



Cities Competing for Talent in the Global Economy

2018 Chicago Forum on Global Cities Workshop Report

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Cities are in a global battle for talent. To thrive in today's tech and knowledge-driven economy, cities must attract cutting-edge businesses and support startups, yet neither is possible without educated workers, innovators, and entrepreneurs. Such people are the engines of dynamic economies, and a handful of cities around the world—notably London, San Francisco, and Singapore—are dominating the global contest for the best. The success of these high performing cities, moreover, is magnifying the pressure on the others.

Attracting and retaining a top tier pool of human capital is a different challenge today than even a decade ago. The supply of skilled labor is finite and increasingly mobile, but more than that, the preferences of young professionals don't conform to traditional patterns. Recent surveys reveal that [91 percent](#) of Millennials expect to stay in their job less than 3 years; [77 percent](#) would consider relocating to a new city; and [42 percent](#) of all self-employed individuals in the US are likely to be millennials by 2020. The creation of a vibrant innovation ecosystem—the goal of every city in this era of globalization, digitization, and automation—demands an understanding, and acceptance, of these changing outlooks.

Strategies to attract and retain talent must involve a complex mix of policies that often lie beyond the control of city governments: education, tax, immigration, and other national-level policies, as well as evolving business practices, to name a few.

Yet, there is much that individual cities can do to get ahead of the competition. These strategies should draw from the following lessons:

- **Understand what talent wants:** To foster a thriving entrepreneurial ecosystem, cities need to play matchmaker by aligning the needs and wishes of young, educated workers with those of the business and investor communities. Foremost, this means creating the conditions for businesses to grow, through infrastructure (particularly global transportation links and high-

speed broadband) and a business-friendly tax and regulatory environment.

Cities also need to understand what attracts young professionals, with a growing focus on quality of life issues, such as affordability, safety, mobility, and access to leisure, cultural, and culinary experiences. When both vectors align, cities can achieve the sort of self-perpetuating, critical mass of young talent that make places like Silicon Valley the “place to be” for young entrepreneurs. Increasingly, cities have access to ever-increasing troves of data relating to tax, employment, new business incorporation, and job sector growth, and these could unearth hidden lessons on the preferences of workers in the new economy, providing a basis for smart policymaking.

- **Create a nurturing environment:** Incubators and accelerators have proven to be a highly effective means of matching young workers with businesses and investors. Chicago’s [mHub accelerator](#), for example, provides unique access to a state-of-the-art manufacturing space where innovators can cultivate investors while gaining invaluable industry mentorship. Cities should welcome opportunities to collaborate with the private sector on these projects.

Incubators and accelerators have proliferated at a rapid pace in a diverse set of cities around the world. The [United Nations estimates](#) that there are more than 2,000 technology incubators and 150 accelerators globally, and many of these innovation hotspots are located outside of traditional OECD economies. Research conducted in early 2018 found that Africa had [442 active tech hubs](#), a 50 percent increase from 2016.

- **Broaden access to opportunities:** Inclusion must be at the heart of any effort to attract and retain talent. To support this goal cities should expand their definition of talent, looking beyond specific degrees or select universities, to incorporate the skills of those urban residents who have followed a less conventional vocational path.

Many European countries [utilize apprenticeships](#) to provide a paid pathway into careers for school leavers, career changers, or those returning to work after an absence. Apprenticeships are quicker to complete and easier to match with rapidly changing industry demands than university degrees, and cities should find ways to support companies that run such schemes. Cities should also facilitate relationships between high schools and businesses, enabling students from all backgrounds to understand the world of work, and imagine themselves in these environments.

Finally, as magnets for immigrants and refugees, cities have a unique opportunity to tap into this broad and varied talent pool. In a global climate that is becoming less tolerant of immigrants, mayors should follow the examples of Chicago’s [Rahm Emanuel](#) or London’s [Sadiq Khan](#), who have emphasized their cities’ openness and tolerance, and challenged restrictive national immigration policies. On a practical level, city colleges and chambers

of commerce can use their resources and connections to match the skills of new arrivals with employer needs.

- **Play to their strength:** Cities should identify those positive attributes that make them distinct and brand their identity around these unique characteristics. This perceptual comparative advantage could be based around a city's climate, universities, cost of living, or industrial heritage, and mayors can use this image to provide a targeted appeal to specific industries or professionals.

Pittsburgh, for example, has reversed the decline experienced by many other rust belt cities, by taking advantage of the world-class computer science programs at Carnegie Mellon and University of Pittsburgh. "[Steel City](#)" is now a national center for advanced computing and robotics and offers tech talent a more affordable and family-friendly alternative to Silicon Valley.

- **Foster a civic culture:** In an age when talent is transient, creating an emotional connection between young workers and their city of residence can pay dividends. Civic institutions, particularly universities, have a long played this role, and cities should facilitate opportunities for businesses, including startups, to build links with these institutions. These links can satisfy the desire, often voiced by [millennial workers](#), for opportunities to have a social impact through their work. They also provide an invaluable means for young entrepreneurs to build mutually beneficial relationships with the city's political and business leadership.

Cities do not compete for talent on a level playing field and every mayor needs to develop their own strategy to attract and retain human capital. For cities, as for individual workers, a future economy shaped by increased global competition and automation has the potential to bring widespread dislocation, stressing the ties that have traditionally bonded people and places. Facing this future, those cities with forward-looking leadership and that are willing to adapt rather than resist change, will be better positioned to attract tomorrow's talent and drive forward prosperity.

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