Cities of the Future

By Luk Van Wassenhove , INSEAD and Chris Howells, INSEAD Knowledge

Globalisation has meant urbanisation, and by 2050, 70 percent of the world's population will be living in cities. What should we do to survive and thrive in this brave new world?

In just half a century, the island nation city-state of Singapore has transformed itself from a fishing village to a global financial centre, hailed as a bastion of urban livability, environmental sustainability and economic efficiency. In 2012, it ranked first in the World Bank's Ease of Doing Business Report, fifth in Transparency International's index of least corrupt nations and number three in INSEAD's Global Innovation Index.

But the city's defiance of conventional wisdom that growth is accompanied by deterioration in the environment extends past the economic justification. As its population has grown, so has its green cover. Contrary to popular belief, the physical environment has been the unsung hero of economic sustainability, according to new research at INSEAD, which opened its Asia campus in Singapore in 2000.

City in a Garden

"You cannot attract highly educated people and become a knowledge centre if you have a lousy environment," **Van Wassenhove**, Henry Ford Chair in Manufacturing and Academic Director of the INSEAD Humanitarian Research Group, told INSEAD Knowledge during an interview to discuss his case study, *Singapore - City in a Garden: A Vision for Environmental Sustainability* which was co-authored by Ravi Fernando, Executive in Residence at the INSEAD Social Innovation Centre.

"Singapore had the foresight to realise very early that they didn't have resources. They didn't have water, they didn't have energy. So they were forced from the start to include sustainability in their thinking. They understood that economic sustainability for them was tightly linked to environmental sustainability and now in the future social sustainability."

While Singapore can arguably bask in its glory, it can by no means rest, as it now grapples with challenges similar to those of other developed and developing cities.

Changing challenges

The residents of today's rapidly globalising urban centres have a different outlook from that of their parents. They don't necessarily see the environment improve on a daily basis, and at times it may seem to get worse, Van Wassenhove says. "There can be a lot of noise, a lot of construction, a lot of traffic jams, you name it. These populations have challenges the previous generation didn't have. And they want to have more of a say in how the city or the state is being run."

"You combine that with advancements in technology and new media and you can see how that can lead to social unrest, even in Singapore," he adds.

It's a phenomenon affecting many bigger countries with increasing urban populations. They are expecting not only to be heard but also to be catered for.

"You think about the middle class in China, the middle class in India and you think about their consumption power, it is explosive," says Van Wassenhove. "It's good that these people get out of poverty but the constraints they're going to put on resources are just enormous. Sustainability is no longer a luxury; it is something that business will have to deal with because it's going

to become an important element of their licence to operate."

Movement on the ground

Administrations around the world - some of which lacked the political will and unity to act previously - are starting to move towards sustainability, both in infrastructure and environment.

The infamous traffic in Indonesia's capital city, Jakarta, led to the first phase of a Mass Rapid Transit (MRT) rail system to alleviate the strain on roads, to be announced this year. But the decision was 26 years in the making.

Mumbai built the now-famous "Sealink" bridge to divert traffic away from the gridlock of the city and along its coast – again, after much delay and dispute.

These ad hoc, reactive measures are themselves not sustainable says Van Wassenhove. "There's still the issue to develop a longer-term plan rather than chaotic management of cities. There may still be the issue of resources, where are the resources going to come from? Maybe companies can help by helping to create business which would generate economic resources."

This was reflected by Mohandas Pai, chairman of Manipal Global Education Services at the recent **INSEAD India Business Dialogue in Mumbai**. "If you go to China you see beautiful infrastructure, you see everything that works and you come to India, you see India as it is; naked. Good infrastructure, bad infrastructure, poverty on the streets, but when you meet the Indian corporate sector, when you meet the Indian business people, when you meet the entrepreneurs, you are shocked by their quality, their ability to create strategy, their ability to execute and their ability to bring scale," he said.

Collaboration

"There's certainly a role for business to be played here," says Van Wassenhove, noting the need for cities and business to work together in areas such as supply chain management.

"Companies can come up with intelligent solutions to many challenges, assuming city government is willing to collaborate with them. Modern technology can also play a part. It allows us to do things today that couldn't be done 10 years ago. That's where the IBMs (and other big ICT corporations) come in. They can help with logistics and looking at how space

is being used over the 24-hour day. They are able to assist in better matching supply and demand and come up with original solutions in terms of water, health and energy."

"It's in the long-term interests of companies to work with administrations, governments, NGOs and social entrepreneurs to help cities and countries develop. Working in cooperation, huge improvements are possible."

Talent management

This collaborative spirit can also be adopted in the public sector. As Singapore demonstrates, inter-departmental cooperation is one of the reasons starting a business in the country is so easy. Instead of working in silos, Singapore ministries are linked through shared talent. Incentives are based on working together and they achieve results, says Van Wassenhove. The country's zero tolerance for corruption also adds to the public sector's efficiencies.

"The challenges we are looking at are very much cross-disciplinary. You have to have people who understand the different issues. Another thing Singapore has been smart about is ensuring some of the best paid jobs and some of the smartest people are in the public sector. There's strategic rotation of these talents through all the ministries so they understand each other's concerns."

Central management

Key to addressing challenges relating to sustainability and social harmony is control over land ownership. With its centralised government Singapore was able to rearrange the land and make decisions on what to develop and where. In the 1950s and '60s Singapore was able to relocate people living in poor housing in the city centre. As a city-state with limited land available, strategic planning and zoning was vital, urban "sprawl" was not an option. Today many cities are taking this high rise approach, but only after grappling with congestion and overcrowding on the ground.

But central management does not apply everywhere. Van Wassenhove advocates more autonomy for cities in bigger countries where central directives are often more difficult to follow or apply. "You have to think about perhaps giving cities more autonomy, somehow you have to think about the long-term issues that should be taken out of short-term politics... I also believe that it is important for cities or city governments to listen much

better to their people that live in cities and modern technology has allowed that...They will have to think about how we can put competencies together, rather than having this siloed mentality and how to develop and retain talent."

Jane Williams, Editor, Knowledge Arabia, contributed to this article.

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About the author(s)

Luk Van Wassenhove is an Emeritus Professor of Technology and Operations Management and the Henry Ford Chaired Professor of Manufacturing, Emeritus at INSEAD. He leads the **INSEAD Humanitarian Research Group** as the academic director.