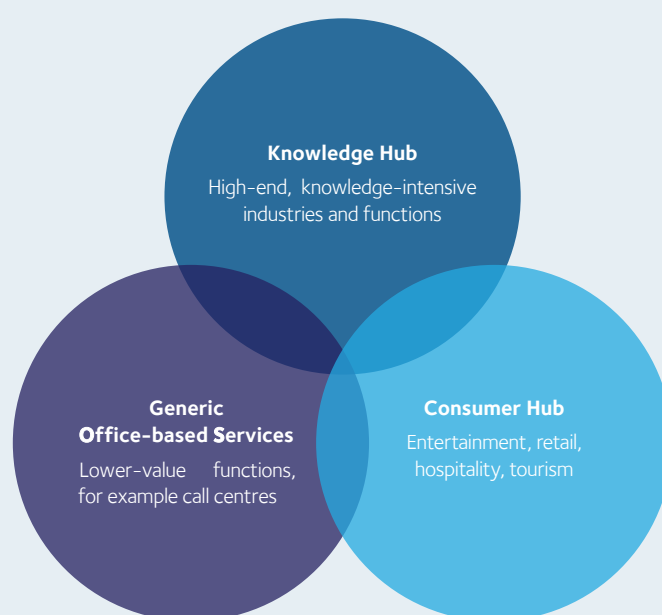


Figure 1.3. Understanding different sources of urban revitalisation

Second, cities offer firms in more routine sectors a **deep labour pool**, and a healthy choice of services, suppliers, and premises. In a fast-changing economy there is a premium on flexibility, and large cities enable firms to ‘mix and match’ their inputs, and to adjust their workforces more easily, which lowers costs and improves resilience. This is especially important for generic office-based services such as call centres, data processing, IT support operations and other outsourced ‘shared services’.

Third, cities offer unique advantages to residents, including shopping, entertainment, recreational, educational, and cultural facilities that are not viable elsewhere. The exceptional costs of upgrading such amenities in line with shifts in fashion and technology encourage concentration in the biggest urban centres. The position of successful consumer hubs that attract people to visit, study, live, and work is also reinforced by demographic changes, smaller, dual-earner households, busier lifestyles, and the expansion of higher education.

These processes are not mutually exclusive (see Figure 1.3 above), although the mix is likely to vary between cities so that they develop in distinctive ways. Increased knowledge intensity implies higher ‘quality’ growth associated with higher-value output and productivity. This is best measured by rising average incomes. Generic office-based services imply more ‘extensive’ growth, with activity reproduced on a larger scale through gains from flexibility. Such growth is best measured by rising employment. Consumer services also imply extensive growth, since these sectors tend to be lower value added, which is therefore also best measured by rising employment.

Source: Turok, I. & Mykhnenko, V. (2008). The shifting fortunes of European cities. *Town & Country Planning*, 77(7/8): 319–322.

2

The Oxford-Protiviti Survey: Unpacking the Questions

The key driver behind the physical co-location of people, businesses, and organisations in one particular place lies with the economies of scale, which are the various proportionate savings in costs gained by the concentration of activities and skills, and subsequent increased levels of production. Some of these economies are internal, whilst others are external to any given business. External economies of scale are also known as agglomeration economies, which can be grouped into two categories of localisation and urbanisation economies. Localisation economies are benefits accruing from interactions between different nearby firms from the same industry or economic sector (within-industry interactions), whereas urbanisation economies are benefits accruing to different nearby firms from different industries or economic sectors (between-industry interactions). The survey covers both localisation and urbanisation economies, which include: agglomeration; specialisation; labour skills; education; innovation; endogenous, and exogenous forms of growth.

These forces ultimately determine the geographical location of workers, businesses, and public sector organisations. They shape the future of neighbourhoods, communities, and entire cities: once a place attracts a critical mass of innovative firms, it becomes more attractive to workers and further investment, fostering a self-sustaining growth cycle, with many skilled workers trained in a specific field looking for innovative jobs, and innovative firms looking for skilled individuals. Thus, the phenomenon of agglomeration allows cities to sustain growth even though the urban land is expensive, rents are high, as well as the cost of living. This explains **the rise of larger cities, with 300,000 residents and above, which are currently home to one in three people on the planet**. Furthermore, the share of the world's total population living in the 30 largest conurbations will also continue to grow (see Figure 2.1).

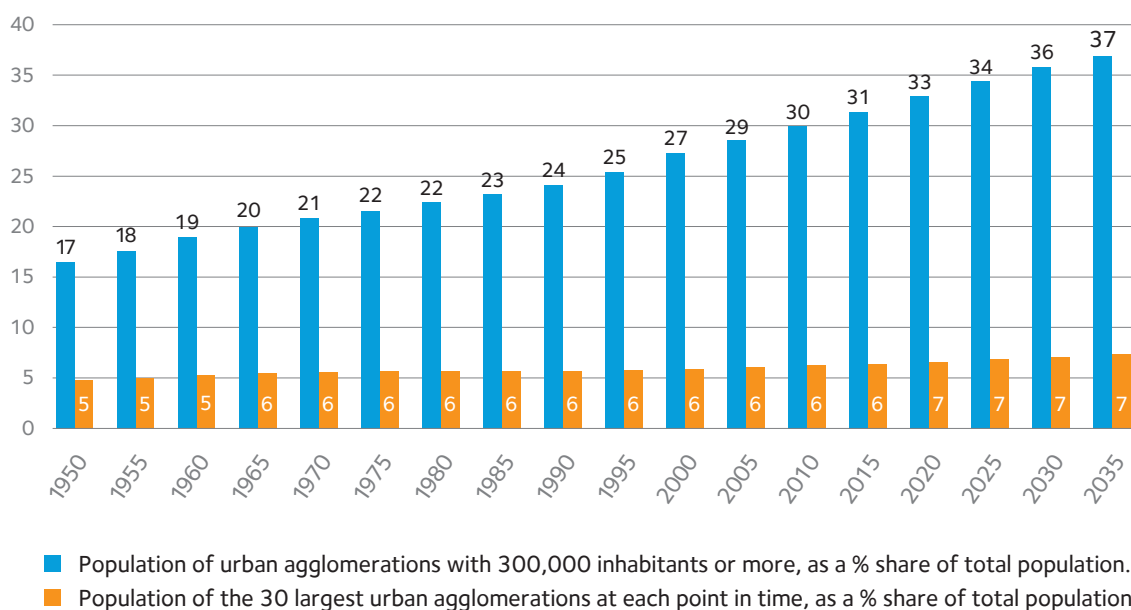


Figure 2.1. The Rise of Larger Cities, 1950–2035. Population living in cities with 300,000 inhabitants or more, as percentage share of the World's total population.

Source: Authors' analysis of United Nations (2019) data.

In addition to these localisation and urbanisation factors, current research on urban and regional development has also distinguished five fundamental elements driving the economic competitive performance of individual cities: i) business environment, ii) education base, iii) physical or 'hard' infrastructure, iv) social, cultural or 'soft' infrastructures and networks, and v) governance structure. These urban competitiveness fundamentals affect the ability of cities to attract investment and are covered in the second part of the survey. See Appendix 1 for a summary of these theoretical underpinnings.

In addition to internal dynamics (endogenous forces) covered above, external threats to cities (exogenous forces) play a major role in economic health and vibrancy. Exogenous influences such as globalisation, financial crises, climate change, and armed conflict also influence urban growth, and directly and indirectly affect business sentiment. For these reasons, the survey also considers the long-term investment plans of global business leaders, and their perceptions of major threats that cities could face over the next ten years, as well as the key opportunities that could stimulate investment, making cities particularly attractive to local and global businesses.

A summary of the demographics of the survey respondents can be found in Appendix 2.

3 Findings in Brief: A ringing endorsement of cities globally

The big city is back, and arguably never left, during the pandemic-induced hibernation, and the lockdown of urban livelihoods and lifestyles. Cities are globally recognised as the engines of economic growth and the centres of social activity.

- The perspective of global business leaders on cities is extremely positive: 64% of C-suite and board members agree that the role of cities for business will increase during the next 10 years. Notwithstanding the impact of the COVID-19 pandemic, only 6% believe the role of cities for their business will become less important by 2030.
- The desirability of particular cities over the next decade will increasingly be built on their essential attributes: 61% of global business leaders emphasise the growing benefits of city size, significance, and prestige.
- Having access to a large local customer base, and a sizeable pool of talent will become increasingly important for businesses worldwide: 58% of C-suite and board members expect the benefits arising from the diversity of customers in a city to increase by 2030; 56% recognise the growing benefits of geographically concentrated labour pools and local talent, and the eminent role of cities to provide this.

4 Survey Analysis: The global business perspective on the future of cities to 2030

The perspective of global business leaders on cities is extremely positive: 64% of C-suite and board members agree that the role of cities for business will increase during the next 10 years. This enthusiastic stance on cities globally is endorsed by 56% of business leaders in North America, 72% of business leaders in Europe, and 72% of business leaders in Asia-Pacific (see Figure 4.1). To note, the North American business viewpoint on cities has undoubtedly been influenced by growing unrest caused by the extreme political polarisation in the United States.

Notwithstanding the repercussions of a pandemic in major urban areas, only 6% of leaders believe the role of cities for their business will become less important by 2030. This minority pessimistic outlook is shared by 8% of business leaders in North America, 8% of business leaders in Europe, and by none of the business leaders in Asia-Pacific.

What role do you envision cities playing in your business in 2030?

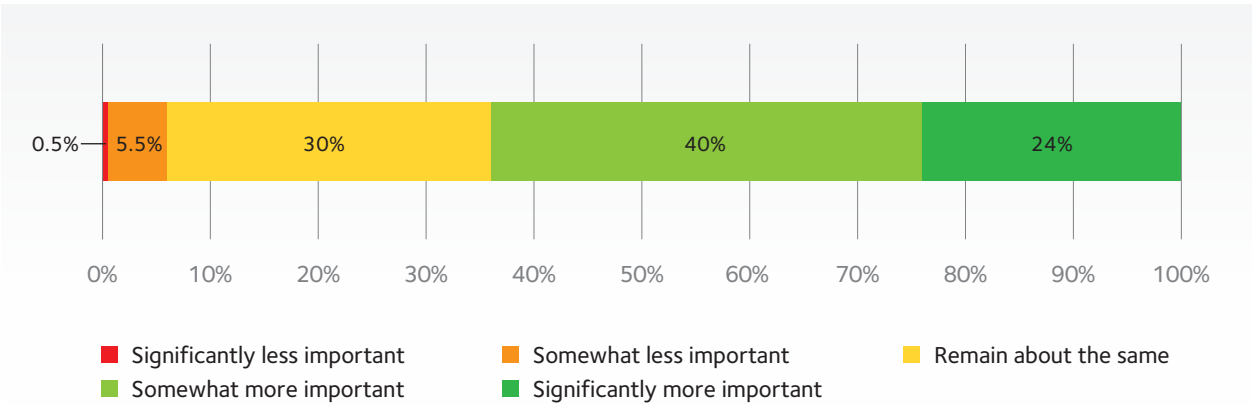


Figure 4.1. Role of Cities in Your Business in 2030.

The desirability of particular cities over the next decade will increasingly be built on their essential attributes:

61% of global business leaders emphasise the growing benefits of city size, significance, and prestige. In North America, this viewpoint favouring larger, established cities is shared by 51% of respondents, in Europe – by 64%, and in Asia-Pacific – by 78%. Only 11% of business leaders in North America disagree with this point of view, followed by 8% of business leaders in Europe, and 6% in Asia-Pacific (see Figure 4.2). The overwhelming evidence suggests that global business leaders are backing big cities as the prime sites for growing their enterprises.

Over the next decade, for a company like yours, do you think the benefits arising from the size, significance, and prestige of a city location will...

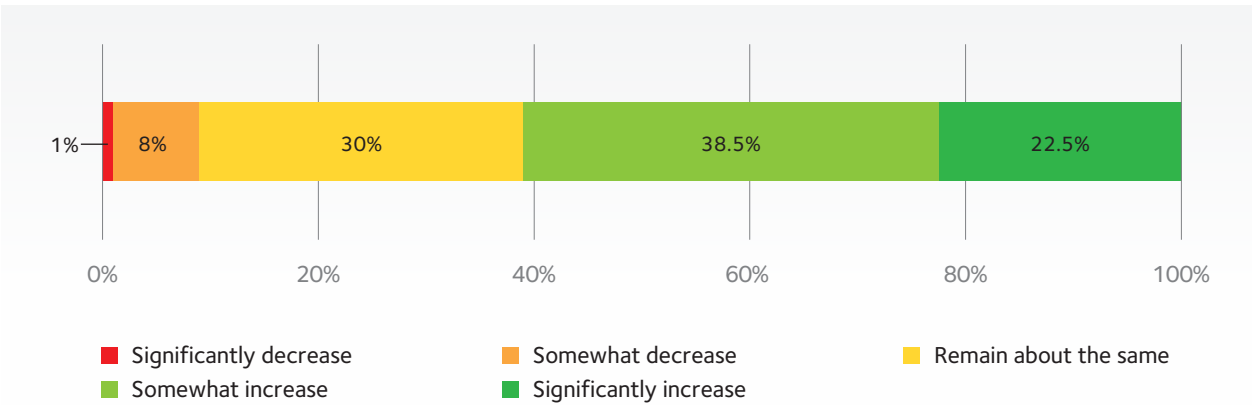


Figure 4.2. Benefits of Size, Significance, and Prestige of a City Location.

Having access to a large local customer base will become increasingly important for businesses worldwide: 58% of C-suite and board members expect the benefits arising from the diversity of customers in a city to increase by 2030; 54% of business leaders in North America support this perspective favouring larger urban areas, whereas in Asia-Pacific; 58% of respondents share the view, followed by 66% of European respondents. Only 6% of North American respondents believe the benefits of a diverse customer base will decrease, followed by 8% of business leaders in Europe and Asia-Pacific (see Figure 4.3). **Bigger cities evidently offer larger, more diverse consumer bases, and are seen by business leaders as increasingly important components in building success. Diversity drives prosperity.**

Over the next decade, for a company like yours, do you think the benefits arising from the diversity of customers in a city will...

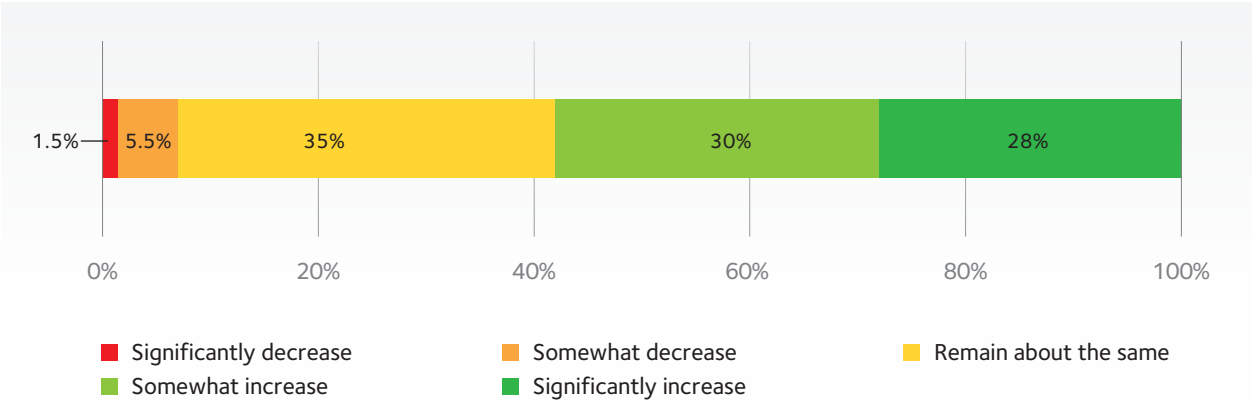


Figure 4.3. Benefits of Diversity of Customers in a City.

Having access to a sizeable pool of talent will become even more important for businesses worldwide:

56% recognise the growing benefits of geographically concentrated labour pools and local talent, and the eminent role of cities to provide this. Having direct access to ‘thick’ or dense local labour markets will be increasingly important for 57% of business leaders in North America, 58% in Europe, and 52% in Asia-Pacific. Only 12% of respondents in North America, 8% in Asia-Pacific, and 4% in Europe believe the benefits of spatially concentrated pools of local talent will decrease by 2030 (see Figure 4.4). It is clear that strong local education and training are already makers of successful cities, and this will remain essential in the coming years.

Over the next decade, for a company like yours, do you think the benefits of geographically concentrated labour pools and local talent will...

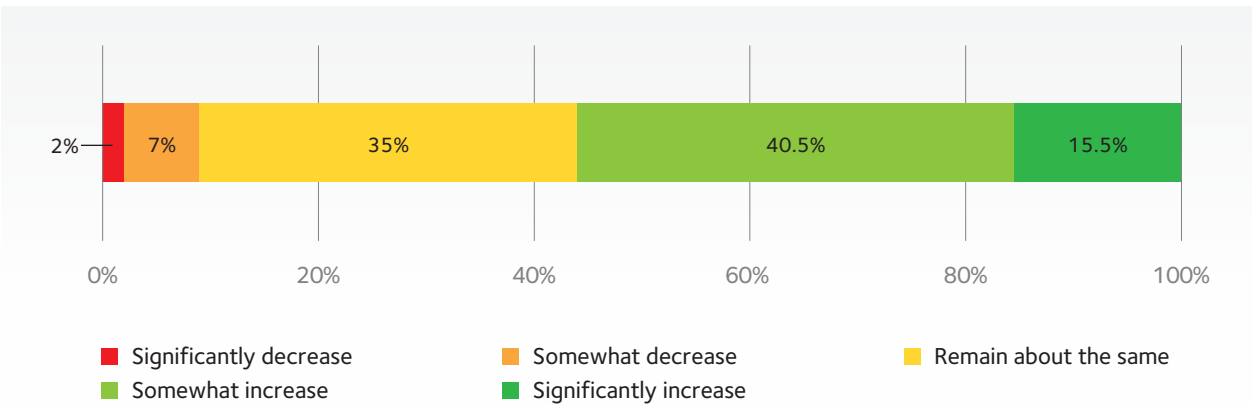


Figure 4.4. Benefits of Geographically Concentrated Labour Pools and Local Talent.

Large urban centres provide the talent pools that feed fortune. The diseconomies of scale in cities, that is, additional costs arising from agglomeration are a concern for a significant minority of global business leaders: 46% of respondents expect the downside of extra operational expenses in cities to increase by 2030. However, in North America, this viewpoint is shared only by 39% of business leaders. Half of respondents in Asia-Pacific believe the extra costs will increase, followed by 56% of European respondents.

Nevertheless, **the majority (54%) of C-suite and board members globally expect the cost disadvantages of operating in a city will decline or remain the same.** In North America, 61% of business leaders believe the cost of urban locations will either decrease or remain the same. This perspective is shared by 50% of Asia-Pacific respondents, and 44% of business leaders in Europe (see Figure 4.5 below). Overall, leaders consider the positive economies of scale of locating in large cities to be more and more notable over the coming decade, adding further advantages to their business.

Over the next decade, for a company like yours, do you think the disadvantages of extra costs arising from having to operate in a city will...

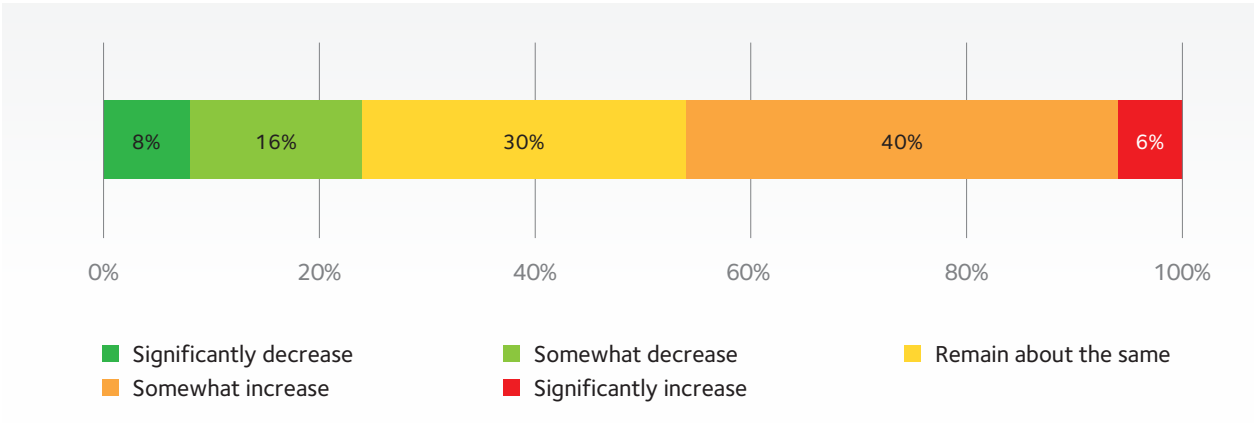


Figure 4.5. Disadvantages of Extra Costs from Having to Operate in a City.

Business leaders value the knowledge spill over effects that arise from urban locations and being located close to competitors, and potentially shared markets. These advantages are expected to increase over the next decade (54%), with 10% of leaders anticipating a significant rise, and over 44% seeing an increase. Only 12% envisaged a decrease, while 35% thought the context would remain the same (see Figure 4.6).

Over the next decade, for a company like yours, do you think that learnings and insights your company gains from your neighbouring competitors will...

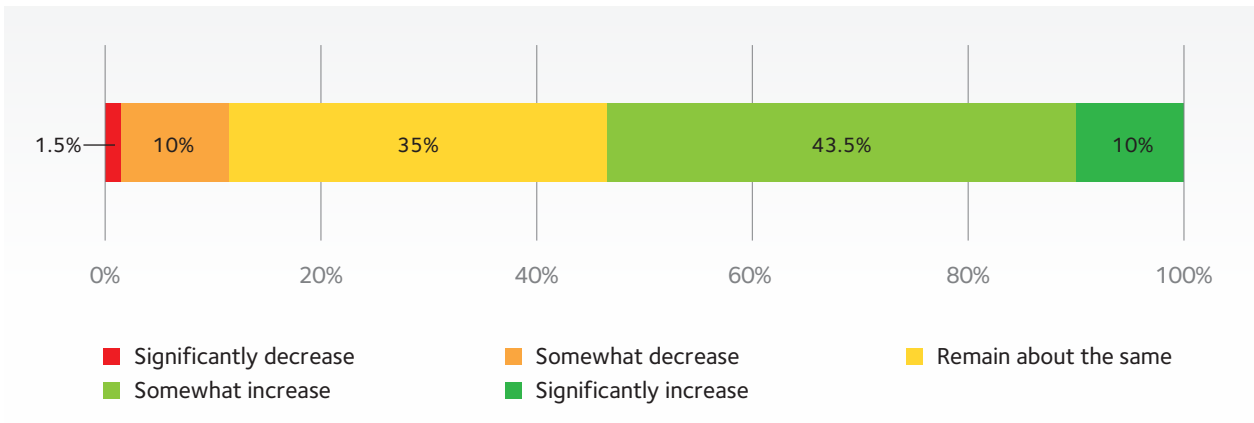


Figure 4.6. Learnings and Insights Gained from Neighbouring Competitors.

On the whole, innovation grows business, and leaders are increasingly recognising that large cities promote knowledge exchange, pushing the competitive edges of profit. Successful business leaders know how to grow their enterprises, and clearly pinpoint cities as prime places for innovation, knowledge exchange, competitive progress, and prosperity. The second half of the Oxford-Protiviti survey questioned leaders about cities as crucibles for positive business performance, and economic growth.

5

Fundamentals of Urban Economic Competitiveness in 2030

- Four out of five fundamentals of urban competitive performance are expected to skyrocket, being driven by both public and private sector investment and pro-business attitudes.
- A regional caveat: public governance structures and the political climate, in general, are expected to be most beneficial to global business across Europe and Asia-Pacific, but less so in North America.

Ongoing improvements in the physical and digital infrastructure of cities form the foundation for business leaders' positive outlook for progress over the next decade. Amongst the key fundamentals of urban competitive performance, the overwhelming majority (78%) of global business leaders expect the state of public infrastructure in their cities to improve by 2030. Leaders in all regions surveyed indicated expected improvements in public infrastructure: 75% in North America; 80% in Europe and 82% in Asia-Pacific (see Figure 5.1).

By 2030, in cities where your company operates, do you expect the public infrastructure to...

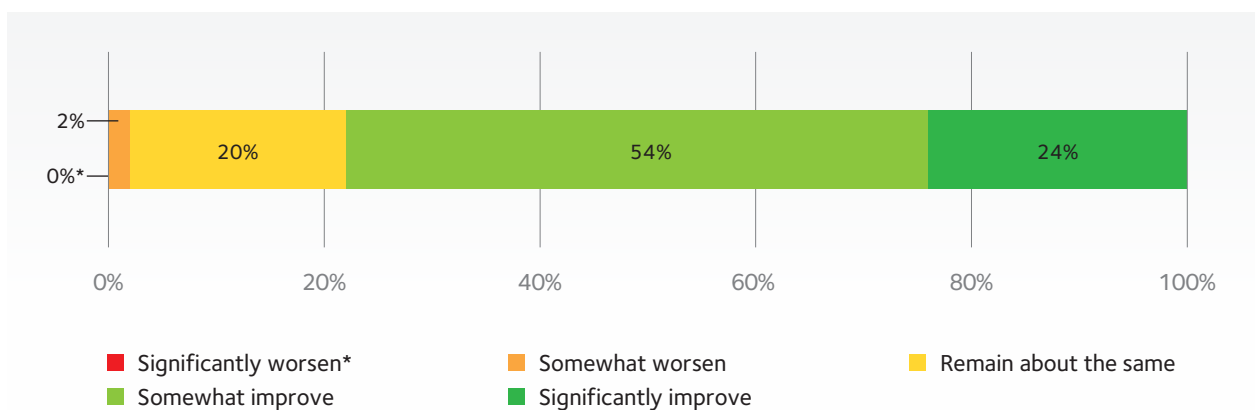


Figure 5.1. Public Infrastructure in Cities.

Access to skilled and plentiful labour lies at the core of business success. Strategic leaders see this, and will continue to source this resource by locating in cities to tap their talent. Therefore, it is vital that the educational base in cities is also expected to improve significantly by 2030. Overall, 69% of global business leaders expect the educational levels and skills of the urban workforce to increase by 2030. In North America, 63% of those surveyed anticipated improvement, with 88% and 62% of leaders in Europe and Asia-Pacific respectively foreseeing enhanced educational services and facilities to support a skilled workforce and talent pool in cities (see Figure 5.2). To note, the European response suggests that leaders see public investment as an increasingly important factor, and driver, for generating the necessary skills for sustainable economic growth, and innovation.

By 2030, do you expect the educational level and skills of the workforce in cities your company operates in to...

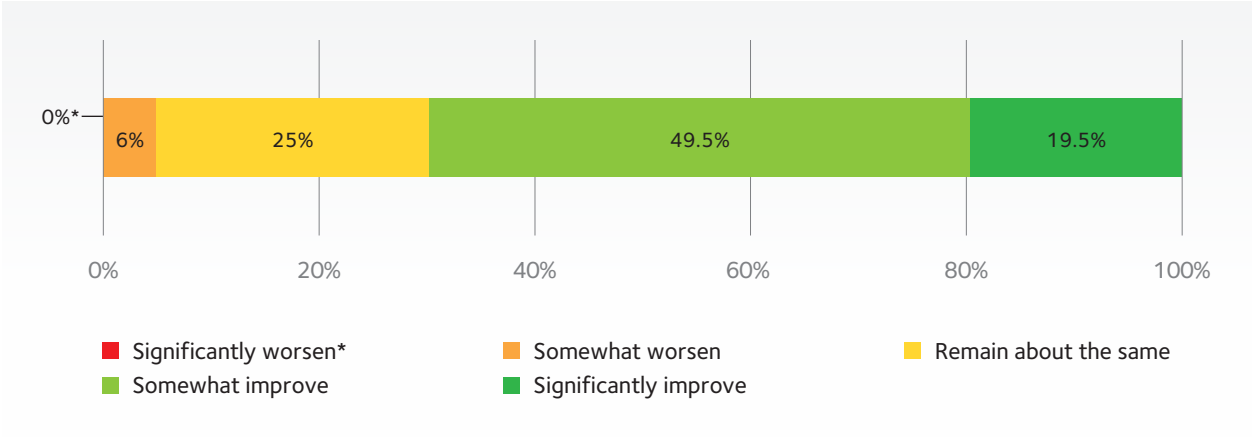


Figure 5.2. Education Level and Workforce Skills in Cities.

Cities build business environments, and are capable of providing this positive basis for investment.

Reinforcing the overriding positive outlook for businesses located in cities, and one of the key fundamentals of urban competitive performance, local business environments are also expected to improve significantly by 2030 in the opinion of 64% of global business leaders. In Europe, this positive outlook for the urban business environment matches 84% of business leaders’ expectations, compared with 66% in Asia-Pacific, and 53% in North America (see Figure 5.3). However, as the North American response shows, populist politics frequently results in the rise of strong anti-business feelings nationally, which could have a detrimental impact on individual cities.

By 2030, for the cities in which your company operates, do you expect the local business environment to...

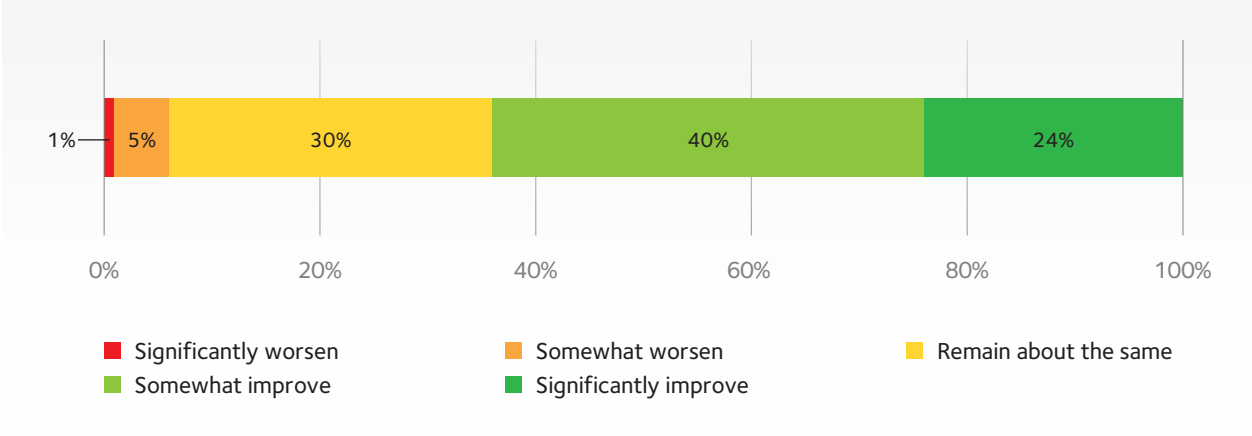


Figure 5.3. Local Business Environment in Cities.

Running alongside expectations of improved public urban infrastructure over the next decade, 64% of business leaders foresee an increased outlay in recruiting more skilled labour, and 55% predict increased real estate investment (see Figure 5.4). This will further enhance the significance of urban locations for successful businesses, with 65% and 62% of leaders in North America and Asia-Pacific, respectively, emphasising this heightened emphasis on attracting labour and expanding real estate acquisition for their businesses.

Thus, over the decade ahead, business leaders will concentrate on investing in recruitment, and building up their access to skilled, specialised labour. Cities, as ever, will provide the classrooms, offices, and capacity to achieve this. Noticeably, Europe appears to be a significant outlier with regard to business investment into real estate, corporate HQs, and employee campuses, with 68% of its business leaders expecting this investment to remain the same over the next 10 years. It appears that prolonged and strict COVID-19 lockdowns across the continent have forced Europe’s business leaders to pause further expansion plans.

By 2030, how do you expect your investment into attracting talent and workforce will change?

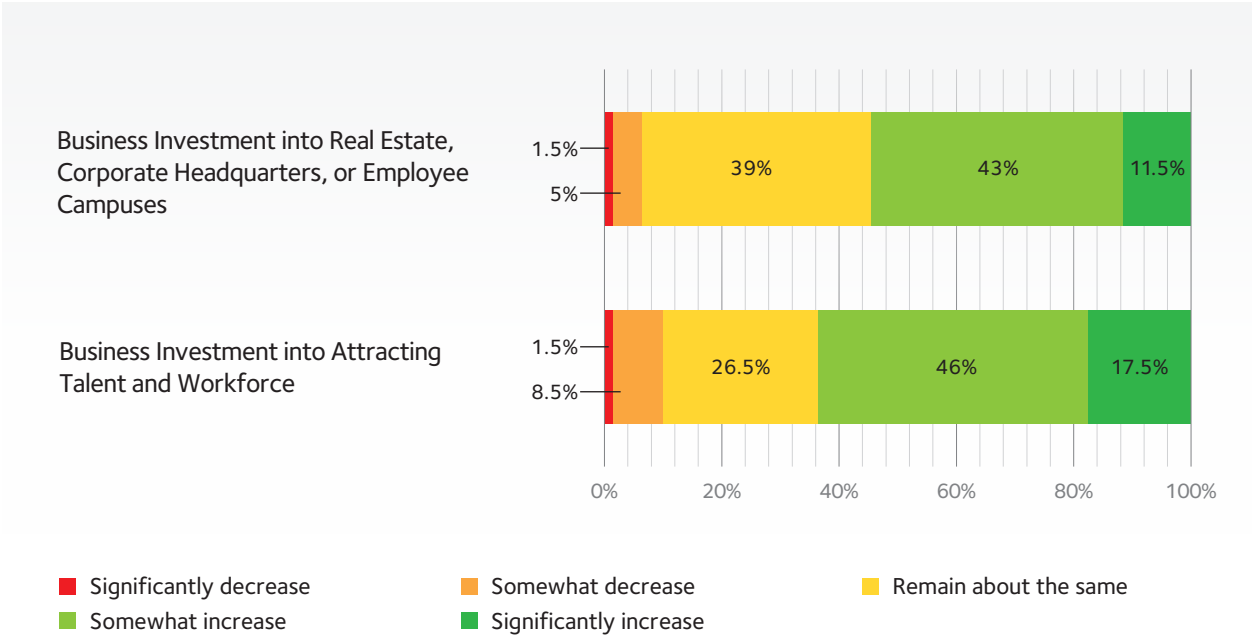


Figure 5.4. Investment into Real Estate and Talent.

The survey indicates a general perception that local and national political contexts will become more pro-business over the next decade. In the core markets surveyed, confidence that political contexts will become more favourable for business is high, with no business leaders expecting a significantly less favourable situation. Overall, 54% of global business leaders agree on this favourable outlook, notably 68% in Europe, and 58% in Asia-Pacific (see Figure 5.5).

The survey does, however, show signs of caution when predicting the impact of political decision-making over the next decade, with 29% of leaders expecting ‘business as usual’, and 17% fearing some form of deterioration. The main driver of this sentiment is North America, where at the time of the survey, only 44% foresaw an enhanced political environment for business development. **Politics matter, and the survey confirms the awareness, and possible weariness, of leaders in confronting the shifting political sands around their business operations. Nevertheless, the majority predict a pro-business context for the decade ahead.**

By 2030, do you expect local or national political decision-making to become more or less favourable for your business?

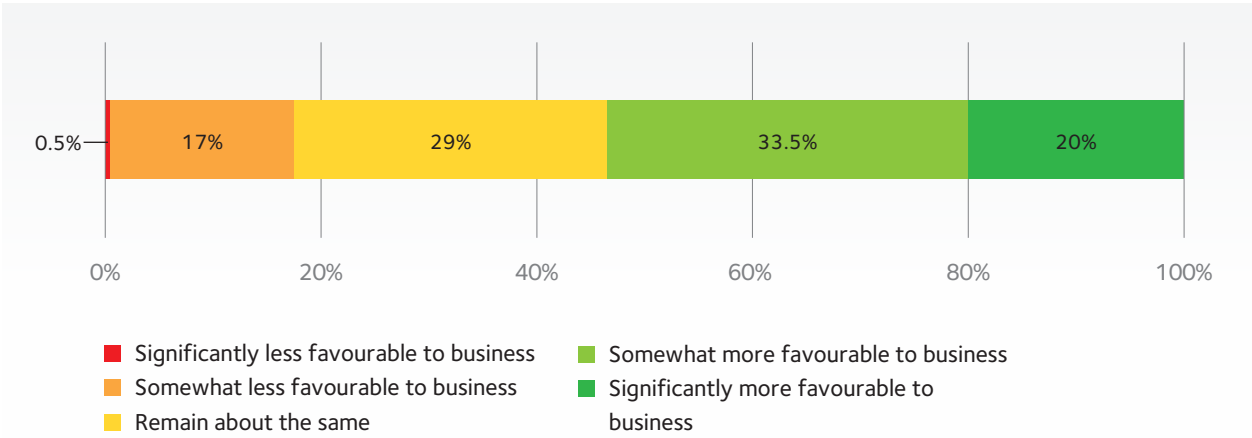


Figure 5.5. Local and National Political Decision-Making and Action.

6 Towards 2030: Urban opportunities and threats. Major investment plans and priorities

- Biggest long-term threats to cities differ across North America, Europe, and Asia-Pacific.
- Global business leaders perceive threats to their cities differently: in North America, they are most concerned about politics and infrastructure; in Europe, the main perceived threats are cyber security and climate change; in Asia-Pacific, in addition to cyber security and climate change, the main concern is about government action and the disconnect between the needs of business and the concerns of politicians.

Which of the following would you say are the two biggest threats to cities over the next decade?

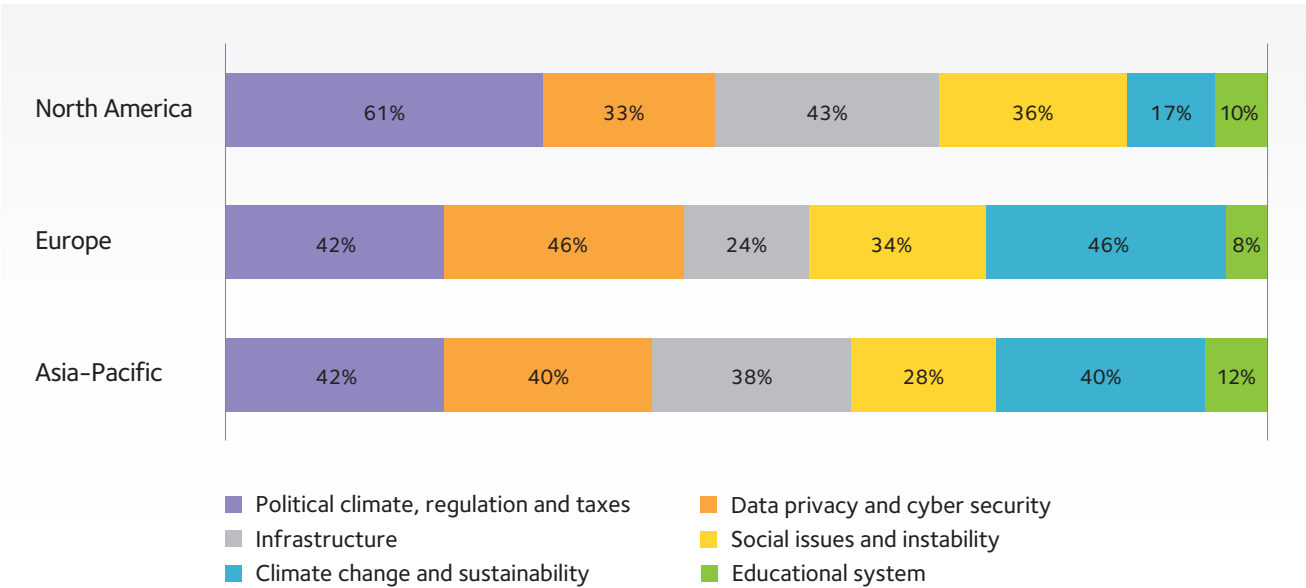


Figure 6.1. Biggest Threats to Cities.

Multiple responses permitted.

C-suite and board members across the world do not consider major threats to cities in the same way. In post-Trump North America, 61% are most concerned about the political climate, regulation, and taxes, whilst 43% fret about the state of infrastructure. Surprisingly, with North America having just experienced its two hottest years on record in 2016 and 2020, punctuated by a series of extreme weather calamities, only 17% of the business leaders across the continent worry about the climate change impact on the natural and built environment. In Europe, data privacy and cyber security (46%) and climate change and sustainability (46%) are the top two threats to urban life. In Asia-Pacific, in addition to cyber security (40%) and climate change (40%), the main worry is about the political climate and government regulation and taxes (see Figure 6.1 above).

Business leaders recognise the potential global and local threats to cities and urban lifestyles, but the overall message remains that as cities thrive over the next decade, so will well-run urban-located businesses. At the same time, C-suite and corporate board members find North American, European, and Asia-Pacific cities attractive in very different ways. In North America and Asia-Pacific, the city as a technology hub is viewed as the dominant driver, with 46% of business leaders in North America, and 48% in Asia-Pacific citing this as the major factor for an urban business (re)location. Access to a good educational system is the second most significant reason for North American business leaders, while tax incentives and a pro-business climate are of equal importance in Asia-Pacific for 40% of those surveyed. For 54% of European business leaders, with proportionately fewer major urban agglomerations and top research-intensive universities, the talent pool is seen as the main driver to attract business to a city, followed by good urban infrastructure (see Figure 6.2).

Which of the following are the two main drivers that could attract your business to a city over the next decade?

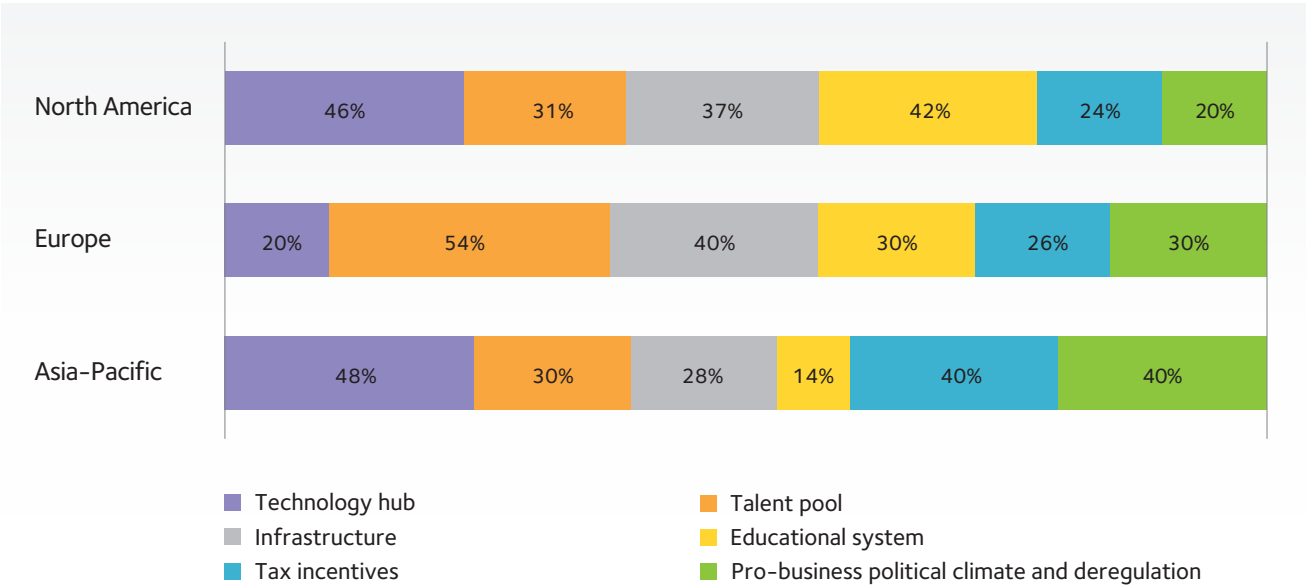


Figure 6.2. Main Drivers to Attract Your Business to a City. *Multiple responses permitted.*

To sum up, business leaders recognise the potential global and local threats to cities and urban lifestyles, but the overall message remains that as cities thrive over the next decade, so will well-run urban-located businesses. The Oxford-Protiviti survey provided a sounding board for the views of global business leaders on the future of cities, and the importance of urban connectivity for their business operations over the next decade. The fundamentals of why cities work, how and why businesses are drawn to, compete, and flourish in cities, and what opportunities lie ahead for these urban centres have been considered across the world’s regions. The outlook for cities and the role of business in shaping our shared urban futures look positive.

7

Looking Ahead

- Business leaders share a very positive view on the increasingly important role of cities for generating successful businesses. Cities will be increasingly more significant as concentrated pools of labour, skills, new talent, and knowledge.
- First-tier, larger, and highly specialised urban economies will benefit most and will increase in importance for business operations.
- Local and national political contexts will continue to be a concern for North American business leaders.
- Second-tier, smaller cities or those without adequate urban infrastructure, including access to excellent technological and educational resources, will find it difficult to compete to attract businesses compared to the cities with either excellence in training or education or successful and innovative infrastructural assets.
- Successful governance at city, regional, and national scales increasingly will have to work with business needs and priorities to maximise the potential for future urban and economic development (which is a particular need for Asia-Pacific).

The survey results indicate that first-tier urban centres, which support the technological and educational needs of business, will continue to be important drivers and incubators for economic growth over the next decade. Despite the impact of the COVID-19 pandemic on societies and economies, well-serviced cities will remain at the core of successful global business operations, as sources of labour, locations for headquarters, and the wider positive aspects that urban agglomeration provides.

The big city is back, and arguably never left during the pandemic-induced hibernation.

Business leaders across the world have responded to say that despite earlier signs of a white-collar shift to move online, home-based work regimes, city locations matter, and will matter more by 2030. As C-suites consider post-pandemic markets and opportunities, the implications of this survey suggest that rejecting or reducing the urban roots of their businesses may have unintended consequences for commercial connectivity and competitiveness. The survey shows that the pandemic has consolidated the urban focus of business, rather than deflected attention away from big cities; thus, the big city is back, and arguably never left during the pandemic-induced hibernation, and the lockdown of urban livelihoods and lifestyles.

In the midst of changing patterns of work and social interaction, business leaders are looking towards cities as their anchor for a successful, profitable future.

The coming decade is one of change for cities and their populations, and businesses – as have been the decades before, and will continue during the decades to come. There are many unknowns. Economies are still dealing with the long-tail impacts of the global financial crisis, and we are only just starting to understand the impacts of the COVID-19 pandemic, which has affected the global economy unevenly due to governmental actions.

Nevertheless, the survey indicated that in the midst of changing patterns of work and social interaction, business leaders are looking towards cities as their anchor for a successful, profitable future. While the fiscal implications and consequences are only now being considered by governments, business leaders are clearly seeing cities as the foundation of their recovery and growth pathways.

Beyond the need to deal with challenges posed by recent events, the impact of technological change is accelerating, due to digitalisation in general, and artificial intelligence in particular. This represents a new vector of challenge to cities that is barely understood by governments and businesses. Again, the survey indicates that current entrepreneurial leaders place cities at the forefront of this rapidly emerging frontier, acting as crucibles for access to new forms of skilled labour and innovation. Artificial intelligence, therefore, has the potential to reconfigure society in ways that previous technological revolutions have not, and the impact on the nature of work, and the level of employment within the timescale considered in the survey has yet to be reckoned with.

Successful public-private partnerships underpin many of the expectations shown in the survey results. Provision of, and access to, efficient and effective forms of urban infrastructure will increasingly lie in the joined hands of cities and business. Just as governments expect business to drive economies, business leaders have expectations, often justified, that cities will provide the urban playing fields for competitive markets, and innovative experiments in urban living.

To conclude, the survey signals that global C-suite and corporate board members share a positive outlook for cities in 2030, and express great confidence that cities will not just be the geographical midpoints of future economic growth, but the epicentres of social, cultural, and behavioural change over coming decades. By default, governments and policy-makers, urban practitioners and entrepreneurs, will recognise their mutual interest in bringing back the bustle to our cities, and building up the urban basis once more for innovation, new business opportunities, and investment.

8

Key Bibliography

- Brueckner, Jan K. (2011). *Lectures on Urban Economics*. Cambridge, Mass.: MIT Press.
- Capello, Roberta. (2016). *Regional Economics*. 2nd ed. London & New York: Routledge.
- Koven, Steven. G, and Andrea C. Koven. (2018). *Growth, Decline, and Regeneration in Large Cities*. London & New York: Routledge.
- McCann, Philip. (2013). *Modern Urban and Regional Economics*. 2nd ed. Oxford: Oxford University Press.
- Parkinson, Michael, Tony Champion, Richard Evans, James Simmie, Ivan Turok, Martin Crookston, Bruce Katz, et al. (2006). *State of the English Cities: A Research Study*. Edited by Michael Parkinson. 2 vols. Vol. 1, London: Office of the Deputy Prime Minister.
- Pike, Andy, Andrés Rodríguez-Pose, and John Tomaney. (2017). *Local and Regional Development*. 2nd ed. London & New York: Routledge.
- United Nations. (2019). *World Urbanization Prospects: 2018 Revision*. New York, N.Y.: United Nations Population Division.
- World Bank. (2009). *World Development Report 2009: Reshaping Economic Geography*. Washington, D.C.: World Bank.
- World Bank. (2021). *World Development Indicators*. Washington, D.C.: World Bank.

Appendix 1: Underpinning Economic Theory

Type of economy of scale			Example			
Internal	1. Pecuniary		Being able to purchase intermediate inputs at volume discounts			
	Technological	2. Static technological	Falling average costs because of fixed costs of operating a plant			
		3. Dynamic technological	Learning to operate a plant more efficiently over time			
External or agglomeration	Localisation	Static	4. "Shopping"	Shoppers are attracted to places where there are many sellers		
			5. "Adam Smith" specialisation	Outsourcing allows both the upstream input suppliers and downstream firms to profit from productivity gains because of specialisation		
			6. "Marshall" labour pooling	Workers with industry-specific skills are attracted to a location where there is a greater concentration		
		Dynamic	7. "Marshall-Arrow-Romer" learning by doing	Reductions in costs that arise from repeated and continuous production activity over time and which spill over between firms in the same place		
			Urbanisation	Static	8. "Jane Jacobs" innovation	The more that different things are done locally, the more opportunity there is for observing and adapting ideas from others
					9. "Marshall" labour pooling	Workers in an industry bring innovations to firms in other industries; similar to no. 6 above, but the benefit arises from the diversity of industries in one location
	10. "Adam Smith" division of labour	Similar to no. 5 above, the main difference being that the division of labour is made possible by the existence of many different buying industries in the same place				
	Dynamic	11. "Romer" endogenous growth	The larger the market, the higher the profit; the more attractive the location to firms, the more jobs there are; the more labour pools there, the larger the market—and so on			
		12. "Pure" agglomeration		Spreading fixed costs of infrastructure over more taxpayers; diseconomies arise from congestion and pollution		

Table A1.1. A Dozen Economies of Scale.

Source: World Bank (2009: 128).

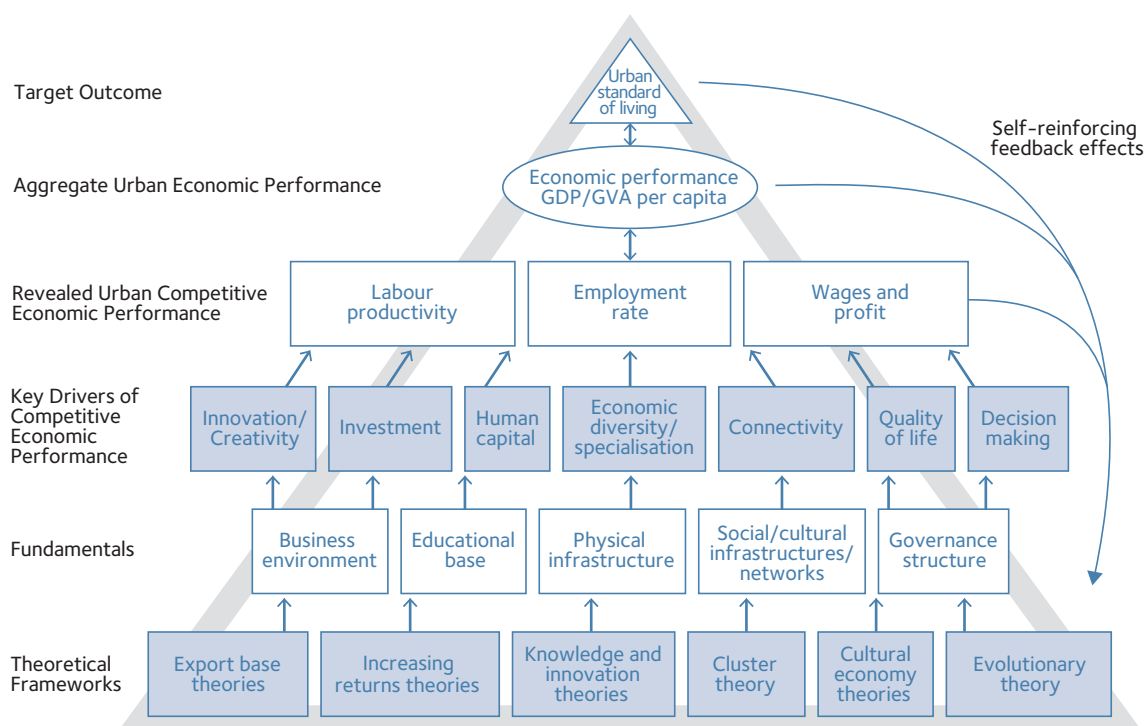
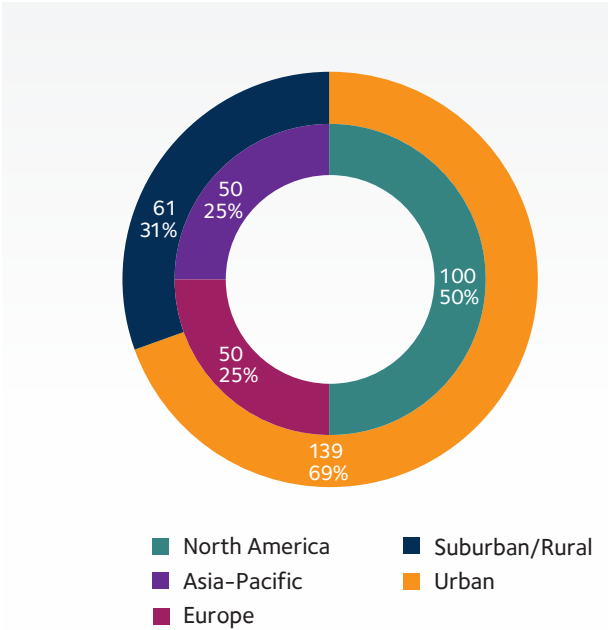


Figure A1.1. Conceptualising Urban Competitive Performance.

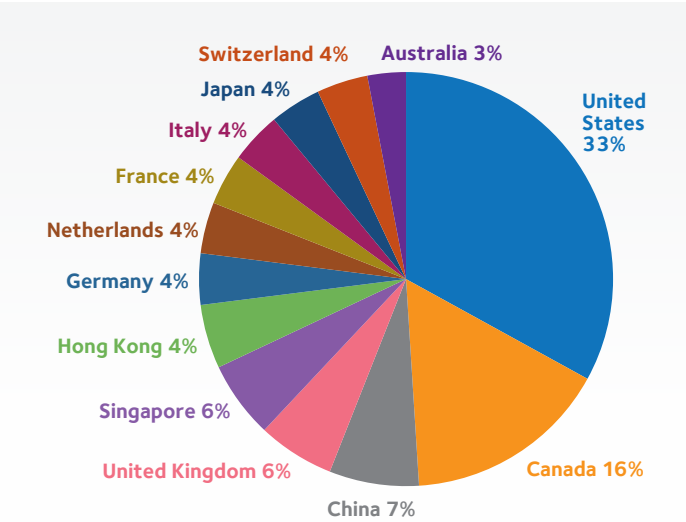
Source: Parkinson, M., et al. (2006: 67).

Appendix 2: Oxford – Protiviti Survey Methodology and Demographics

The Executive Outlook on Cities and Strategy, 2030 survey captures insights from 200 board members, C-suite executives, and business leaders across North America, Europe, and the Asia-Pacific region. Survey participants represent a broad range of industries that span both publicly- and privately-held organisations. Survey data, which was collected in August and September 2021, was obtained via one-on-one computer-assisted telephone interviewing (CATI). Participants were asked a series of questions focused on localisation and urbanisation economies and the drivers of urban competitiveness, as well as a series of demographic questions around the nature, size and geographic location of their organisation and their gender, age and job title (see Figures below). All data was collected confidentially; organisations and individuals were not disclosed.



Figures A2.1. Total sample size by company HQ: geographical region.



Figures A2.2. Total sample size by company HQ: country.

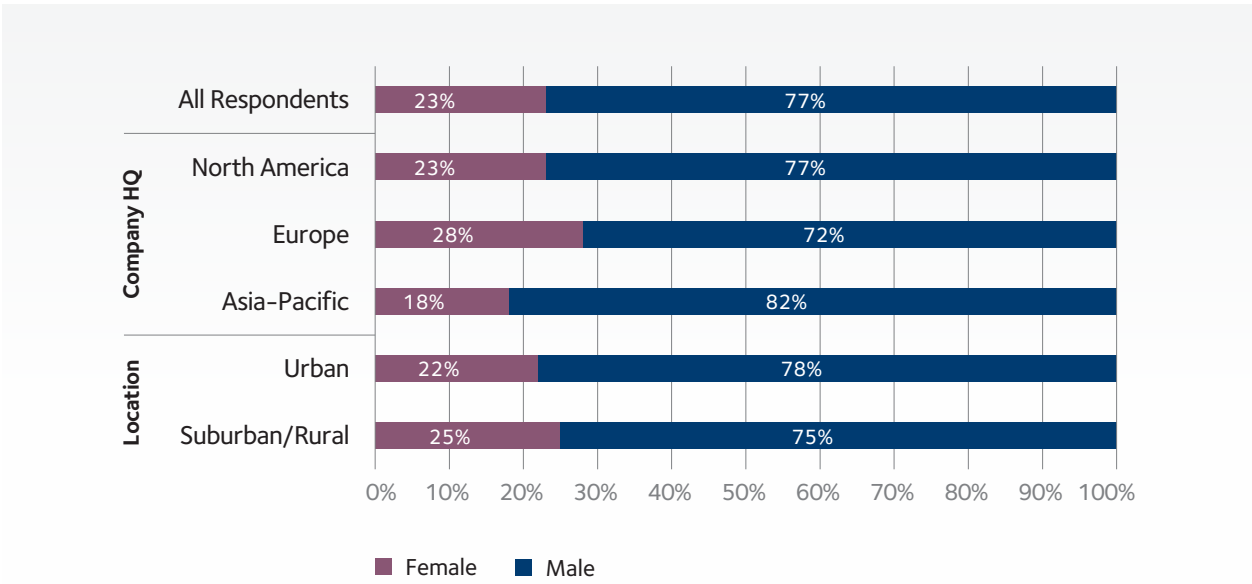


Figure A2.3. Total sample size by declared gender.

Appendix 2: Oxford – Protiviti Survey Methodology and Demographics

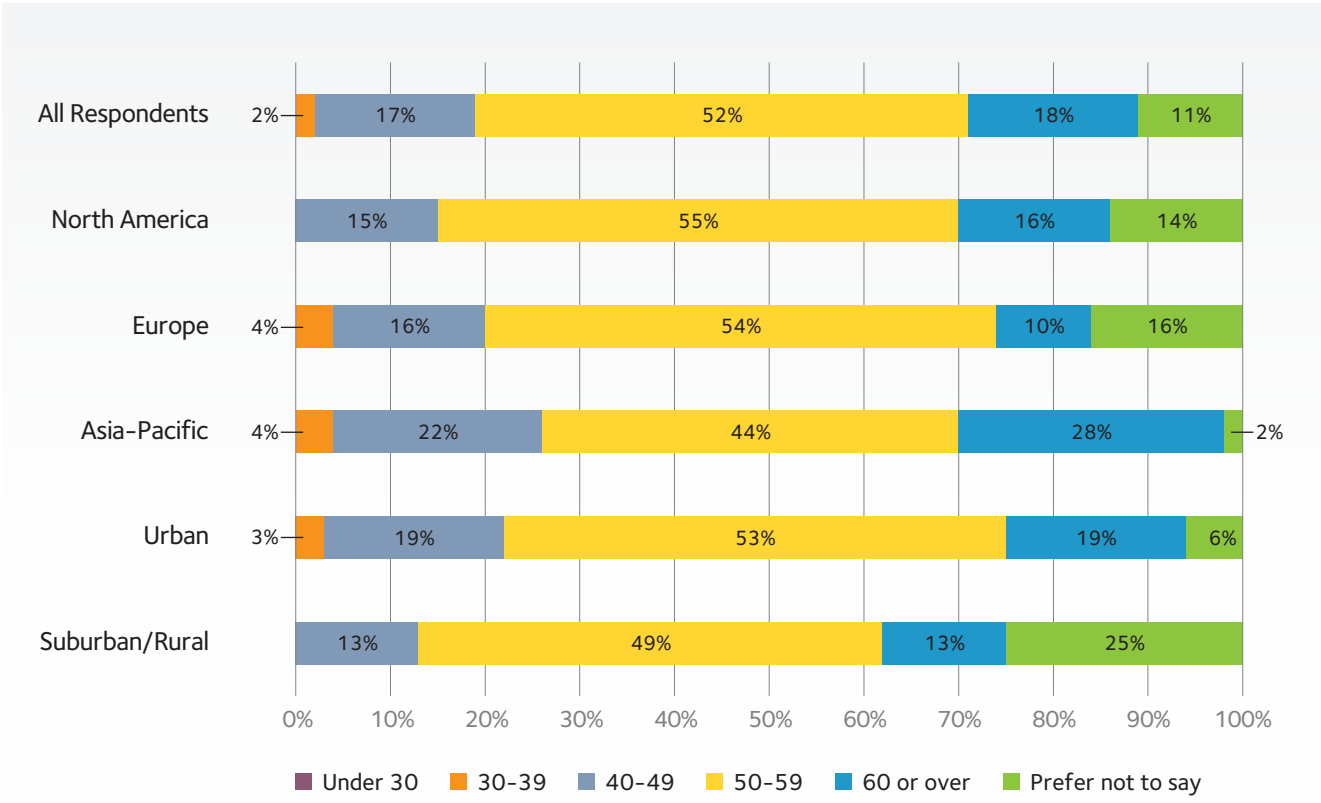
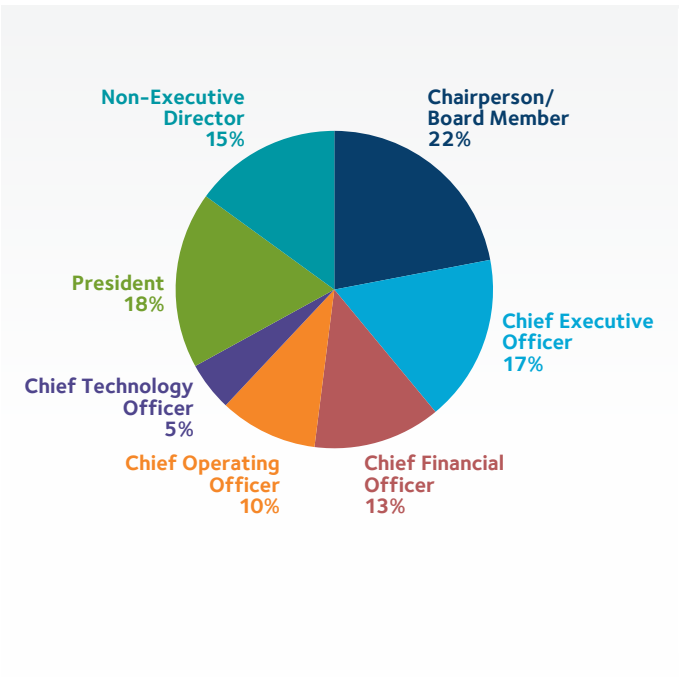
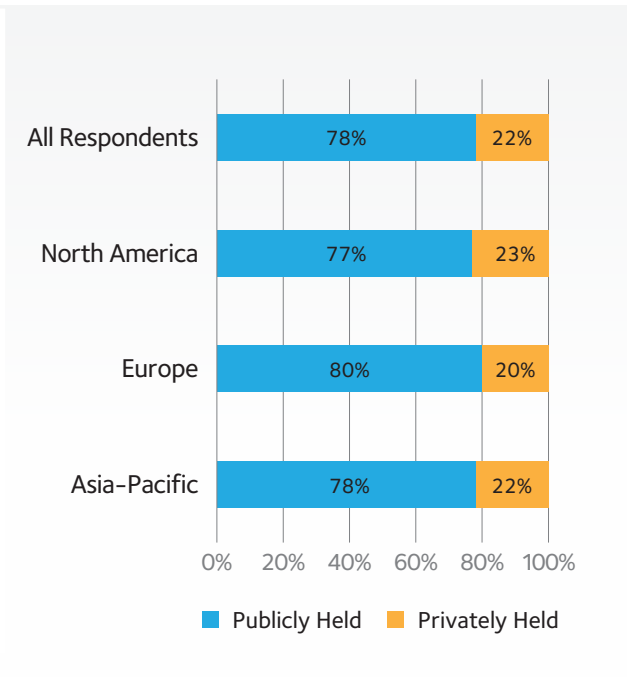


Figure A2.4. Total sample size by declared gender and age.



Figures A2.5.
Total sample size by job position.



Figures A2.6.
Total sample size by organisational type and region.

Appendix 2: Oxford – Protiviti Survey Methodology and Demographics

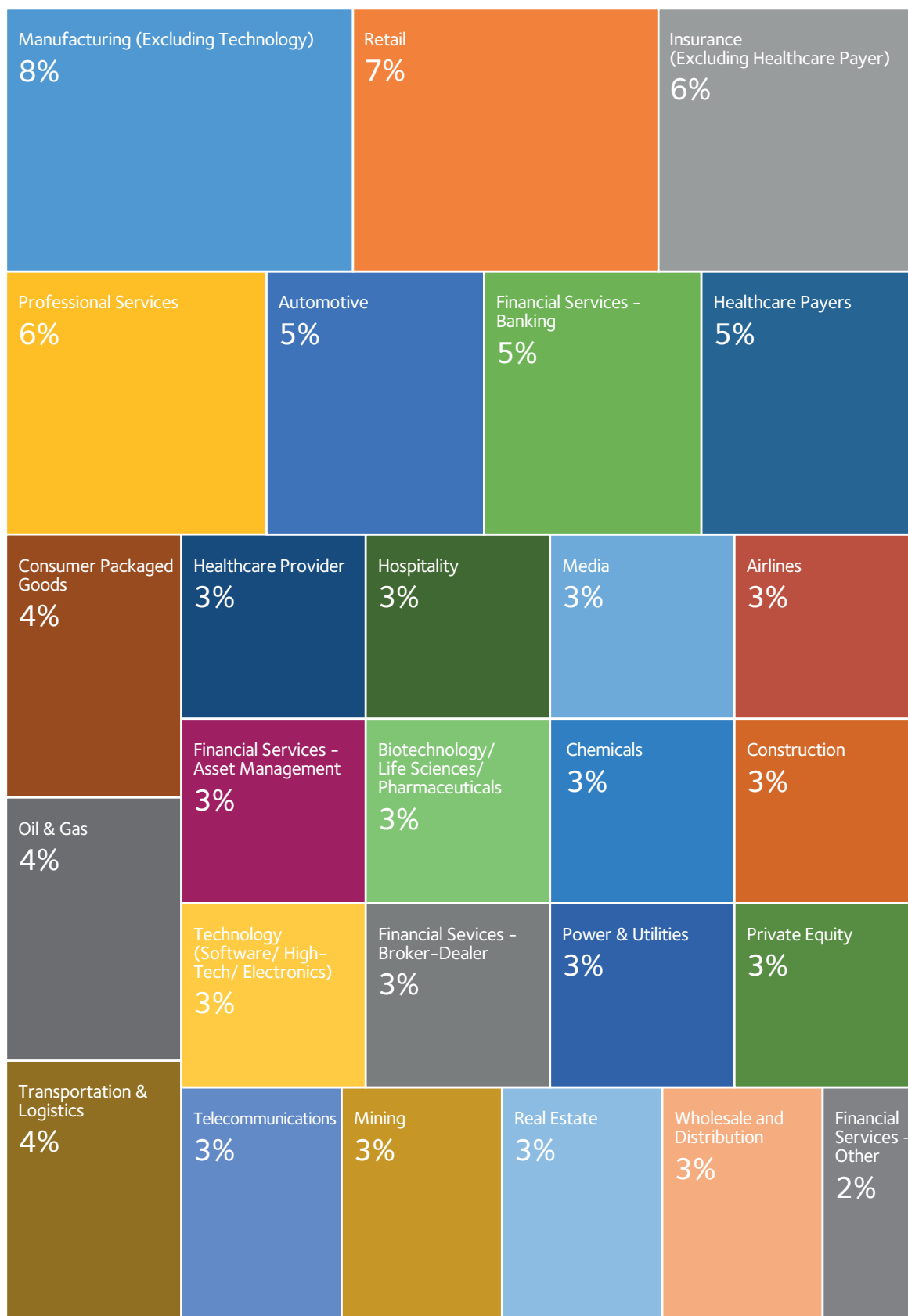


Figure A2.7. Total sample size by industry.

Appendix 2: Oxford – Protiviti Survey Methodology and Demographics

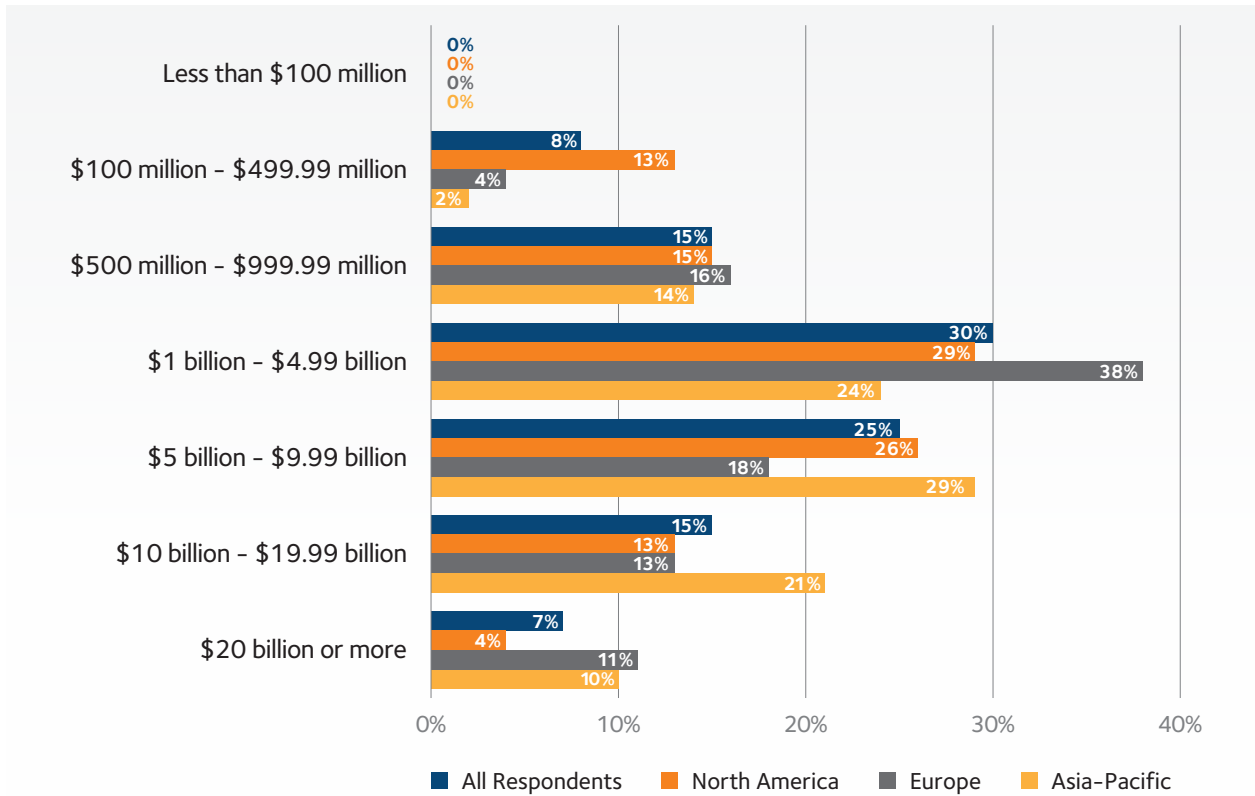


Figure A2.8. Respondents by annual revenue (non-financial services), US\$.

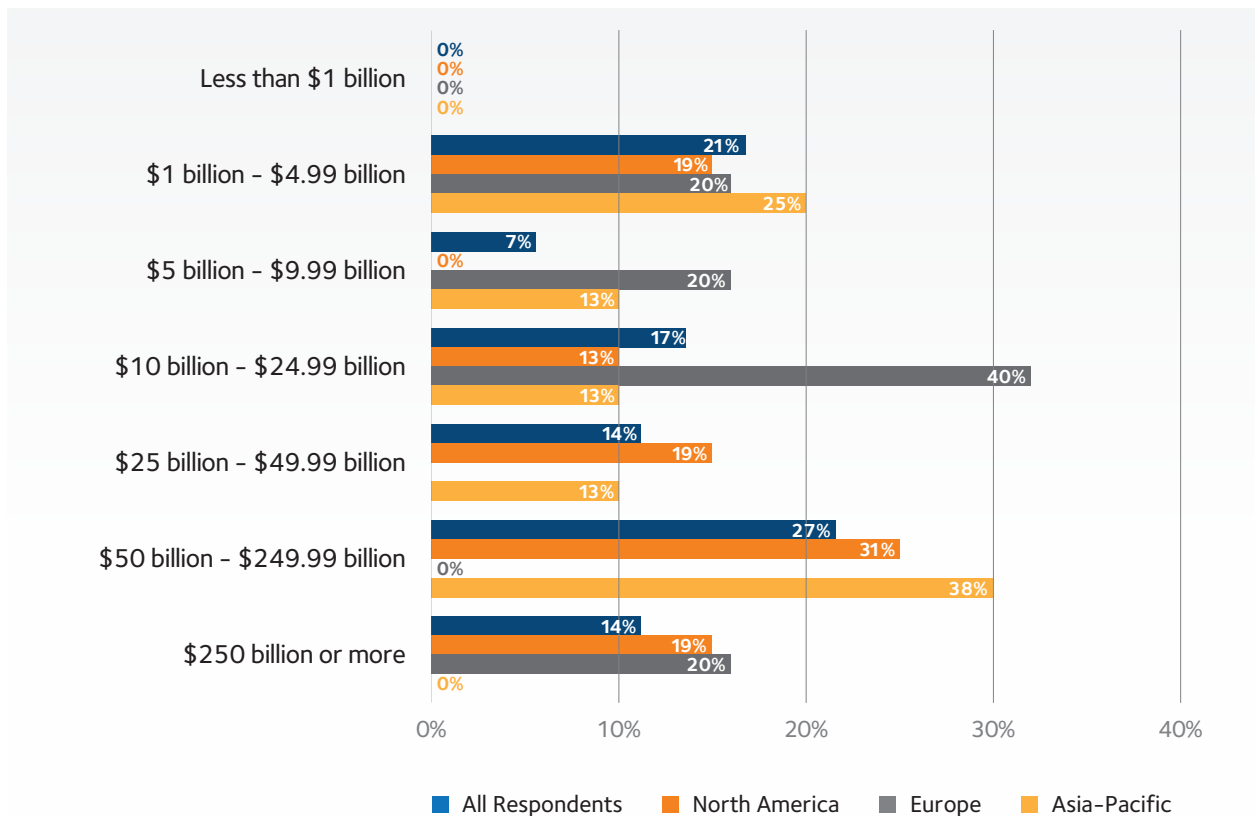


Figure A2.9. Respondents by assets under management (financial services), US\$.



v1.3 Final



Kellogg College
University of Oxford



Global Centre on
Healthcare & Urbanisation

protiviti[®]
Global Business Consulting