

Title: 'Attracting and retaining knowledge workers: the strengths and weaknesses of Northern-European cities'

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General theme: S Regional economic modeling

Abstract:

Urban economists have always understood cities as concentrations of jobs, but the interest in cities as concentrations of consumer amenities is of a more recent date. The importance of the subject is generally recognised in the US (e.g., Glaeser et al., 2001; Florida, 2002), but the phenomenon does not seem to be of less importance in Europe. The European context is different from the American, not only because of cultural and institutional barriers, but also because of the larger role played by personal life trajectories and social capital in making location decisions (Martin-Brelot et al., 2010). The European literature on the residential preferences of (international) knowledge workers furthermore shows that it is important to differentiate between educational and occupational groups (Musterd, 2002; Niedomysl & Hansen, 2010), household types and lifestyles (Lawton et al., 2012; Frenkel et al., 2013), since these largely differ the preference for urban or suburban districts and the value attached to cultural amenities. Particularly differences between occupational groups, e.g. creative and technical workers, are striking, since the economic crisis changes the occupational structure of cities, and therefore presumably also residential preferences.

In this paper, we conduct a comparative study of urban development in four Northern-European cities: Amsterdam, Eindhoven Copenhagen and Helsinki. These cities are comparable in scale, human capital is an important driver of the local economy and natural amenities (like a subtropical climate) do not play an important role. All four cities have flourished in the 1990s and early 2000s.

A major purpose of this study is to get insights into the strengths and weaknesses of European cities. The paper focuses specifically on the role of 'soft factors', such as cultural amenities and authenticity, in strategies to attract and retain of knowledge workers. Also attention is given to how these strategies have changed due to the economic crisis.

The analytical part is based on a qualitative research design. Apart from an extensive literature review, in-depth interviews with local stakeholders in the four cities will form a basis for the analysis.



The Hard and Soft side of European Knowledge Regions



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'Higher Educated Location Preferences' (HELP)

- NWO-funded, Urban Regions in the Delta Programme, cooperation UvA / VU University Amsterdam
- Changing economic structure → changing occupational structure → which housing preferences do these groups have? How can they be accommodated?
- Difference between stated and revealed preferences
- 3 goals: 1) understanding preferences, 2) construct model for location choice of households in urban areas, 3) optimising urban/spatial policies
- Meta analysis: literature review, qualitative study in 4 cities: Amsterdam, Eindhoven, Copenhagen, Helsinki

Literature review

- Since 1990s: transformation to 'new economy': shift from physical capital to human capital
- 'Urban turn' in spatial policy, stimulated by EU Lisbon Agenda (2000)
- Cities with strong creative sectors profit most from globalisation (Scott, 2006)
- Growing importance of 'soft' location factors: quality of life and place

Location theory: 3 strands

- Classic location theory: capital, skilled labour force, infrastructure, institutional context
- Social capital and personal networks
- People-based perspective: good people's climate drives economic growth

People-based perspective to economic growth

- Creative Class Theory (Florida, 2002)
- Human capital and (climatic) amenities drive urban growth (Glaeser et al., 2001)
- Amenities are principal drivers of growth (Clark et al. 2002)

- Critics: US-centered, underestimation of employment and personal trajectories, overestimation of soft conditions

Residential preferences of European knowledge workers

- General: location decisions in Europe steered by employment opportunities and personal relations
- Soft conditions play –if at all— a secondary role, and not more for knowledge workers than for others (e.g. Martin-Brelot et al., 2010, Handen & Niedomysl, 2009)
- Differences in preferences steered by age, life phase and lifestyle: age <35 and ‘bohemians’ more urban, careerists and families more suburban (e.g. Hansen & Niedomysl, 2009; Frenkel et al., 2012; Andersen et al., 2010)
- Observed, but disputed, differences between occupational groups: cultural industries highly urban (Markusen, 2006), ICT more mixed (Van Oort et al., 2003)

The attractiveness of 4 European cities for knowledge workers



The attractiveness of 4 European cities for knowledge workers

- Amsterdam and Eindhoven (The Netherlands) → main cases of HELP project
- Copenhagen (Denmark) and Helsinki (Finland) → international comparison
- High focus on human capital and new economy, comparable climate, comparable size (except Eindhoven)
- Interviews with local experts: academics, policy advisors, project developers

Amsterdam M.A.: 'I Amsterdam'

- + Very diverse economy → attractive to many
- - But perhaps *too* diverse: no excellent sectors
- + Accessibility: Schiphol as hub
- + high scores on quality of life: authentic inner city, large cultural offer, tolerant image, diverse and international population
- -- Problematic housing market: expensive, difficult to enter, hardly middle segment → exclude lower incomes
- + for higher income groups and families, more highly urban residential milieus are available (waterfront developments)
- - complaints about 'dulling' of inner city due to restrictive policies

'Brainport' Eindhoven

- + Strong but specialized economy: large high-tech firms and ecosystems (e.g., Philips, ASML)
- + Recent growth in creative clusters (design)
- + Strong p.p.p.'s in Triple Helix
- - Small scale: lack of critical mass, shortage of labour → dependence on international workers
- - Lack of urban atmosphere → 'large village'
- + Large supply of family dwellings in green area
- + For city of 200,000 good cultural offer → events
- + Tradition with in-migration → tolerant attitude

Copenhagen: 'The Human Capital'

- + Strong cluster policy: Medicon Valley, lifetech
- + Accessibility: low level of congestion, excellent public transport, good airport
- - High intraregional competition
- - Restrictive immigration policies → conflict with needs of local business
- - Closed society, no international 'vibe'
- + Safe city: low (but rising) levels of crime, social equity
- + Good cultural offer
- - High costs of housing and living
- - Uniform urban policies threaten diversity

Helsinki

- - Strong IT specialisation → perhaps too strong?
- + But: rise of gaming sector + stimulating entrepreneurship compensate job losses Nokia
- + Strategic location (Russia, Baltic region)
- - Closed society, not very international
- - High housing prices and costs of living
- + Safe city, high equality
- + Good cultural offer, flexible policies regarding events
- - Climate → but 'Nordic oddity' as unique strength?

Where do knowledge workers live?

- No clear concentration patterns of highly-educated workers per se in all 4 city regions → depends on income, age and lifestyle
- Exception: creative workers/ cultural industries → in city centre and surrounding neighbourhoods, and transformed industrial heritage sites
- Creatives need 'buzz' → mingle with others to get ideas and projects

Conclusions

- *The* knowledge worker does not exist: differences between creatives and technicians / differences regarding demographic features and lifestyle
- Hard factors (work) and personal trajectories outweigh soft factors → but necessary as secondary conditions
- On soft side, housing is most important, and problematic in all four cities
- Paradox: uniform urban policies might make city less attractive and/or accessible for people with most urban preferences

Future research

- Survey on knowledge workers in Amsterdam and Eindhoven → stated preference model
- 400 in each city:
 - 100 in advertising
 - 100 in technical sector
 - 200 in control group (general highly educated)
- Follow-up on internationals and expats

Thank you for your attention.

Questions?

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