The Future of Work and Employment Policies in the Comunitat Valenciana

Research and Proposals for a Transitional Strategy

GENERALITAT VALENCIANA
TOTS A UNA VEU
LABORA
Servei Valencià d'Ocupació i Formació
Autonomy

Autonomy

Autonomy is an independent, progressive think tank that provides necessary analyses, proposals and solutions with which to confront the changing reality of work today. Our aim is to promote real freedom, equality and human flourishing above all. To find out more about our research and work, visit

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Forward

During the last years, since the arrival of the new progressive government in the Generalitat Valenciana, from the Valencian Public Employment Service (LABORA), we have been
trying to address a comprehensive process of modernization and integral rethinking of the institution and of active employment policies in the Valencian Community.

Initially, we fostered a participation initiative (#NouServef) aimed at directly dialoguing with citizens and companies about the needs and expectations that they had towards our public service. As a result of this work, there was a change of image, brand, and the implementation of a new office model, "Espai Labora".

At the same time that we carried out this work of a more internal nature, aimed at transforming the institution, we became aware that there were a whole series of structural changes that affected or would affect the Valencian labor market and that they had to be addressed and debated.

With this purpose, we organized in June 2018 the "Waiting for the Robots" day, which brought together dozens of experts and experts to discuss the challenges and opportunities that the future of work could offer in the Valencian Community.

Through these days, we got in touch with Autonomy, a young British research group that had been making bold proposals in the United Kingdom about the transformation of the labor market and the approach of new employment policies of a transformative nature.

So, as we were and are convinced that the future is not a destiny but a multiplicity of options that we take and where politics has a lot to say, we initiated a process of joint reflection with Autonomy in order to generate new ideas and proposals to discuss the need to raise new objectives for employment policies in the Valencian Community.

The document that is in your hands today is precisely this, a battery of proposals and ideas in the process of preparation that start from a diagnosis of global trends that affect us or can affect us in the near future.

We want to share it with you, in a transparent way, so that you actively participate in this debate, because thinking critically about the future, with optimism, is today an almost revolutionary act.

Enric Nomdedéu i Biosca

Vice-Minister of Employment
Generalitat Valenciana

Introduction

This report is an analysis of the future of employment in the Valencian Community. It proceeds in light of an overview of the trends and transformations that will likely come to determine the direction of travel of the economy and of the different types of enterprise in the region more specifically.

This document is also, in part, a strategy document. Based on our analysis of the demands that will be placed upon the Valencian economy in the next few years and decades, we propose a set of coherent directions that the economy should be taken in, with the guidance of appropriate policy, collaboration and initiative.

The structure of the report is as follows: we first provide an overview of the Valencian economy, touching on the composition of the economy, GDP, employment demographics, various existent inequalities and business growth. We then bring this analysis together with observations on broader trends perceived across OECD (and global) nations that we expect to have an impact also in Valencia: these include the threat of automation, ageing populations and changing climate conditions.

Following this account, we articulate four aims for the Ministry of Employment in order to help futureproof the Valencian economy (See Section 2).

- **Encourage decent employment**
- **Guard against seasonal cycles and technological shocks**
- **Guard against a crisis of care**
- **Anchor the Valencian economy in environmentally sustainable practices**

In order to achieve these aims we advocate a detailed, transitional strategy made up of diverse tactics. This entails expanding the function of the Ministry of Employment beyond its current practices, to become a 'foundation' for the Valencian economy in a number of concrete senses (See section 3).

In the final section (4), we outline a number of concrete proposals which would embody the strategies and aims laid out in the previous sections. These proposals pertain in part to what the new 'foundational' strategy of the Ministry of Employment would actually be, at the ground-level of the Valencian economy. Other simultaneous proposals include shifting the business culture in The Comunitat Valenciana towards shorter working hours and a new, sustainable work ethic.

In many ways, this document builds on some of the already-existing, progressive work of the coalition government, and also looks beyond these first steps towards more radical, but necessary, reform.

1.

The Valencian Economy: an overview

The Valencian Economy: an overview

This section reviews the state of the Valencian economy, its strengths and weaknesses, and the challenges and opportunities that future economic and demographic trends will present.

Overview: GDP and income per head

The Comunitat Valenciana was badly hit by the global financial crisis of 2008 and its aftermath. A regional property boom turned to bust. Unemployment rose sharply to 30% and the local economy came under intense stress. This reflected a longstanding and important trend of the Valencian regional economy; its business cycle is more volatile than the economy as a whole. Its GDP fell by 14% from its pre-crisis peak compared to 10% Spanish average, though it has increased by 14% since the pre-crisis trough, more than the Spanish average.

As a result, the region has enjoyed solid GDP growth in the past half decade, above the Spanish average as a whole; it has recorded growth above 3% for 5 years in a row. The Valencian Community's economy has a gross domestic product (GDP) of €104.6bn in 2016.[1] This represents 9.4% of the Spanish GDP, making it one of the largest regional economies in Spain.

1 Source: Eurostat.

Nonetheless, despite being a vital part of the Spanish economy, GDP per capita is below the national average (€21,201 versus €24,039) and below the EU-28 average (€29,144). Similarly, when measuring GDP per capita in Purchasing Power Standards, the Valencian Community ranks below both the national (26,700) and (29,200) EU-28 averages.[2] Salaries in the Valencian Region are 15% lower on average than in Barcelona and 21% lower on average than in Madrid.

The city of Valencia itself, the main economic hub of the region, has a substantially lower GDP per capita than other major Spanish cities, and is among the poorest 25% of metropolitan areas in the OECD.[3]

2 Source: Eurostat.

3 OECD (2018a)

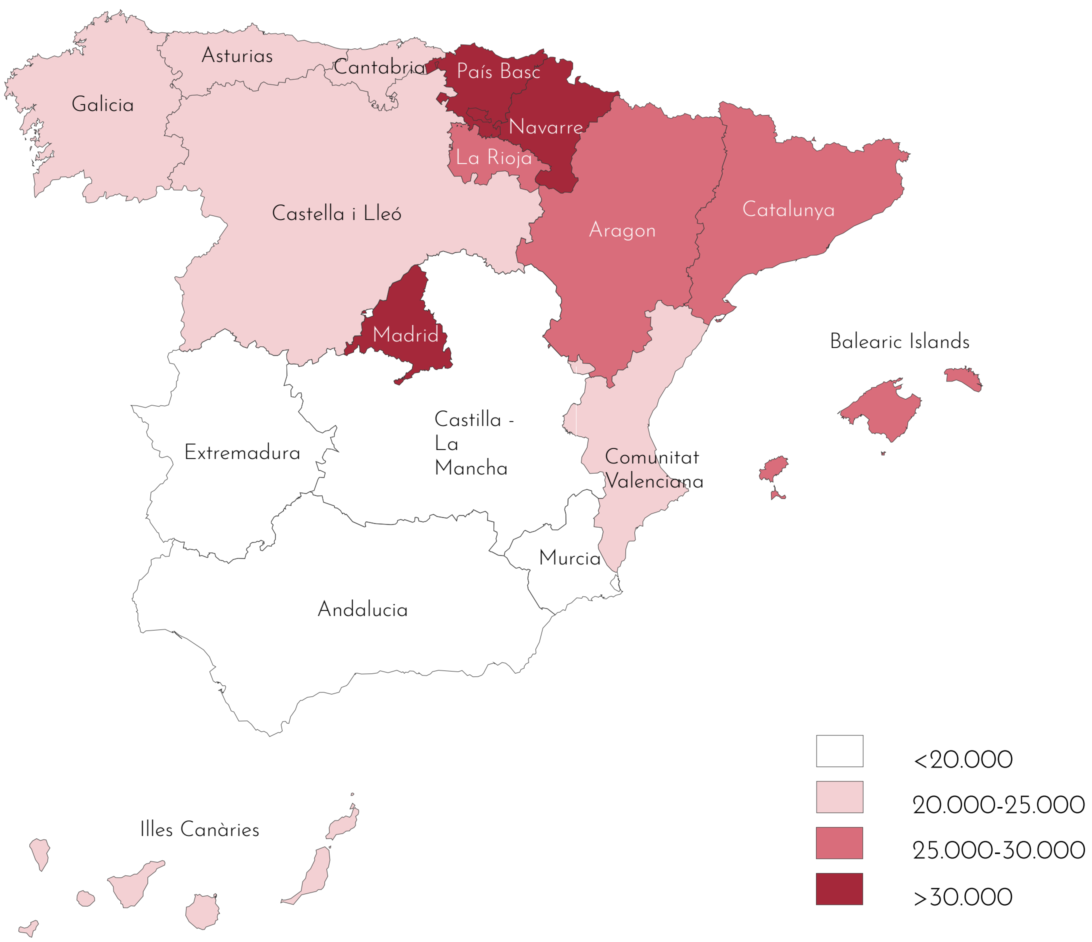


Figure 1: **Spanish per capita GDP from a regional perspective.**
Source: Artola, C. et al., (2018) 'Monitoring the Spanish Economy from a Regional Perspective: Main Elements of Analysis'

Composition of the economy

Services accounts for an estimated 71% of regional GDP, industry roughly 19.8%, construction 6.7% and agriculture 2.4%. This compares with 73.3% of Spanish GDP from services, 18.1% from industry, 5.8% from construction, and 2.9% from agriculture.[4] The tourism sector accounted for a higher than average share of this at an estimated 13%, with 7.8 million foreign tourists visiting the region in 2016.

The Valencian economy is highly integrated into the wider European and international economy. 27% of The Comunitat Valenciana's GDP is related to exports compared to only 23% for the country as a whole. Exports have increased by 42% since 2011, compared to only 18% for Spain. It has a strong and diversified export base, with over 22,000 companies exporting goods and services.[5]

Despite the rise of the service economy, manufacturing and industry still accounts for one-fifth of gross value added. The Comunitat Valenciana's industrial base has a series of important features:

- While there are a number of significant companies underpinning Valencia's industrial cluster, it is primarily made up of

4 Artola, C. et al., (2018) 'Monitoring the Spanish Economy from a Regional Perspective: Main Elements of Analysis'

5 Valencian Investment Desk (2019)

small and medium enterprises.

- Internationally competitive and export-focused clusters in ceramics, agrochemical products, food and beverages, footwear, automotive, chemical, building materials and textiles sector.
- The automotive industry is particularly important in terms of exports, accounting for just over a quarter of the region's exports. The Ford plant is one of the most efficient in Europe.
- Exports are internationally focused. The relative weight of sales to emerging countries (BRICS and Next-11) is higher than the weight of Spanish exports to these destinations, with an increasing proportion of medium-high technology products.

While the agricultural sector is small, it is relatively significant. It accounts for 14% of the total of Spanish agricultural exports, the third largest among Spanish regions, with around 2,000 companies in the Valencian Region's food industry.

The Valencian Region is also the fourth largest recipient of direct foreign investment, 5% of the national total.

In terms of investment, according to Eurostat, in 2015, regional expenditure on Research & Development (R&D) is at €1,01b, which represents 1% of the regional Gross domestic product (GDP). This is below the Spanish average (1.22%) and below the EU 28 average (2.04%), although these figures have been growing since 2013. The regional expenses in R&D represent 7.7% of Spanish total R&D expenditure.

Region	Agriculture	Industry	Construction	Market Services	Non-market services (a)
Andalusia	6,6	12,8	6,5	51,9	22,3
Aragon	5,4	24,9	6,1	44,7	18,8
Asturias	1,6	22,5	6,8	49,5	19,6
Balearic Islands	0.5	7,2	6,2	70,5	15,6
Canary Island	1,3	7,6	5,4	65,7	20,0
Cantabria	1,6	23,0	6,8	49,5	19,1
Castilla Leon	4,5	22,8	6,3	44,0	22,5
Castilla La Mancha	8,5	21,8	6,9	41,7	21,0
Catalonia	1,1	22,1	5,0	56,8	15,1
Valencian Com.	2,4	19,8	6,7	53,5	17,5
Extremadura	8,9	14,5	7,4	41,5	27,7
Galicia	5,6	20,8	6,8	48,0	18,7
Madrid	0,1	10,8	4,5	68,8	15,8
Murcia	5,6	19,8	6,2	48,0	20,5
Navarre	3,5	32,8	5,4	41,0	17,3
Basque Country	5,6	19,8	6,2	48,0	20,5
La rioja	6,1	28,7	6,0	42,1	17,1
Spain	2,9	18.1	5,8	55,0	18,3

Table 1: **The Composition of Spanish Regions.**
Source: Artola, C. et al., (2018) 'Monitoring the Spanish Economy from a Regional Perspective: Main Elements of Analysis'

Employment and labour market

In the 4th quarter of 2018, there were 2,062,000 people employed, 344,000 unemployed people in the region and 1.7 million economically inactive. In the final quarter of 2018, 73% of the population were employed in services, 16.7% in industry, 6.8% in construction, and 3.3% in agriculture.[6]

Almost half of people employed worked between 35 and 44 hours; a quarter less than 35 hours, and roughly 10% worked more than 45 hours a week. An ordinary monthly wage in euros in the third quarter of 2018 was 1,508; in industry it was 1,677, in construction 1,486, and in services, 1,468.

Labour market participation rates between men and women can differ drastically, with inactivity rates for women sometimes reaching 42% in comparison to 16% for men.[7] This can be down to women taking on much of the childcare responsibilities of families, taking them out of formal employment. According to the OECD, the impact of having children reduces women's total career length by one-third in Spain, and women are far more likely to enter part-time employment which generally offers lower wages and less opportunity for career progression.[8]

Unemployment peaked at 28.1% in 2013, but has since fallen to 18.2% in 2017.[9] Nonetheless, the unemployment rate in the region in 2017 is slightly higher than the national rate (17.2%) and significantly higher than the EU 28 average (7.6%).[10]

Younger people are particularly hard hit by unemployment levels (see Table 1). This is not unique to The Comunitat Valenciana; youth unemployment in Spain is roughly 40 percent compared to an EU average of 15.2 percent, while more than 70 percent of young workers in the country are working under a temporary contract (compared to only 13.1 percent for workers aged 25-49).[11]

Employment rates among the young and old are particularly low.

	3rd quadrimester of 2018		
	Valencian Community		
	Total	Men	Women
Total	49,8	56,3	43,5
Between 16 and 24	23,1	24,9	21,2
Between 25 and 34	71,1	76,8	65,3
Between 35 and 44	79,5	85,3	73,7
Between 45 and 54	74,9	82,8	66,8
Aged 55 and above	22,5	28,1	17,7

Table 2: **Employment rate by age and gender in Valencia Community**
Source: Data supplied by the Ministry of Employment

Inequality

Spain faces a "critical situation in terms of income inequality" according to the 2019 Joint Employment Report by the European Commission, which uses data from 2017 and early 2018. The richest 20 percent of households in the country received an income share 6.5 times that of the poorest 20 percent,

6 Data supplied by the Ministry of Employment.
7 Data supplied by the Ministry of Employment.
8 Source: OECD (2018).
9 Source: Eurostat.
10 Source: Eurostat.
11 Source: European Commission (2019)

compared to an average of 5.1 times across the EU, and almost twice as high as the values for the best performers.

The Comunitat Valenciana is at the sharp end of regional inequality, although not the most left behind region. In 2015, EU28 GDP per capita PPS was 28,900. If the EU28=100, Spanish GDP per capital PPS was 90, and Valencia Community GDP per capita only was 80 against the indexed European average.[12]

The richest regions in Spain are Madrid and the Basque Country, with real GDP per capita above 30,000 euros in 2017, followed by Navarre, La Rioja, Aragon and Catalonia, where GDP per person was above 25.000 euros. The Comunitat Valenciana is in the third group of regions with an income between 20,000 and 25,000 per capita, along with regions in the North-West and Murcia. The poorest regions are in the South (Andalusia, Extremadura and Castilla-La Mancha) and have an average GDP income per person below 20,000 euros.

Despite this, it is worth pointing out that disparities in terms of GDP per capita in Spain have remained stable post-2000, with inequality relatively low compared to other OECD countries).[13] Indeed, there are only six countries out of the 33 OECD countries that have lower regional economic disparities.

Business growth

There were 142,334 businesses in The Comunitat Valenciana out of 1,286,750 nationally in 2014.[14] The Comunitat Valenciana is the fourth ranked region behind Madrid, Catalonia, and Andalusia in terms of increases in the creation of new businesses.[15]

The Comunitat Valenciana is ranked as the 4th easiest place to start a business in Spain by the World Bank.[16] Spain is ranked 30th among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of Spain deteriorated to 30 in 2018 from 28 in 2017. Ease of Doing Business in Spain averaged 41.55 from 2008 until 2018, reaching an all time high of 62 in 2009 and a record low of 28 in 2017.

Overall, the Valencian economy has significant strengths to build on. Strong economic growth has reduced unemployment and boosted living standards. The region has a strong and internationally integrated export sector and a successful tourism sector. It also has excellent logistics, infrastructure, and a well-educated population.

Nonetheless, important challenges remain. Income per household remains too low; the economy is too cyclical; unemployment too high with working hours poorly distributed; and productivity gaps with the best-performing regions in Spain are still obvious.

The challenge is to build on strengths while addressing weaknesses, even as the economy is swept by major technological and demographic changes.

Automation

There has been ongoing polarisation of employment in Spain, albeit this has been more constrained in Spain due to more rigid labour market institutions relative to liberal market economies. As a result, there has been an expansion of low-skill service occupations and high-skill workers but relatively little employment growth in medium to low-skill occupations. One of the main drivers of this structural change in employment is technological adoption.[17] Given the potential for automating tasks and occupations in the future, managed poorly automation could therefore deepen inequalities and lead to worse outcomes for many.

A recent analysis of jobs with potential high

12 Eurostat Newsrelease (2017)

13 Source: OECD (2018b)

14 Source: OECD (2018b)

15 Valencian Investment Desk (2019)

16 World Bank 'Subnational Economy Rankings – Spain'

17 Consoli and Sánchez-Barrioluengo (2016)

automation rates among the OECD among the top 5 industries by employment share suggests that different sectors vary significantly in terms of the likely impact of automation in the Comunitat Valenciana. 45% of jobs in manufacturing, 42% of jobs in construction, and 35% in wholesale and retail trade are at high risk of automation. By contrast, only 26% of human health and social work and 8% of education roles are at risk.[18] Yet given the given the disproportionate share of jobs in these sectors, the Comunitat Valenciana will likely be highly impacted by automation waves in the future.

There are also important differences in terms of the share of jobs with potential high rates of automation by sex and education level: 28% of women vs 39% for men, while 44% of workers with low education and 39% of medium education were in jobs with high potential rates of automation, compared to only 14% for high education level workers. Interestingly, all age groups are roughly equivalently at risk, with around one-third of all age groups in jobs with high automation potential.[19]

What this suggests is that given the composition of the Valencia economy, with a disproportionate share of manufacturing and construction jobs, automation could cause significant job losses over time. Of course, new jobs may be created, and the composition of tasks workers perform may shift, meaning many upgrade the quality of work they perform.

Nonetheless, the evidence of previous waves of automation, including in the Valencian region, suggest that technology adoption will continue to drive a steep decline of 'routine' mid-skill jobs, and an expansion of both high and low-skill service employment. Labour market polarisation in turn raises challenges around livings standards, levels of inequality, quality of work, and the productivity performance of the economy.

To give an indication of the potential scale of wages at risk, the value of wages associated with technically automatable activities in Europe's five largest economies - France, Germany, Italy, Spain, and the United Kingdom - is $1.9 trillion, and over 60 million employees. Of course, The Comunitat Valenciana will only be a small share of that, but even if a small share of wages is displaced and flows to capital owners instead it would drive rising inequality.[20]

Critically, the pace, scale, and distributional effects of automation are powerfully shaped by public policy; the impacts of technological change are politically determined. From labour market policies to wage rates, from how easy and effective it is to finance investment through to inclusive ownership models and strategies to reduce working hours, there public policy can

Biophysical Indicator	*Spain*	*Per Capita Boundary*	*Unit*
CO2 Emissions	9,1	1,6	tonnes CO2 per year
Phosphorus	6,1	0,9	kilograms P per year
Nitrogen	59,2	8,9	kilograms N per year
Blue Water	774	574	cubic metres H2O per year
eHANPP	2,8	2,6	tonnes C per year
Ecological Footprint	3,4	1,7	global hectares (gha) per year
Material Footprint	25,7	7,2	tonnes per year

Table 3: **Spain's Per Capita Sustainability Performance**
Source: A Good Life For All

18 PwC (2018)

19 PwC (2018)

20 McKinsey Global Institute (2017)

ensure automation works for the many, not the few.

Climate change

We have less than 12 years to radically reduce global carbon emissions or risk triggering a series of dangerous tipping points in the planet's eco-systems as a result of rising temperatures.[21]

The following tables gives an indication of the scale of change required in economic and social activity to bring Spain within safe planetary boundaries, a measure of the biophysical boundaries human societies must stay within to not further deepen environmental breakdown. As the analysis shows, it exceeds almost all of the limits at present and as such will demand rapid transition to a post-carbon economy.

There are huge opportunities for a fairer, healthier, wealthier society. Decarbonising the Valencian economy will require significant investment - and drive employment growth - in construction, renewable energy sector, transport systems, green service economies, more localised forms of production, and green financing, amongst others.

Yet if The Comunitat Valenciana, and the world, fails to decarbonise rapidly, the risks to the economy and society are severe. To take one example of the challenges ahead, a recent analysis of heat effects on the city of Valencia suggested that expected temperature rises could represent significant health and economic risks for the city, particularly for the most vulnerable parts of the population, whether this be the elderly or workers who are excessively exposed to heat.[22] Fluctuations in temperature also threaten key sectors, such as agriculture and tourism, depending on how far and fast temperatures rise.

Any ambitious strategy for the future of work therefore has to have rapid decarbonisation at its core, a challenge that is immense but also one with huge opportunities.

Ageing

The percentage of population aged 60 or over in Spain (22.2%) is slightly greater than in Europe as a whole (21.6%), and the median age for Spain (39.8 years) is almost equal to that for Europe (40.1 years). The population of Spain is ageing more rapidly than that of Europe as a whole. Among the over 65s community, the population aged 80 or over is the quickest growing group.[23] In part, this reflects the healthiness of Spanish society, recently ranked the most healthy in the world, which contributes to longevity.[24]

There are not significant differences in either birth rates or life expectancy between The Comunitat Valenciana and the rest of the country. It does however have one if the highest rate of internal movement in Spain, one of the highest rates of external migration and a high proportion of the population has foreign citizenship.

An ageing society is likely to drive increasing demand for health and care work, as well as potential to shift working patterns (both the distribution of weekly hours, and to experiment with a more even distribution of working patterns over a lifetime).

Taken together, automation, climate change, and an ageing society will provide difficult challenges for the Valencian economy in terms of employment, sectoral shifts, and inequality. Yet, if managed well, and with a visionary strategy to amplify the potential and minimise the downsides of deep technological, demographic, and environmental shifts, future trends can support a more inclusive, productive, and prosperous economy.

21 IPCC, (2018) 'Global Warming of 1.5°'

22 Lehoczky, A., et al. (2017), 'The Urban Heat Island Effect in the City of Valencia'

23 Noguera, C. S., et al, (2014) 'Regional difference in population ageing in Spain'

24 Miller and Lu, (2019) 'These are the world's healthiest nations'

2.

Aims for Intervention

Aims for Intervention

Based on our analysis we can identify clear aims for the Ministry of Employment going forward. These aims constitute a futureproofing strategy for the Valencian Community:

I Guard against seasonal cycles and technological shocks

II Guard against a crisis of care

III Encourage decent employment

IV Make the Comunitat Valenciana environmentally sustainable

I - Guard against seasonal cycles and technological shocks

The Comunitat Valenciana is still burdened by high unemployment and youth unemployment, but just as problematic is temporary or part-time underemployment. Whilst tourism has been the go-to economic sector for many Southern European regions since the 1980s, its long-term viability as a sound economic model is increasingly being scrutinised. This is due, in part, to its propensity for producing precarious, seasonal employment that adheres to a low-skill / low-wage model.

A key aim for the government should therefore be to adopt an alternative, medium to long-term strategy that strengthens and grows the year-round economy of the region. We identify how and why regional governments should, if they want to encourage decent employment, reject the allure of investment in certain industries and instead focus on what we term the 'new foundational'. Employment support services would have a key role to play here.

The Government must also mitigate technological unemployment and/or job polarisation that results from the increasing investment in fixed capital. As things currently stand, the introduction of labour-saving technology would merely worsen existing inequalities, and continue to hollow out the job market. Technological potential is advancing rapidly, but the deployment and diffusion of these devices is determined politically. There is an opportunity to make automation technologies a promise and not simply a threat.

II - Guard against a crisis of care

The population of Spain is ageing more rapidly than that of Europe as a whole. With large parts of the Western World living longer and working further away from relatives, caring for our elderly population will be an exacerbated social and economic imperative in the decades to come. In order to pre-empt this crisis we recommend implementing an approach based on understanding care work as an essential part of our economic future. This requires placing care work at the heart of employment support.

We indicate how a strategy that expands existing care infrastructures - in collaboration with employment support services - could provide the instruments, training, spaces, visibility and recognition required for a dignified and humane response to the care challenges of the 21st century.

III - Encourage decent employment

Our conventional understanding of 'decent employment' is at best vague and ambiguous and at its worst it can merely be a by-line for reinforcing the dogma that any job is better than no job at all.

In order to raise expectations about what work can offer not only to individuals but also the local community, it is important to establish employment policies that strengthen and reinforce relations between the two. 'Decent' within this context refers to more secure, meaningful work in essential, non-cyclical industries, but it also means reductions in working time across the region; in the next sections we explain why and how the transition to such a situation should take place.

IV - Make the Comunitat Valenciana environmentally sustainable

Climate change is no longer a threat but a lived experience. With only 12 years to radically reduce carbon emissions, The Comunitat Valenciana (alongside Europe as a whole) must build its future on the foundations on a green economic strategy.

We advocate a strategy on multiple fronts, including reducing working time across the economy, investing in green technologies and prioritising localised forms of production and green financing.

3.

Strategy

Strategy

In order to achieve these aims, we advocate a transitional strategy that approaches the problem with a set of diverse but coherent tactics.

A 'foundational' strategy

Our hypothesis is that the future strength of the Valencian economy is closely related to the robustness of its small and medium businesses (SMEs) as well as the extent to which it can respond to the demographic shifts that will increase demand for care labour. Strengthening SME and care support - encouraging employment growth - will help guard against seasonal employment problems and provide the foundation for the increased (but already high) demand for care work that we predict in the years to come.

The overarching frame for this strategy is the 'foundational'.[25]

Foundational economic strategies are set against the dominant approach to innovation, which generally prioritises glamorous high-tech industries and/or 'knowledge-intensive business services' (KIBS) in an attempt to boost GDP. These industries do not typically employ many workers, despite the hopes placed in them by policymakers (see box 1).

box 1 - KIBS employment impact

Across the EU, these sectors are very small in terms of employment (despite the aspirations of state training programmes). In 2017, high-tech manufacturing and knowledge-intensive services in Valencia took up just 0.3% of overall employment.[26]

Instead, foundational strategies begin with the essential and bolster the functional (see box 2).

Analysis of employment levels has shown that across European nations, these foundational practices constitute major parts of national economies. In the UK it is estimated that material or providential employment roles constitute 43.8% of overall employment, while in Germany and Italy they constitute 41.3% and

25 Foundational Economy Collective, Foundational Economy (Manchester: Manchester University Press, 2018)

26 Source: Eurostat

36.9% respectively. [27]

box 2 - The Foundational Economy

As originally conceived, the foundational economy constitutes those goods, services and utilities that are closely tied to citizenship and the essential functioning of modern economies:

Material foundations

Pipes, cables, networks, built environments for essential services/resources

Providential foundations

Universal services, welfare systems, education, healthcare, etc.

Expanding the function of the Ministry of Employment and Labora

What does foundational strategy mean for the employment support services and for governmental strategy more generally?

In the past, employment support across advanced economies has almost unilaterally involved training, means-testing and specific subsidies. In this familiar scenario, employment support would be the last port of call for employers (and often job seekers) to plug into.

Facing the future economic challenges ahead: we suggest that a more effective function for employment support would entail expanding and changing what the Ministry and Labora do: help construct a ***foundation*** for a thriving core economy, in order to achieve core aims.

Developing and expanding the concept of the foundational, we would include other services and elements of infrastructure relevant to employment. We identify three proposed support networks for this 'new foundational' that the Ministry should set up and plug into:

- An open work space network
- A care work infrastructure
- An SME logistics and e-commerce network

Such foundational infrastructures would:

- Support the growth and multiplication of SMEs / entrepreneurship, thereby encouraging the creation of decent, often non-cyclical employment.
- Provide the necessary link between the demand for care workers, care spaces and job-finding logistics that an ageing population requires in the years ahead.
- Facilitate stronger, more trusting links between small businesses and the renewed Labora, strengthening the reach of its existing service.

Each of these three infrastructures would involve various points and places of contact between Labora representatives, private enterprises and job seekers. This would have the desirable effect of offering a more embedded Labora service that can gather data on business/care needs and job opportunities.

With this expanded, 'new foundational' strategy for employment support, the aim is for employers to turn to the Ministry's services as a *first option* (and not a last option). Equally, with an increasingly close relationship between Labora and industry, jobseekers can be confident that Labora has a robust system of placement, involving less precarious work.

With regards to all three 'new foundational' infrastructures, space, financing and logistics are key. Each are detailed extensively in section four.

Towards a policy of time

As the fourth industrial revolution unfolds over the next few decades, it becomes increasingly urgent to view time as a valuable resource common to all.

Working time gains new significance as certain sectors of industry become highly susceptible

27 Foundational Economy (2018), p. 24-5.

to labour-saving technology. This challenge presents government with the opportunity to reduce working hours for relevant workforces with minimal to no losses in pay.

This would help achieve the goal of producing decent employment for a significant section of the workforce (more free time tends to decrease overall stress, and reduce sick absences from work).

Beyond industries that are at the highest risk of automation (relatively speaking), a move towards shorter working hours across numerous sectors should be a medium to long-term policy for the Valencian government. There are a number of ways of approaching policy in this regard, depending on the purpose of intervention.

Reducing working hours would also help move the Valencian economy towards environmental sustainability, with fewer commuting trips via carbon-intensive transport being carried out.

box 3 - Longer hours and energy-intensity

Research has shown that an economy of longer working hours encourages energy-intensive consumptions, favour conspicuous expenditure and non-sustainable lifestyles.[28]

box 4 - Shorter hours and carbon footprint

In perhaps the most thorough study to date, researchers tested data from 29 OECD countries including Spain. They concluded that countries with shorter working hours tend to have significantly lower ecological footprints, carbon footprints, and carbon dioxide emissions. It is less the type of ***production***, but is rather the consumption behaviours - including commuting - that drives this correlation.[29]

Inter-departmental collaboration

Pursuing the above strategies opens up an opportunity - perhaps a necessity - for governmental departments to work more closely together to achieve a bright future for Valencia.

The Ministry for Employment, the Ministry for Social Inclusion and the Ministry for Industrial Policy could form a mutually reinforcing mesh, involving new services, infrastructure and out of work support.

For example, with an ageing population set to exacerbate already strained care services, SIS will face an increased demand for care work as well as a stronger imperative to ensure that personal care workers have the requisite training and facilities for their activities. In this scenario, Labora could and should collaborate closely with SIS to meet this challenge.

28 Devetter François-Xavier. and Rousseau Sandrine. (2011). 'Working hours and sustainable development'

29 Knight, K.; Rosa, E.A.; Schor, J.B. (2012). 'Reducing Growth to Achieve Environmental Sustainability: The Role of Work Hours'

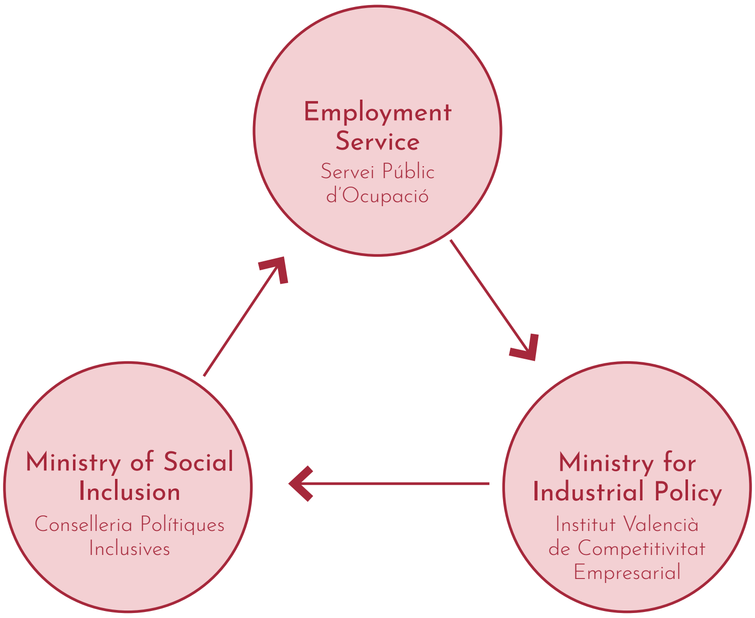


Figure 2: Closer integration between key departments is needed in order to futureproof the Valencian economy, boost decent employment, avert a crisis of care and move towards environmental sustainability.

4.
Proposals

Proposals I
Policy Interventions

The strategy articulated above can be pursued in a number of ways over the coming years. Below we identify options that are both within the current competencies of the Ministry of Employment, but also propose a new role that the Ministry could adopt.

I - Working Time Transition

The overarching aim of these suggestions is to establish a range of practical work-time reduction policies which bolster and support the practical transition of the Valencian economy to reduced working hours over the period of a decade or less. The policies are diverse but mutually-reinforcing: the transition to an economy of shorter working practices must recognise the plurality of working practices and cultures in the economy as a whole. This is in opposition to a 'one size fits all approach', often realised in the form of top-down state regulation.

II - Pilot reduced working weeks in the public sector first

The public sector should lead the way in adopting shorter working week practices. We therefore recommend using the public sector as the platform to trial shorter working week practices. This would not only establish the public sector as the benchmark for showcasing the benefits of work time reduction, it would also help promote employment within this sector as innovative and progressive. The trials themselves would be supported by a newly established 'work transition team', who would provide the regulatory oversight to ensure the trials adapt to the different business and staff needs working within the sector as a whole. A shorter working week in the public sector would increase staff wellbeing, job satisfaction and productivity, while also incentivising these occupations to job applicants. The Ministry of Employment would, in this way, become an exemplar of best practice.

III - Design a software and logistics infrastructure that logs and helps companies implement reduced working practices.

The software and application would be designed with the core principles and values relating to reducing working time for its employees without a loss in pay. The application and software would be designed, implemented and overseen by the 'work transition team'. This team would consist of academics, analysts and practitioners assigned to support working time reduction across the Valencian region. The information obtained from the software would form a databank to help improve best practice and develop bespoke techniques to suit different working cultures and businesses across the economy.

The work transition team could help in facilitating worker wellbeing within the local economic measurements according to specific criteria (e.g. autonomy, equality, mental and physical health). This data could help change the employment narrative from on centred on quantitative analysis (employment figures, productivity and GDP) to one that focuses more on how the economy is functioning on a qualitative level (well-being, health and providing meaningful occupations for its citizens). The Ministry could source developers and app designers from local universities and/or potentially start a 'Digital Valencia' public initiative open for applicants to encourage innovation.

IV - A 'Good Employer' initiative

Start a public campaign to help encourage firms to reduce the average workweek and raise hourly wage rates. This would follow in the footsteps of American President F.D Roosevelt's 'President's Reemployment Agreement' – a three part policy that aimed to shorten the working week, increase wages and recognise the rights of workers to bargain collectively.[30]

The Valencian Ministry of Employment would be well placed to lead the campaign in the form of a best practice 'Good Employer' award, which reduces the working week of its staff (with no loss in pay). A further, 'Oro' award could be deployed for those employers who have reduced the working week for staff ***and*** have taken on more employees. 'Good employment' becomes, in this way, synonymous with reduced hours.

This award would be used in shop fronts and on websites, aimed at encouraging consumers to shop at businesses implementing the scheme, or for companies to use a particular supplier involved in the initiative. A public, monthly bulletin would go out naming the companies who are signed up, and would become a regular fixture alongside (or a part of) the monthly employment press release. In addition, businesses who adopt the practice could be rewarded in the form of a reduction in business tax rates or else subsidies for employing additional staff (see section below).

V - Utilise existing and new subsidies to support employers

Subsidies offered from central government and the EU could be utilised to support businesses implementing the shorter working time initiative. This could be as a replacement for the existing subsidies currently offered to employers for taking on new workers (which currently have low utilisation). For example, The Avalem Joves programme could be channelled through this scheme in order to both help reduce workloads whilst also utilising this resource to better effect. The subsidies on offer could be linked with, and promoted through, the 'Good Employer' award.

The current government's proposed subsidies are a significant step in the right direction. Recognising the potential benefits to health, environmental sustainability and economic productivity, this scheme would incentivise a transition to a shorter working week economy. To do this, the government would subsidise the per hour cost of reducing working time but maintain wage and staff levels at the firm. The subsidies will cover 100% of the difference in the wage cost per hour during the first year, 50% during the second year and 25% during the third year. For example:

A company whose staff work 40 hours a week might have an average salary of 1,500€, or 9.30€ per hour for its staff. Transitioning to a 32 hour week, whilst maintaining the salary of 1,500€, would mean raising the hourly rate to 11.71€ per hour. The difference in wage cost per hour would be 2.41€ per hour, and therefore the government would lend: 308.48€ per month as a subsidy.

One of the key aims with the subsidy scheme will be to encourage the hiring of new staff to make up for the lost working time – thus increasing employment in the region.

30 Harper, A. and Stronge, W. eds., 'The Shorter Working Week', 2019, p.58.

Proposals II
New Foundational Infrastructures

This chapter is grounded in the premise that regional intervention in employment should not be limited to grants and incentives. Rather, the support given to the sectors, forms of work and types of enterprise the Generalitat wishes to see flourish should be (also) spatial and infrastructural, delineating an area for service and space provision that is not subject to market forces and pressures. That is to say, employment support should aim to support a 'new foundational' approach.

Identifying three clear areas of intervention – digitally based work, care for the elderly and small design and manufacturing enterprises – the following chapter attempts to sketch out the shape this support could take.

The work-space solutions, logistics networks and area-based services devised for these increasingly important aspects of Valencia's economy are intended to absorb tasks, risks and overheads. The aim is to produce a largely de-commodified, commons-based infrastructure capable of supporting innovation, good employment and sustainable practices. Following logics of sharing and aggregation, the resources of the proposed support infrastructure aim at constituting a territorially defined business commons. Aspirations of growth in this case are directed first and foremost at building the visibility and capacity of local networks, assets and skills.

This area-based infrastructure for work and innovation becomes itself the site to promote and experiment with new, socially and environmentally sustainable forms of employment – like those involving a shorter working week, or incentives to choose green commuting options – setting a high standard in localities throughout the region.

For their financing and governance, the proposed structures look to public-civic partnerships. Regional authorities would partner with existing cooperative enterprises and nonprofits or help to establish new ones. LABORA would be directly involved in securing funds and establishing companies and partnerships. Without managing or owning them, LABORA has a physical presence in the three infrastructures proposed in the chapter. Being embedded in this enterprise milieu, LABORA could probe into contexts of active work, gathering data on capacity and needs of different industries locally.

Establish Area-Based Companies To Create and Manage a range of Innovative, Low-Cost Work Space Solutions

It is proposed that the Generalitat launch a new fund for the establishment of innovative work-space solutions aimed at allowing existing and emerging small businesses to take risks, innovate and expand.

To this effect, the Generalitat, Municipal and Local Authorities should work with landowners, sector bodies and EU funders to identify seed funding for the establishment of area-based companies that own and manage a network of work-spaces.

With the explicit objective of building the capacity of the local economy, retaining value in the communities and encouraging local demand for labour, these companies would acquire and manage employment space in places where there is potential or need for investment, striving to offer a range of lease agreements and workspace typologies attuned to the requirements of emerging businesses. Centring their strategy on 'open' workspaces, as defined below, the area-based companies would provide a mix of work-space solutions that take into account the profiles of future users and build on the available local skills.

The fund should solicit additional investment from other institutions interested in building the capacity of start-ups, SME's and self-employed workers within the Valencia Region, such as IVACE, in order to stimulate job creation in specific sub-areas with a potential for the development of local business communities.

The Mission of the Area-Based Companies

It is crucial that the area-based companies be involved in the early stages of the proposed regeneration schemes and new developments and that they be able to manage sufficient seed funding and know-how to make it appealing for financial institutions to invest with confidence.

The companies' mission will need to respond to multiple parameters. Paramount is the delivery of a mix of workspace that is well integrated within residential neighbourhoods and enhances the quality of the public realm while, at the same time, achieving economic viability and the employment goals set out for the various areas in collaboration with IVACE and LABORA.

The companies will closely curate the type of workspace on offer and its occupancy. To encourage and enhance social values and sustainability, the area-based companies will cross-fund the price of leases across their area of action, and thus ensure that businesses and co-working spaces that may have high social value but low economic returns, at least initially, are not driven out of the workspace structures.

The type of workspace on offer should be flexible enough to respond to the specifics of any given sub-area. To this effect it is essential that spaces be planned in consultation with local business and residents, as well as respond to the standards established by Labora and IVACE.

The service provided by the new Companies will allow small businesses and individuals to reduce costs, take risks, grow their capacity and innovate. To fulfil this aim, area-based companies should strive to combine longer leases for the more established commercial businesses, capable of paying rent for a sustained period of time, with flexible 'open' work-space for newly formed start-ups whose cost would be in part cross-subsidised.

Defining the Role of Open Work-Spaces

The term "open work-spaces", first used by the Greater London Authority in 2015, describes a range of flexible work-spaces where small businesses and self-employed individuals share resources and space. These spaces, which include business incubators, accelerators, creative studios, makerspaces and shared workshops, allow users to reduce the risks associated with long term leases and ownership of resources. The flexible terms of access and leasing, along with the opportunity to share specialised equipment allow businesses to become more supple and adaptable, as well as connect with an eco-system of like-minded business operators who can offer occasional support and technical advice.

Though the positive effects of open work-spaces on job creation and cultural values are widely documented, most co-working spaces, incubators and similar venues often struggle to become profitable. In cases where cross-funding strategies and user fees are unable to support the costs of running co-working and co-making spaces, the area-based companies responsible for them should be able to seek funding directly from a special Work-Space fund made available to provide temporary relief until such spaces become self-sustainable.

The flexibility allowed by open workspace should be extended to cater for the needs of working parents. The open workspaces solutions should be integrated with child-care services aimed at addressing the low level of participation of women in the workforce. Though the possibility of parent-managed nurseries should not be excluded, child-care services should be provided professionally.

Embedding LABORA's services

The flexibility and public facilities characteristic of open workspace should be used to house business advisory facilities and training opportunities, linking users with funders and workers with employers. LABORA should be involved first-hand in offering these services throughout Valencia's open-workspaces in order to link these dynamic hubs to potential employment opportunities and labour-markets in the region.

It is important that the provision of open workspace not concentrate solely on desk-work and digital innovation services. This can often have the effect of making open workspaces (co-working spaces and creative studios particularly) agents of gentrification and displacement of local business. This should be avoided. In establishing the typology and services of each workspace, area-based companies should aim to build as much as possible on local skills and respond to local needs –innovation should start from these.

Workspace Typologies

Desk based open workspace (co-working)

These facilities should combine workspaces which have different lease agreements and spatial configurations, from dynamic hot-desking areas, to small offices for short term projects and start-ups. The focus in designing lease agreements and conditions for access should be on reducing risk and allowing enterprises and individuals to move as their spatial requirements change.

Sector-specific co-making

This is intended to cater for specific skills in a local area. For example a shared workshop focusing on textile and fashion design would offer a series of sewing stations, access to expensive weaving and embroidery equipment, facilitated contact with suppliers, dedicated delivery services, a photographic studio etc.

Creative Studios with shared equipment

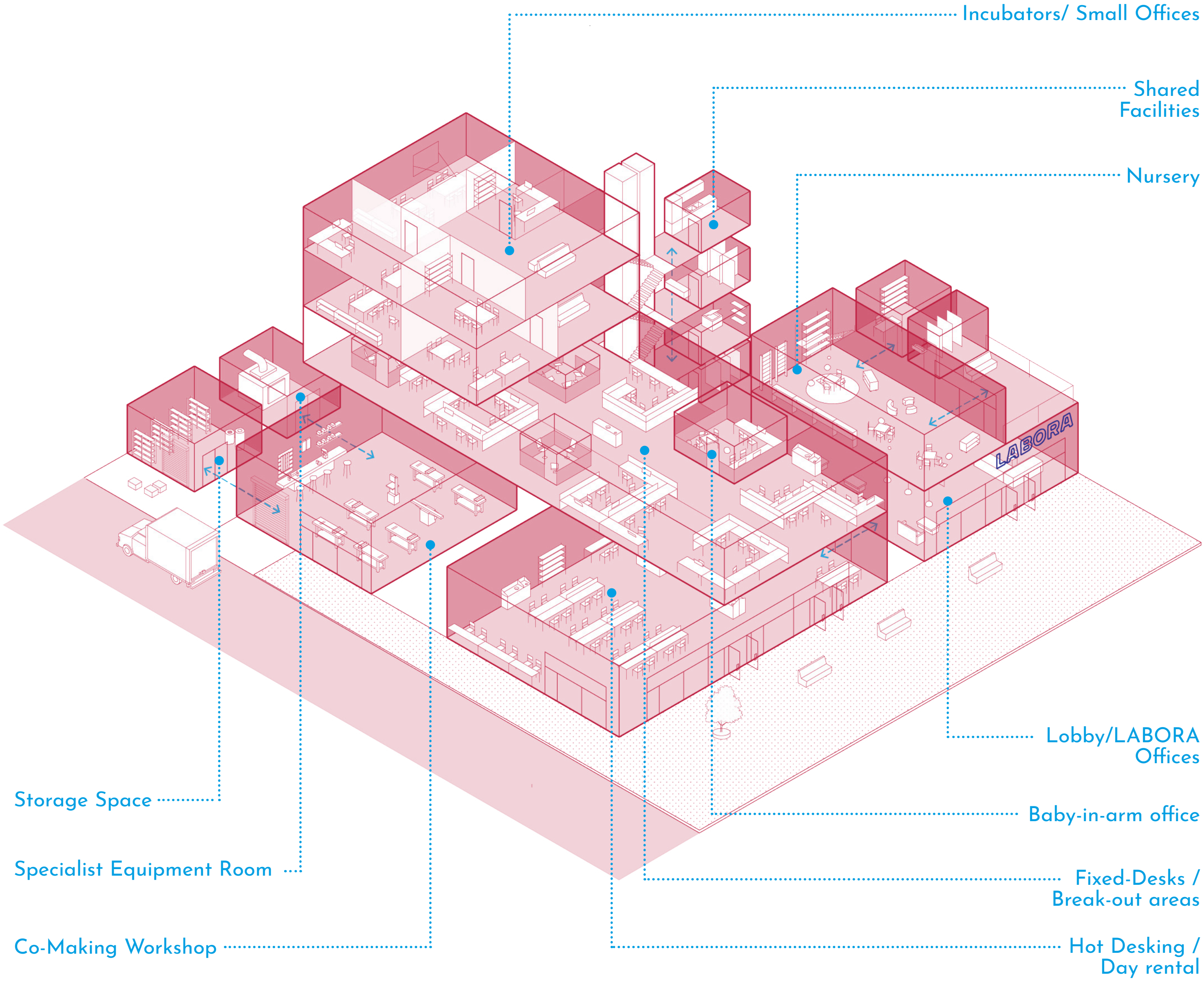
These would feature enclosed studio spaces for individuals or companies involved in the creative industries. In addition to their private studios, artists, designers and small scale makers can share photographic studios, printing, reception and delivery facilities.

Industrial Units

The strategy for manufacturing should allow for development of forms of 'local-decentralised' production, forming chains of labour and production from a pool of local actors and skills. Though they have a space they can call their own, here businesses share a set of resources (yards, specialist equipment...) that allows them to lower their costs and become more agile in their choices (without being tied to specific machinery or spaces).

Open Work Space

Espai de Treball Obert



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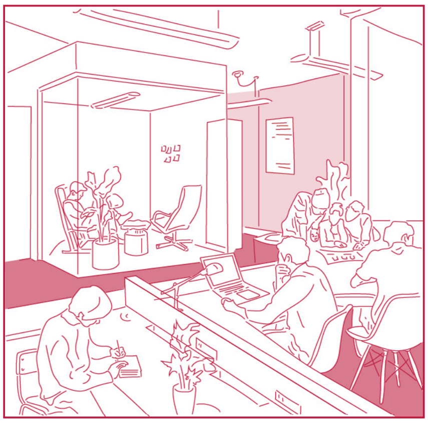
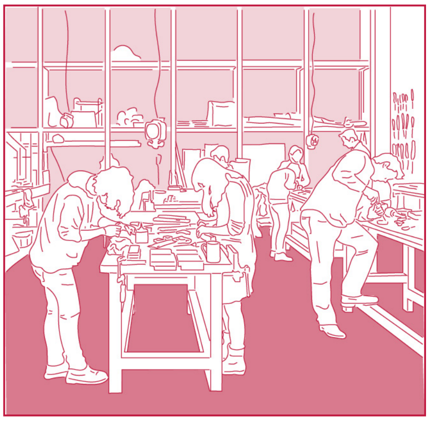


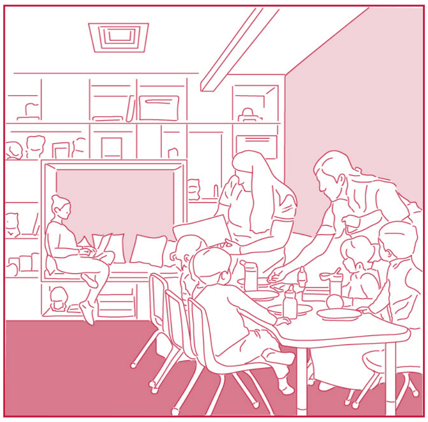
Fixed-Desks / Break-out areas

This part of the Open Workspace facility is dedicated to semi-permanent working stations for teams, small companies and individuals. Rented on a weekly or monthly basis it provides a stable working station to leave belongings as well as shared break-out areas, printing and cooking facilities



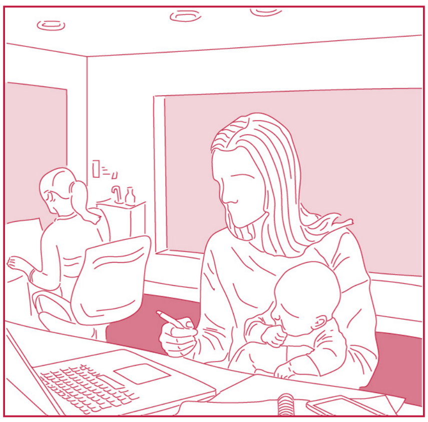
Co-making Space

Open work-space provision is not limited to individuals performing desk-work: small scale makers can access shared tools and facilities in an environment that stimulates knowledge exchange and collaboration. Depending on the composition of skills in the area they inhabit, these co-making facilities could focus on one or two specialisations, such as textiles or ceramics.



Nursery

A parent managed nursery, staffed by child-care professionals is situated within the flexible office. This would allow parents to combine contract-free working solutions with childcare services that are only moments away.



Baby-In-Arm Office

Thought for parents of very young babies (0-2) who, far from abstaining from work, are often relegated to domestic spaces where they can manage the needs of their infants while staying connected. This space is intended to offer this experience outside of the home.

2. Carework: Establish Long Term Care Centres

The SIS should partner with Labora to fund and initiate a new set of neighbourhood-based services, catering for the everyday needs of and to those involved in long-term care relations, primarily the elderly and those caring for them– both care-workers and carers in a local area. The aim should be to develop a capillary infrastructure for continued, non-acute care, capable of responding to the increase in demand for domestic care services projected for the years to come.

To establish these centres, SIS should expand the 'social concert' formula, developed in line with European Directive 2014/24/UE, and partner with local, worker-led care cooperatives and other nonprofits focussing on care. Though the presence of LABORA and SIS staff and services is essential, ownership and management of these new care structures should be in the hands of local care-cooperatives and nonprofits.

To do so, Regional Agencies should build on the experience gathered by SIS during its ongoing collaboration with nonprofits, expanding the improved forms of employment it was able to provide for workers already on the ground. The regular flow of funding the 'social concert' system allows along with the opportunity to pay workers directly should be utilised to encourage the formation of worker-owned care cooperatives [31]. The aim should be to expand the scope, value and capacity of local care-work, aiming to become a conduit for personal and professional development in a growing sector.

Centres should provide a first point of contact for ageing adults and those responsible for their well-being to seek advice and orientation [32] on different forms of support and assistance. This 'intermediate' care facility is best deployed in a capillary fashion, on a neighbourhood basis, reducing pressure on sites of acute care (hospitals) both in an immediate sense –by reducing the amount of unnecessary visits to A&E– as well as long term, with its focus on prevention, best practice and healthy living. As such centres should be inclusive spaces, attracting potentially isolated individuals with the provision of gratuitous amenities, services and events.

Cooperatives and nonprofits wishing to set up a care facility according to a framework carefully set out by LABORA and SIS, should be allowed to borrow at favourable rates (as demographic trends and projections make care a source of stable investment), and potentially use Regional Treasury assets as collateral[33] to reduce risk and attract investment. This is the formula that allows Swiss housing cooperatives like Zurich's ***Mehr Als Wohnen*** or ***Kalkebreit*** to gather enough capital for ambitious mixed use developments. Though the social mission of these cooperatives means limited returns on investment, the stability of housing as an asset and government backing of the coops make them attractive options for investors. Demographic trends and projections suggest that caring for the aged will come to represent as vital a service and as safe an investment as housing has in the past.

The centres should combine traditional day-care centres (like centros del dia) with a set of services and spaces that cater for individual carers, care-professionals and care cooperatives. Though catering for all those involved in care relations in a local area, the structures and services should be designed to cater to the organisational requirements of worker-led and cooperative care enterprises, as they best develop neighbourhood-based forms of intervention. For example, centres could make their meeting rooms available to different professional boards (***tablas tecnicas***) and community-care roundtables (***tablas comunitarias***).

31 See Buurtzorg Model

32 An example of this 'first point of contact' is the capillary infrastructure of *Consultorios Medicos De La Familia* set up by the Cuban Government. This network of community medical care planning, which sees family physicians living in the neighbourhoods where they practice, operates across the entire country focussing on prevention

33 See swiss housing cooperatives like Mehr Als Wohnen.

Embedding LABORA

LABORA should use the centres to develop an in-person service open to carers and care-recipients, providing advice about working conditions, access to welfare, employment opportunities and training programs. This could take the form of an advice bureau, temporary or permanent, located in the care centres themselves. These would not be limited to being satellite employment offices. Instead, they could offer advice about working conditions to precarious and migrant care-workers. These 'desks' or offices, would provide LABORA and the Social Inclusion Office with a point of contact where they can dialogue with actors on the ground as well as make sense of the complex set of care relations in a given area.

The physically demanding nature of domestic care-work as well as the discontinuous hours and isolation that often accompany it, should be taken into account in designing services for care-workers. In addition to training and employment services, centres should include space for rest and recreation. These could include beds for resting between shifts, as well as showers, shared cooking facilities and lounges. Services, which should be free at point of access for registered workers, could be funded directly by care-enterprises operating in the area or by higher income receivers of care, as a supplement to the wage of the care-worker.

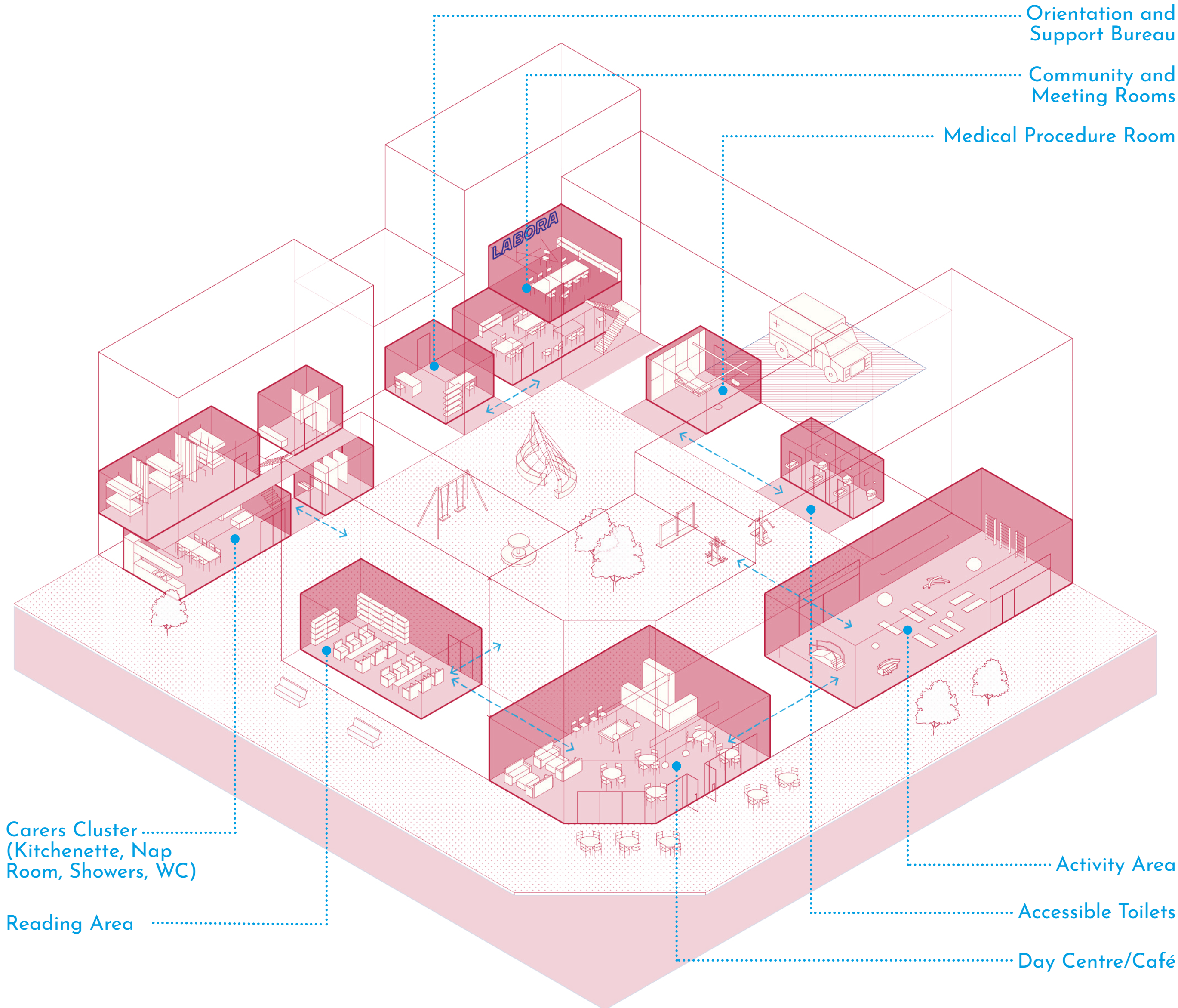
Even where they operate at a loss, services should be understood for their value as 'need-based aggregators' and should be designed to ensure a wide user-base, as they begin constructing a local 'commons of care'. To this end registering should be made as easy a process as possible, guaranteeing privacy on matters like immigration status. Services should be aimed at multiple categories of carers and care-workers, including:

- The privately employed care-workers of those receiving the € 300-600 per month allowance provided by SIS
- Care-workers employed privately by higher income households
- Nurses, social workers and other medical staff working in the public, nonprofit and cooperative sectors
- Family carers of receiving the 153-442€ carers allowance

Giving family and unpaid carers access to spaces designed for care professionals aims at both of providing an infrastructural 'supplement' to the forms of welfare currently in place, and that of creating a conduit into paid and increasingly valued forms employment. This is not only achieved with training and certification programs: the range of skills and experience of non-professional family care-workers is also likely to expand with the proposed enhancement of democratic and community-based forms of care, which can develop mediation, discussion and coordination capacities.

To attract investment and gather public support, prototypes of this infrastructure could be deployed as pilot projects. These should collect data about increased health levels amongst users, changes in employment conditions and perceptions or in hospital visits, to identify the 'stakeholders' of such a strategy and leverage funding for an expansion of the program.

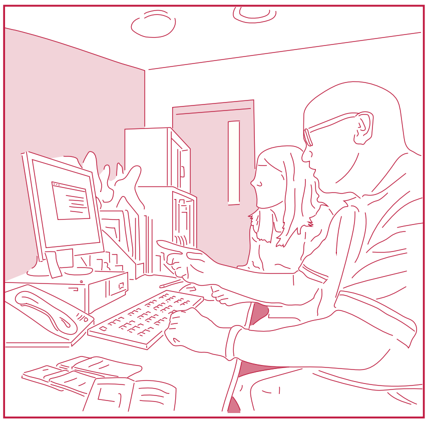
Long Term Care Centres
Centres D'assistència Continuada



The Centres de Cura Continuada aim to expand the scope, value and capacity of local care-work, becoming a conduit for personal and professional development in this growing sector.

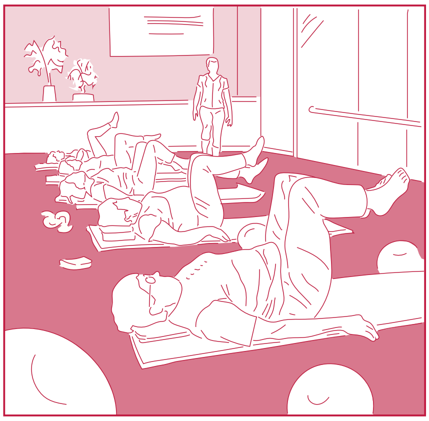
Established in partnership with neighbourhood cooperatives and nonprofits, the Centres refer to all those involved in care relations locally and combine traditional day-care centres with a set of services and spaces aimed at supporting unpaid carers and care-professionals in their day-to-day.

With a public mission and a wide range of users, the centres aim to constitute a 'commons of care' providing the spaces to develop innovations in care, from community therapy to cooperative care-work.



Orientation and Support Bureau

Here, carers and care-recipients can meet staff to learn about working conditions, employment opportunities, training programs, access to welfare or care. The bureau is run by LABORA and the Social Inclusion Service. It is an important point of contact between public services and the complex reality of care relations in a local area.



Activity Space

A large and well lit space hosts a curated program of activities for ageing adults in the neighbourhood, from yoga and physiotherapy, to evening dance classes and parties.

Medical Procedure Room

A small medical room allows carers and nurses to perform minor procedures on patients and loved ones outside of the home, potentially with the guidance of a professional. These rooms also cater for training and education in best practice.

Community and Meeting Rooms

The centers provide a space for the meetings, assemblies, workshops and round tables of community health services, as they develop democratic and neighbourhood-based forms of intervention.

3. Establish Local Hubs that Concentrate a Range of Affordable Services for SMEs Competing in the Online Economy

The generalitat should launch a new set of foundational services for small and medium manufacturing enterprises in the region. The services should include delivery and dispatch logistics as well as affordable e-commerce support services, from marketing to translation, absorbing non-core tasks into foundational, non-for-profit structures and providing them as low-cost services. The combination of services is aimed at reducing risks and overheads for SMEs, while helping them access and navigate new and online markets: it serves to indirectly expand the demand for labour as enterprises grow.

'Hubs', distributed on a local basis across the region, would house the services. Combining a Micro-Urban Consolidation Centre, last mile logistics node, as well as dispatch and business support services, these hubs are intended to reduce costs for SMEs as well as the time their workers spend performing non-core tasks. The Hubs should be managed by a region-wide logistics company appointed by the generalitat, with ethical caveats and criteria for good employment and democratic ownership structures.[34]

Though managed and coordinated on a regional scale by the same structure, each hub should become the opportunity to stimulate employment, in an inclusive fashion. These roles could potentially form the basis of a work inclusion program set up with SIS.

The hubs should allow for the presence of LABORA staff on site. Their primary role would be to diagnose the state of small industrial production in each area, building up a database of services, competencies and human resource needs of SMEs, linking these to each other and to other sectors of the regional economy. As businesses are introduced to the service, they would be made aware of LABORA's and IVACE's support programmes and employment promotions.

34 Alternatively, or in the long-term, the generalitat could run this hub itself.

Funding should be leveraged from programs looking to reinforce the 'green' and 'orange' economies (environment and culture) to support the development of SMEs involved in environmental upgrade or contributing to the cultural economy of Valencia. Support could take the form of reduced fees for delivery, dispatch or storage. These could represent a supplement to traditional actions of regulation, information and financial incentives.

Order, delivery and storage

Order, delivery and storage of raw materials should be set up in a way that makes local SMEs more agile and competitive buyers.

A mobile app enables the businesses to join online cooperative buyer platforms, where they can link up with each other to make larger orders with greater bargaining power. Collective storage of goods reduces the need for square meters allowing businesses to remain slim and experiment. Combined with platform technology, collective storage gives the opportunity to recycle, exchange materials without wasting money or resources. The apps and storage should be designed in such a way that encourages connections and collaborations between users, making the network of small producers in an area apparent to itself.

Different products and materials require different storage solutions. The spaces available to small businesses are often inadequate. The possibility of accessing a wide range of off-site storage solutions means businesses can experiment without being tied to the restricted opportunities that their own premises allow.

To generate the volume of users necessary to make the structures viable, delivery services could be offered for free to SMEs in their area, potentially by charging the suppliers themselves for using the hubs or by taxing directly more emission-heavy activities.

In the city of Valencia, regional authorities should collaborate with the Concejalía de Cultura Festiva to integrate this infrastructure into the strategy concerning logistics being developed as part of "Unes Falles Sostenibles" making it a node to support, incentivize and train businesses involved in this important cultural manifestation.

Last mile logistics

The hubs create a node that supplies 'last mile' logistics solutions forming the primary infrastructure for municipal programs promoting green mobility solutions, by allowing for storage and maintenance of fleets of electric vans and cargo bikes.

The capacity of hubs to centralize and optimize the traffic generated by daily deliveries to local businesses, thereby reducing congestion and emissions, should become the basis to justify its financing from a range of actors and forms of taxation. They could be, for example, financed with a levy on all private online deliveries.

Packaging and dispatch solutions for E-Commerce

The hubs should provide affordable packaging and dispatch services to SMEs operating in an online market. The aim should be to aggregate orders into higher volumes, meaning these tasks can be performed more efficiently, cheaply and with less damage to the environment. The service should be provided by the logistics company appointed by the region and become the opportunity for work-support programs via SIS.

Affordable E-Marketing and online support

In addition to logistics-related activities, the hubs should supply a set of one-to-one services focussed on providing simple and effective, low-cost solutions for the online economy. These should represent an alternative both to expensive private outsourcing of marketing and to time-consuming and ineffective DIY attempts at creating a web presence.

Services should include translation, web-design or help with navigating e-commerce and advertising platforms. The service would be run on an appointment basis.

Provision of E-Commerce Services should be provided taking into account the wide range of competencies in the workforce and leadership of Valencian SMEs, from the digitally literate to those who need much more 'digital 101' support. Services should cater in particular to companies that struggle to digitize, or that have trouble adapting to the demands of the 21st century more generally.

Events, exposition spaces and the role of LABORA

The hubs should become an opportunity to forge connections in-person and create a space of visibility for local enterprises. Small businesses who share the hub can network and forge potential partnerships, further encouraging growth.

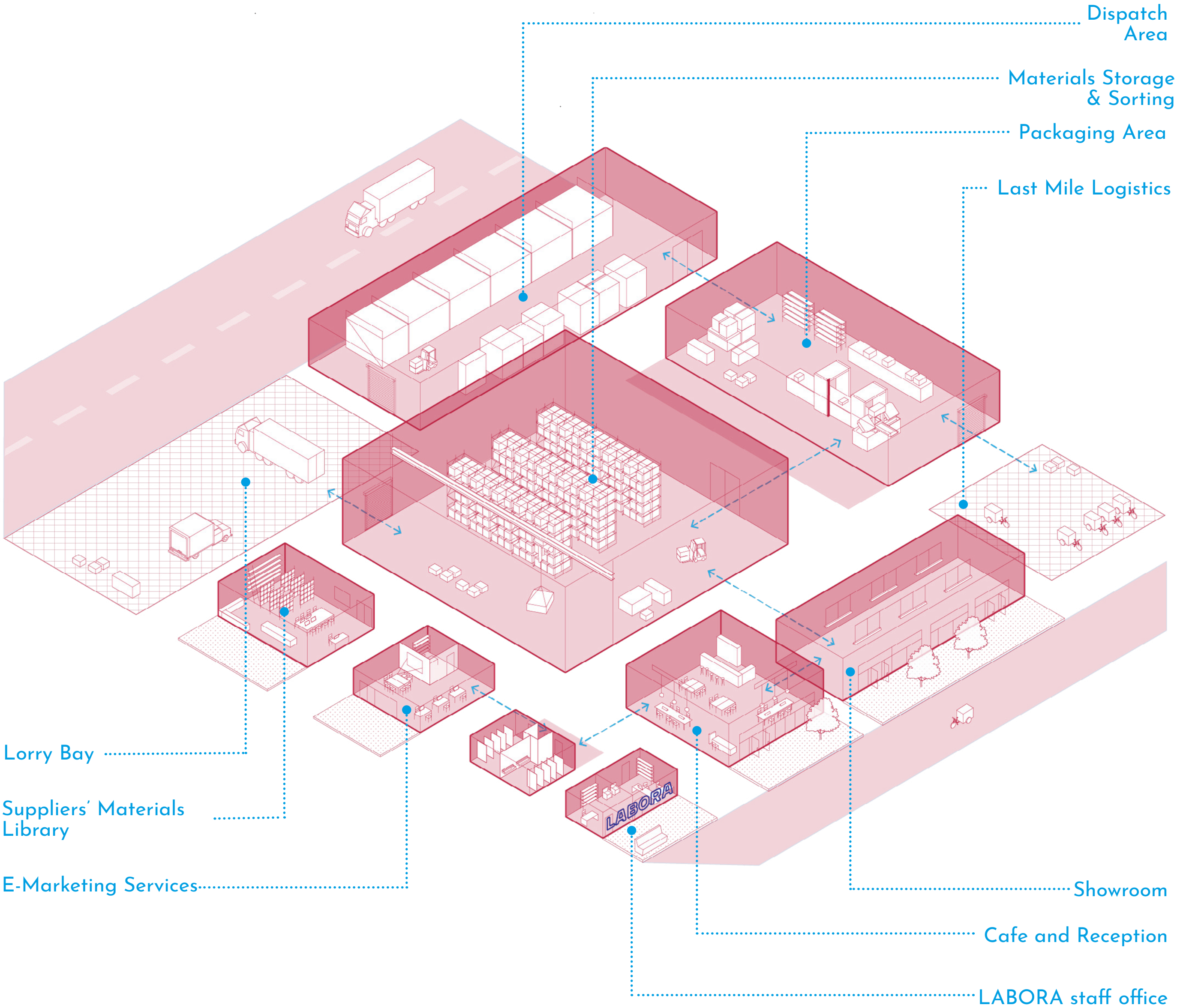
Labora should participate actively in shaping the programme of events striving to make the hub a point of contact to diagnose the complex and diverse reality of small businesses in a given territory and an opportunity to connect their (employment) needs to other (human) resources on Labora's radar.

Design of the hubs should attract and retain users and visitors, providing an opportunity for informal networking. This requires a human dimension and relationship to the public realm which contrasts with the delivery, storage and dispatch functions that the hubs house. Negotiating this conflict should be the primary task of planning and design of each hub.

Though consolidation, logistics and e-commerce services should form the backbone of the hubs, where the demand arises, they could house large, specialist machinery. This would allow for small companies to own expensive equipment collectively sharing the running costs and avoiding the need for in-house storage.

The hubs should include an Industry Advice Bureau staffed by LABORA and IVACE personnel and focussed on orienting SMEs towards services that can expand their business, on providing information about incentives and training, and on putting them in touch with potential employees.

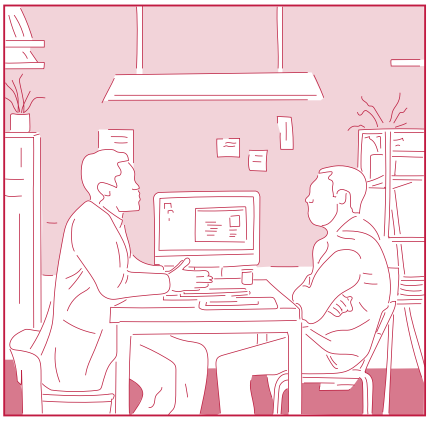
SME Centres
Centres PIME



The 'Centres PIME' combine a neighbourhood consolidation and logistics center with a set of spaces dedicated to events and in-person services. The lobby/cafe and showroom are the points of contact with the neighbourhood and business community, they have a strong relationship to the public realm and lead to the rooms dedicated to in-person e-commerce support and smaller meetings. The logistics infrastructure acts as an urban buffer between heavy traffic and the small grain of the neighbourhood, converging and converting polluting deliveries into green last-mile solutions.

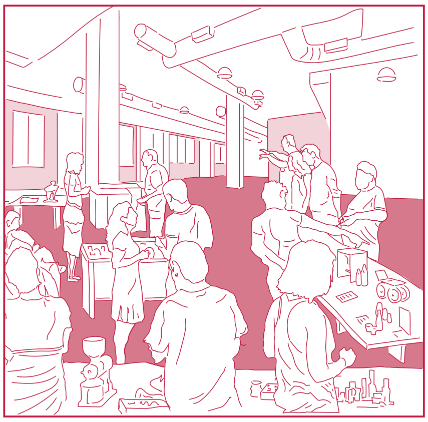
Packaging Area

The centers can perform the packaging and dispatch tasks necessary for SMEs operating on the online market. Costs are kept down by agglomerating small orders locally and streamlining their processing. Converging packaging tasks reduces congestion locally and allows to unify coordinated green solutions for packging and delivery.



E-Marketing Services

In-house, face-to-face consultancies are offered to small business owners looking to develop an online presence or access new markets internationally. Rather than focussing on personalisation, e-commerce services would provide a range of effective plug-and-play solutions businesses can tweak according to their needs.



Showroom

SME Centers provide a flexible, open space where small companies can showcase their services, products and innovations. The space, which can hold lectures, networking and industry-specific events becomes the 'interface' between the network of small businesses and the neighbourhood.

Suppliers' Materials Library

The centers aim at creating a connection between local businesses and the suppliers from the Valencian Region. The materials library, which doubles up as a smaller events room, showcases the most innovative products on and promotes green businesses on a regional scale.

5.

References and Data

References and Data

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GENERALITAT VALENCIANA

TOTS A UNA veu

LABORA

Servei Valencià d´Ocupació i Formació

Autonomy