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UKCES
UK COMMISSION FOR EMPLOYMENT AND SKILLS

# Praxis

## Geography matters: The importance of sub-national perspectives on employment and skills

Anne E. Green

## Praxis Points

### Policy implications: areas for further discussion

This edition of Praxis raises a number of issues with implications for employment, skills and regionally focused policy intervention. Here Abigail Gibson, Senior Policy Analyst at the UK Commission for Employment and Skills highlights some of these.

1. In this paper Anne Green highlights that the impact of occupational segregation in the UK is somewhat ameliorated at present by the dispersed nature of relatively high quality public sector jobs. Given the strong and growing likelihood of significant cuts in public sector employment what are the implications of this for regional occupational segregation and should this consideration be built into the decision making process?

2. Economic polarisation has implications for economic inequality within and between regions – what role can industrial and skills activism play in proving more space 'in the middle' for occupational progression as well as wider skills reforms promoting the increased importance and take up of vocational skills?

3. "People do not have full or perfect information" (p19) about labour market opportunity and the information they do access is processed through a 'perceptual filter'. How can Labour Market Information (LMI) generally, and Information, Advice and Guidance (IAG) services at a local level, be best shaped in light of this?

4. This paper highlights the fact that the UK's "public transport infrastructure does not coincide with the economic geography of the 21st century" (p10) – what are the implications of this for transport planning in the UK? How can the system be improved to enable wider travel to work areas for the most disadvantaged?

5. Anne Green states that "multiple initiatives have at times threatened to swamp local economic development and skills policy within a web of organisational complexity (Nunn and Johnson, 2008) in a manner that causes confusion for employers" (p28). The UK Commission's Simplification programme seeks to investigate the best ways in which to achieve a simplified system in terms of how the system is accessed, assessed, financed and structured. What are the implications of the simplification agenda at a local level?

**The aim of Praxis is to stimulate discussion and debate on employment and skills policy issues and we encourage readers to engage with the questions raised above, or make any additional points in response to this paper, on the Praxis pages of the UKCES website www.ukces.org.uk/our-work/research-and-policy/praxis.**



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# Foreword

## Welcome to Praxis, the UK Commission for Employment and Skills' new policy publication.

The UK Commission regularly conducts cutting edge research into core issues impacting on the UK's ability to meet the 2020 ambition for world class standing in employment and skills. This research is published on a regular basis, helping to inform the national debate.

Praxis aims to take this further: acting as a conduit for new ideas and discussion. Critically it aims to anchor this debate in the practical; exploring the implications of research for policy and practice. The name 'Praxis' expresses the process of moving from theory to practice; a process critical to the effectiveness of the UK Commission's work. As a publication Praxis provides a space in which to articulate and analyse new, and at times challenging, ideas.

Public and policy perceptions of the economy often see the labour market, and the opportunities it offers as 'international' in flavour; with UK citizens having to navigate a globalised market place to find and progress in work. However for many people the realities of the labour market and the opportunities it presents remain firmly rooted in their local community: where they live determines both the chances they have and the likelihood of their being able to take those chances. In this edition of Praxis, Anne Green brings an economic geographer's perspective to bear on the quantity and quality of employment opportunities open to people in different areas of the UK.

'Geography Matters' highlights the importance of people's locally rooted experiences, and the way in which "where people are looking from affects what they see, or choose to see, and how they interpret and act upon it" (p12). A series of 'mental maps' are featured, drawn by young people from different areas of the UK that demonstrate the 'bounded horizons' many live within, which can further limit the opportunities open to them.





A central theme of this edition is the impact that place and the histories of place have on people's life chances. The major policy implication of this, Green argues is that sub-national level intervention "may be rationalised on the grounds of promoting 'equity'" (p8). The paper concludes by asking at what geographical level should employment and skills policy seek to intervene?

A series of additional policy issues are raised by the UK Commission's policy team at the front of this edition of Praxis and we encourage our readers to engage with this debate by commenting via our website www.ukces.org.uk/our-work/research-and-policy/praxis.

Abigail Gibson
Senior Policy Analyst,
UK Commission for Employment and Skills

"Geography and history help explain the economic fortune of places"





# Author biography

## Anne Green is a Principal Research Fellow at the Institute for Employment Research, University of Warwick.

With a background in geography, she has substantial experience of researching employment, non-employment, regional and local labour market issues, migration and commuting, and associated policy issues. She has led research projects funded by the Joseph Rowntree Foundation, the Economic and Social Research Council, the Leverhulme Trust, the European Commission, government departments, regional development agencies and local government. She has undertaken research on Local Economic and Employment Development in conjunction with the OECD. Recent projects have concerned the regional, local and family impacts of labour migration and geographical mobility, the geography of employment and non-employment, local skills strategies and the role of social networks and place attachment in understanding labour market behaviour. She has contributed to evaluations of welfare-to-work programmes and area-based initiatives throughout the UK. She is interested in the localisation of policy and is working on the national evaluation of the City Strategy initiative.

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# Why place matters

## Introduction

A sub-national[1] perspective in employment and skills policy is an important complement to national and international analyses because:

- there are sub-national variations in employment structures and skills profiles; such that
- economic opportunities and life chances vary across space – in a way that matters more for some people than for others, which in turn has led to
- a greater emphasis than formerly on policy making and delivery at sub–national level.

This first section of this Praxis paper sets the context for 'why place matters'. It highlights the importance of geography for individuals' employment prospects and of history in understanding the current and future fortunes of places. The second section presents a high-level overview of some of the main features of sub-national variations in the quantity and quality of employment. The third section is concerned with the geography of labour markets, while the question: 'For whom does geography matter most?' is posed in the fourth section. The final section touches on policy development, including the trend towards devolving decision making and the consequent regionalisation and localisation of employment and skills policies and of interventions to combat worklessness.

## Context

In 'Who's Your City?' Richard Florida (2008) argues that place is more important than ever before despite 'globablisation' and claims of the 'flat world' (Friedman, 2005) and the 'death of distance' (Cairncross, 1997) which might suggest that place is becoming irrelevant. He suggests that because of the clustering of talent, innovation and creativity (Florida, 2002), places are growing more diverse and more specialised; hence, the world is 'spiky' rather than flat. This means that where a person lives is important to every facet of his/her life, affecting all others – including, in economic terms, the fact that it can determine

[1] *The term 'sub-national' is used here to subsume a range of geographical scales – from the regional and city-regional to the local and neighbourhood.*





employment opportunities available and income that can be earned. However, while some individuals are very mobile and are able to choose where they live, others may not be able to exercise such choice and so may be relatively immobile.

The opportunities that places offer need to be understood in their broader structural context – both geographically and historically, in accordance with the role that they play in economic, urban and regional systems. Exponents of evolutionary economic geography argue that regional and local economic trajectories are shaped by historical and current circumstances. Places carry their history with them, and factors such as sectoral mix, culture, and institutional performance can persist for a long time (Boschma, 2004). Assets and economic histories of different areas have led to different sector and skill mixes[2] and cultures of enterprise and innovation across the regions, so leading to diverse patterns of employment and productivity performance. Hence, differences in sectoral development pathways, knowledge assets and local innovation systems are important in shaping future economic trajectories (Simmie et al, 2008).

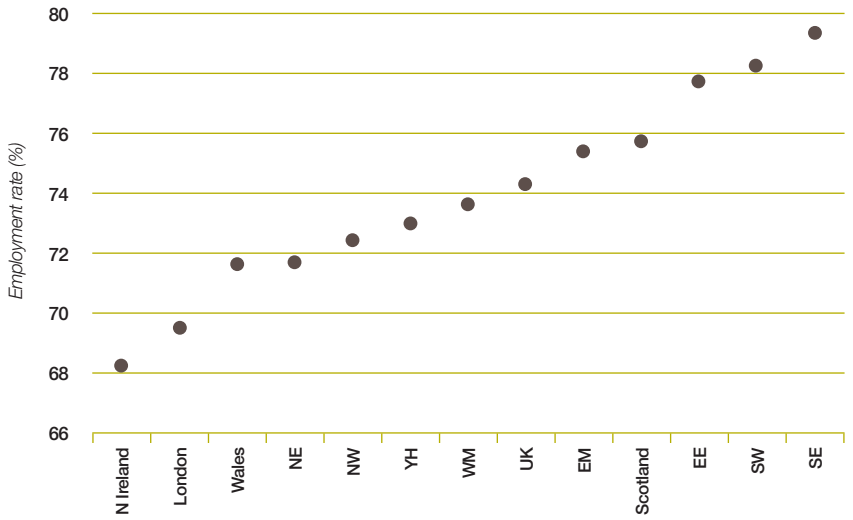
## The evidence

### Sub-national variations in the quantity and quality of employment

National averages and trends disguise regional and sub-regional variations in the quantity and quality of employment. These variations are the outcome of local, regional, national and international processes. Many of these variations are long-standing and correlate with long-term industrial decline, broadly along 'North-South' lines at regional level (Martin, 1988, Erdem and Glyn, 2001). The disparity in GVA growth rates between the best and worst performing regions has persisted for over eighty years (CLG, DTI and HM Treasury, 2006). The lack of convergence between UK regions in employment rates and GVA has implications for the nature of the UK 'regional problem' (Fothergill, 2005). The impact of differential employment rates is demonstrated in Figure 1 (below) where, in 2007, the South East had an employment rate 11 percentage points higher than that of Northern Ireland.

[2] *J.B. Priestley recognised this in his journey through England in Autumn 1933. He noted how Coventry's economic prosperity at that time based on "motor cars, electrical gadgets, machine tools, aeroplanes and wireless apparatus" could be traced back several centuries – to clocks in the seventeenth century, ribbons in the eighteenth century, and sewing machines and bicycles in the nineteenth century.*

**Figure 1**
Employment rates by regions and nations of the UK, 2007




*Source: Felstead et al. (2007)*
*Base: Individuals of working age*

Within regions there have also been shifts in the quantity and quality of employment, most notably, a general trend towards spatial decentralisation of employment from inner city areas to urban peripheries and rural areas (Fothergill and Gudgin, 1982; Social Exclusion Unit, 2004). This has implications for geographical access to employment opportunities, since the public transport infrastructure does not coincide with the economic geography of the 21st century.

Quantitative variations in numbers of employment opportunities are manifest in geographical differences in employment and non-employment rates, whereas qualitative variations are reflected in the





nature of employment opportunities available and prospects for labour market advancement. In general, 'quantitative' concerns about numbers of jobs tend to be greatest at times of rising unemployment when labour markets are slack. Overall, however, in recent years there has been a general shift towards greater policy emphasis on 'qualitative' aspects of employment, while in analyses of worklessness the trend has been towards consideration of aspects of inactivity alongside unemployment[3].

Traditionally, economic geographers have been most interested in sectoral variations in the composition of employment. Historically, there were marked geographical variations in key sectors, reflecting local concentrations of raw materials (especially in mining and extractive industries) and specialist manufacturing traditions, which in some instances are reflected in area names (such as 'The Potteries' for the Stoke-on-Trent area). Over time, however, with the loss of employment in agriculture, mining and manufacturing, and the increase in employment in services, broad sectoral differentials in employment structures over space have become less pronounced; (albeit at a more disaggregated level there remain important differences in the profile of service employment in different areas and in the distribution of strategic head office and more routine functions between areas). So, in general and at a broad level of sectoral disaggregation, sub-national variations in the sectoral composition of employment are less marked than formerly and rural economies now have a similar sectoral structure to urban ones (Countryside Agency, 2003). Nevertheless, there remains considerable interest in sectoral variations in employment and in the context of the current recession attention has been focused on sectoral composition in order to provide intelligence on the vulnerability of local areas and sub-regions to the credit crunch and economic downturn (Oxford Economics, 2008; PACEC, 2008).

Transformation in the sectoral composition of jobs has had implications for the occupational and skills profile of employment. Theories of endogenous regional growth recognise the importance of

[3] *Here it is salient to note that geographical variations in non-employment (i.e. unemployment and inactivity) are more pronounced than those in unemployment. The general rule is the greater the degree of labour market slack, the less appropriate unemployment is as a measure of labour reserve (MacKay, 1999; MacKay and Davies, 2008).*

high quality, knowledge-based jobs in driving economic growth. These theories explain the process by which city and regional economies grow via localised accumulation of knowledge, reinforced through external economies of scale achieved through 'knowledge spillovers' as workers interact with each other to increase local productivity (Duranton and Puga, 2004).

Analyses of the regional distribution of workplace employment in the UK over the period from 1997 to 2007 using the 'quality of jobs' framework proposed by Goos and Manning (2007) (which measures 'job quality' in terms of monetary reward i.e. median pay by occupation),[4] show that whilst jobs have been created across the entire distribution of job quality, in almost all cases net new job creation has been skewed towards higher skilled occupations (Jones and Green, 2009). However, London and the South East, which were already advantaged in terms of having the most high job quality jobs, outperformed other regions in this respect. Thus the gap between regions has increased over time.

A more detailed examination of trends by sector reveals that the success of London and the South East has been achieved by building upon their already high skilled occupational base, particularly in areas such as finance, real estate and business related activities, where the majority of new jobs over the decade were created. Additionally, the analyses reveal that regional differences in job quality are driven not by variations in the sectoral structure of employment, but by the occupational structure (i.e. high/low quality bias) within sector. London's advantage, for example, is largely derived from a high skilled occupational structure within all sectors. Hence the attraction of such a large metropolitan labour market for 'dual career households'. Conversely, in peripheral rural areas the knowledge economy is more 'shallow' and individuals face fewer and less varied employment opportunities.

*[4] Note that the use of the word 'quality' is restricted here to its purest economic sense, where the market will equate skills input to earnings. Non-monetary aspects of job reward which might be ordinarily associated with 'job quality' (autonomy, prestige, promotion prospects, hours of work, security, etc), which may be traded off against pecuniary benefits, are excluded from the analysis.*





Moreover, the analysis of high quality jobs reveals the important role of the public sector in affecting regional differences. The relatively even spread of public sector employment across the UK (taken as a percentage of total regional employment) combined with fact that differences in job quality between regions are much less pronounced in the public sector means that, in effect, the public sector plays an important role in 'propping-up' average job quality outside London and the South East (see also Hepworth et al., 2005); thereby reducing what would have been otherwise larger regional differences.

Using a measure of employment polarisation which measures the degree to which employment is clustered at the top and bottom end of the 'job quality' distribution, increased levels of polarisation are apparent in most UK nations and regions[5]. In effect, net positive numbers of jobs are being created at the top and bottom end of the skills distribution, with few jobs being created in the middle of the distribution. London stands out from the rest as having not only the highest initial level of job polarisation, but also the highest degree of change towards increased polarisation. From a social as well as economic perspective the increasing tendency towards employment polarisation may lead to problems of increased economic inequality both within and between regions. In this respect sub-national intervention may be rationalised on the grounds of promoting 'equity' (CLG, 2008).

## The geography of labour markets

Much economic debate on labour markets focuses on national and supra-national level developments. However, as outlined above, there are important variations in experience at regional and sub-regional scales – hence the relevance of a geographical perspective on labour markets. This is not to deny an increasing interest in transnational links between regional labour markets. The international migration of capital and labour is not a new phenomenon, but has been taking place recently at unprecedentedly high levels. Labour market impacts are especially pronounced in terms of labour flows within the European Union[6].

*[5] Northern Ireland is a notable anomaly in this respect.*

The penetration of immigrant labour beyond traditional migrant 'gateways' to smaller settlements and rural areas links regional and local labour markets transnationally to a greater extent than previously, and has implications for sub-national labour markets in both destination and origin countries.

References to 'the labour market' at national level are suggestive of a unity absent in practice. In practice, 'the labour market' is composed of a multiplicity of sub-markets demarcated by various criteria – including occupation, sector and, of particular relevance here, geography. The geographical subdivision of labour markets is largely a consequence of the monetary and psychological costs of extensive daily commuting journeys to work and the often greater costs of migration between different areas. These costs subdivide spatially a labour force that is already stratified occupationally, because by deterring migration and restricting commuting they tend to restrict the labour market to that geographical area which is accessible from a given residence.

The majority of commuting journeys are short (Green and Owen, 2006). This is despite the fact that there are various debates about the impacts of globalisation, hypermobilities and trends towards increased teleworking, mobile working (see Felstead et al. 2005) and long distance weekly commuting amongst some workers[7] and issues over the definition of 'usual workplace' and 'usual residence' on which conventional analyses of commuting patterns are based. However, there are important differences in commuting patterns between different sub-groups of the population. So, for instance, commuting journeys, and associated local labour market areas, for women tend to be smaller than those for men; those for part-time workers[7] tend to be smaller than those for full-time workers; and those for unskilled workers tend to be smaller than those for workers in professional occupations (see Figure 2). The relative costs of commuting (when expressed as a percentage of earnings) are higher for less skilled and

*[7] Typically those in some professional and sales occupations and some workers in construction.*

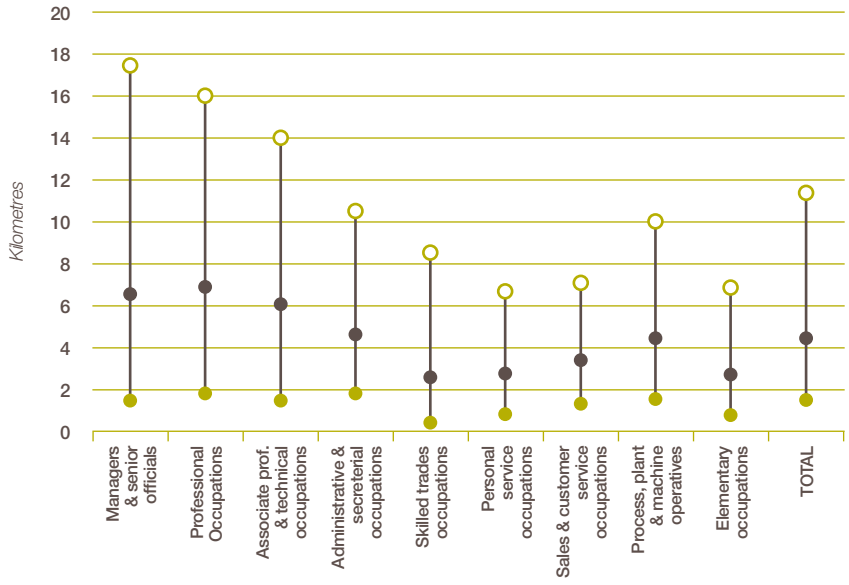




part-time workers, leading to less geographically extensive job searches and shorter travel-to-work distances than for more highly paid workers. These differences between groups of workers are important in understanding the labour market behaviour of different sub-groups and are crucial for policy makers concerned with facilitating the matching of labour supply and demand.

## Figure 2

Average commuting distance by occupation in England and Wales, 2001




*Source: 2001 Census of Population, Table W205. From Green and Owen (2006).*
*Base: Individuals with an occupation and workplace recorded in the 2001 Census of Population.*

*Note: Home workers and people living and working in the same ward are given an estimated intra-ward travel distance. Those with unknown workplaces are excluded.*

'Mismatch' can take two main forms: 'skills mismatch' and 'spatial mismatch'. 'Skills mismatch' 'occurs when the skills that workers supply do not match those demanded by employers. 'Spatial mismatch' occurs when there are 'workers without jobs' in one area and 'jobs without workers' in another area. The influence that the changing geography of employment has had on the access to jobs by less skilled workers and others who are otherwise disadvantaged in the labour market is a primary concern of the spatial mismatch debate (Kain, 1968; Houston, 2005). Broadly speaking, there are two positions:

- Proponents of a 'segmented model' of the labour market (see Morrison, 2005), who believe that 'the local labour market' consists of a number of spatially-defined sub-markets and who attribute concentrations of worklessness at a local scale primarily to deficiencies in highly localised demands for labour, conclude that worklessness rates will remain high in the absence of a supply of appropriate jobs within short commuting distances of the jobless. Hence, they favour an approach of 'taking work to the workers'.
- Conversely, proponents of a 'seamless model' of the labour market, who contend that city-regions are single markets in which transactions between labour and capital take place regardless of the location of residence and employment sites, argue that 'taking work to the workers' will only have a short-term effect at best, because spatial labour markets are permeable and local residents will be subject to city-region wide competition for jobs. On the basis that job growth does not necessarily 'trickle down' to local residents, they see the solution in terms of raising aggregate demand for labour and to upgrading the skills of the workless in order that they are better able to compete for the jobs available

In understanding the geography of labour markets it is also critical to move beyond a regional science perspective on local labour markets as 'spatial containers' and to acknowledge the importance of social





and institutional factors in the formation and operation of labour markets (Green, 2009).

Peck (1996) emphasises that local and regional labour markets are socially embedded and constituted institutional spaces in which formal and informal customs, norms and practices underpinning employment, working practices, labour relations and wages are played out. They are the result of the interaction between employers' practices, institutions, state policy and regional and local labour market histories. Hence, place-specific developments matter in understanding how local and regional labour markets evolve over time and how economic actors, agencies and individuals behave. So, alongside economic and geographical factors, social and institutional factors are important in understanding how labour markets operate and evolve over time.

## For whom does the geography of labour markets matter most?

From any given location, people with poor skills are likely to search and take up jobs over a spatially smaller area than their higher skilled counterparts. Hence, geography matters most for those with poor skills: the quantity and quality of jobs available locally is of particular importance for them (Green and Owen, 2006).

Jobs demanding higher level skills are open only to people with the appropriate higher level skills (or those felt by employers to have the potential to be trained to fill such jobs). Jobs demanding only low level skills are open to people with poor skills and to people with higher level skills – if they are willing to 'bump down' in the labour market to fill them (Gordon, 1999). This means that in terms of absolute numbers of jobs those with poor skills have a smaller pool of jobs available to them.

Furthermore because of differences in monetary and material resources, people with poor skills generally tend to travel over shorter distances to work than those with higher level skills. It is salient to note

here that inter-regional variations in employment rates for those with no qualifications (see Figure 3) are more pronounced than for those with degree level qualifications (NQF 4)[8]. So, while some highly skilled people operate in national and international labour markets, local residents with poor skills tend to confine their lives to the local area in which they live. Indeed, in a review of the impact of new transport technologies on mobility over the last century Pooley et al. (2006) argue that, despite new forms of transport, basic mobility aspirations have changed little since the late nineteenth century and travel times have remained remarkably constant[9].

*[8] There is a 20 percentage point gap between the lowest ranked and highest ranked region/nation on the employment rate for people with no qualifications, compared with a 6 percentage point gap for those with qualifications at NQF level 4 and a gap of 11 percentage points between the lowest and highest ranked region on the aggregate employment rate. At sub-regional level such differentials would be even more pronounced.*

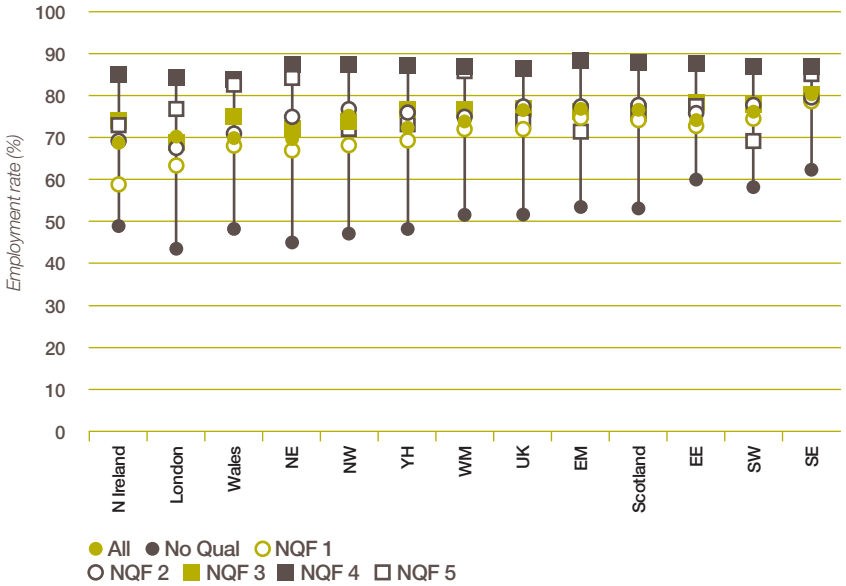
*[9] Hence, over time increasing distances travelled to work may be attributed to faster forms of transport rather than to any general increase in willingness to spend more time travelling to work.*





## Figure 3

Employment rates by qualification level, 2007 – regions and nations of the UK




*Key: 'NQF' refers to National Qualification Framework; 'No Qual' is an abbreviation for 'no formal qualifications'.*
*Source: Felstead et al. (2007)*
*Base: Individuals of working age*

Objectively, there are more opportunities available to residents in some areas than in others. So, as outlined above, where people live matters. However, when making decisions about employment and training, often people do not have full or perfect information. Moreover, the information that they process comes through a perceptual filter. Place is important here because where people are looking from affects what they see, or choose to see, and how they interpret and act upon it (Green and White, 2007): perceptions matter. Consequently,

'subjective' geographies of opportunity may be much more limited than 'objective' geographies of opportunity (Galster and Killen, 1995; Ritchie et al., 2005). Over twenty years ago, a study of school-leavers in Birmingham found that job search tended to be limited to familiar localities; while there were accessible areas of the city where jobs were not sought (Quinn, 1986). Likewise more recent research in Belfast has suggested that 'bounded horizons' and relative immobility continue to constrain the labour market behaviour of young people (Green et al., 2005).

Hence while some people 'transcend space' in their aspirations and knowledge of employment opportunities, others are 'trapped by space' and confine themselves to a narrower set of opportunities. Place-based social networks and area attachment may contribute to 'bounded horizons', such that people may follow conventional opportunities in familiar locations[10]. For young people especially, the influence of family and friends is one important factor here, with links outside the local area often helping young people to transcend space, while strong networks of family and friends within a tightly defined geographical area may lead to a tendency to look inwards to the immediate locality.

'Mental maps' drawn by young people from deprived neighbourhoods in Hull, Walsall and Wolverhampton as part of a wider study on social networks and place attachments illustrate some of these points (for further details see Green and White [2007])[11]:

[10] *In some instances this may extend to individuals being in a 'time warp' of wanting to work in certain areas where jobs were formerly and where previous generations worked, rather than where they are now (Green and White, 2007).*

[11] *Individuals were asked to draw a sketch map of their local area as they knew it, marking their home/school/college/place of work, landmarks, transport routes and job locations. They were asked to identify areas they knew well and areas they would fear to go; this is important as individuals may be unwilling to take up job opportunities in certain areas.*

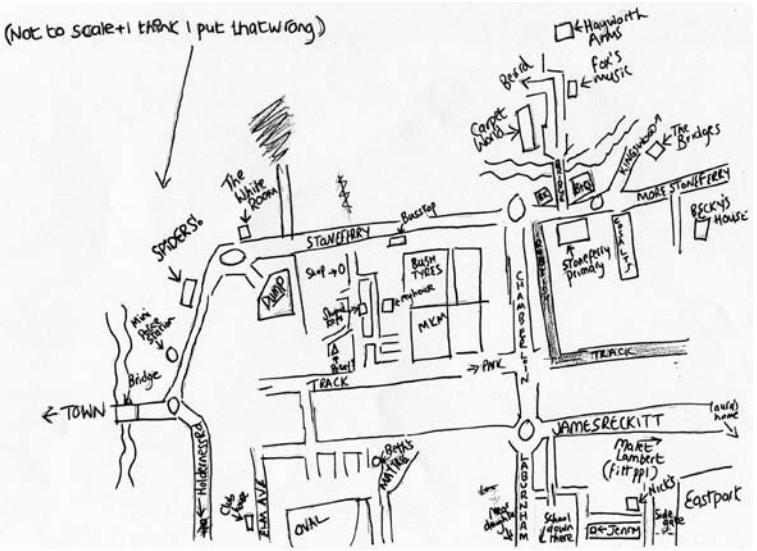




Figure 4 drawn by a school student in East Hull demonstrates a detailed spatial knowledge of part of East Hull and an accurate sense of scale. Friends' houses are marked prominently and key local landmarks are shown. There is an arrow to Hull city centre (identified as "town"), which is 'off the map'. West Hull (on the other side of the river) does not feature at all. This map is typical of many mental maps of young people about to leave school in deprived areas, in that it demonstrates detailed knowledge of a limited local area and a relative lack of awareness of what lies a mere bus ride away.

## Figure 4

Mental map of East Hull drawn by a female student in her last year of compulsory schooling

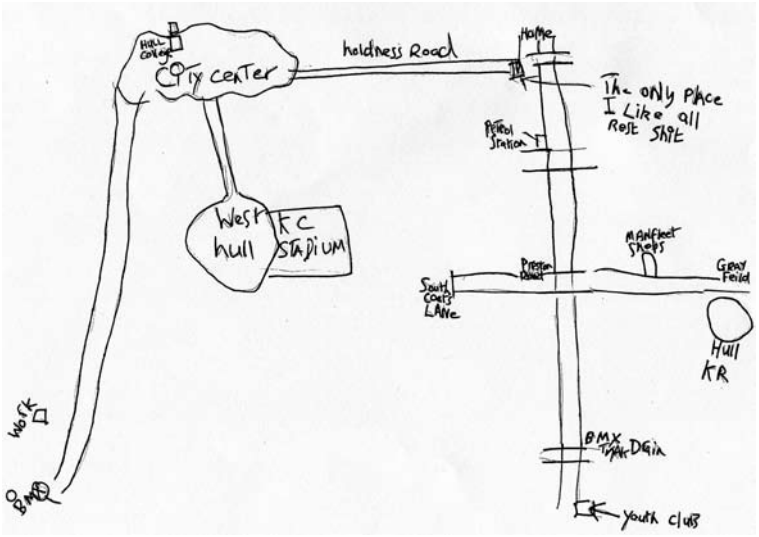



*Source: Green and White (2007)*

Figure 5 – also from East Hull – is cruder but more spatially extensive. The college (attended by the individual concerned) is shown in the city centre and West Hull is marked also (albeit shown to the south of the city centre). The individual's place of work is shown also (although again the location is not portrayed accurately). As well as local landmarks, sports venues (the KC Stadium and the Hull Kingston Rovers ground) are identified. Comments on the map emphasise strong place attachment and 'hostility' to other areas.

## Figure 5

Mental map drawn by an 18 year old male from East Hull who had a weekend job while attending college




*Source: Green and White (2007)*

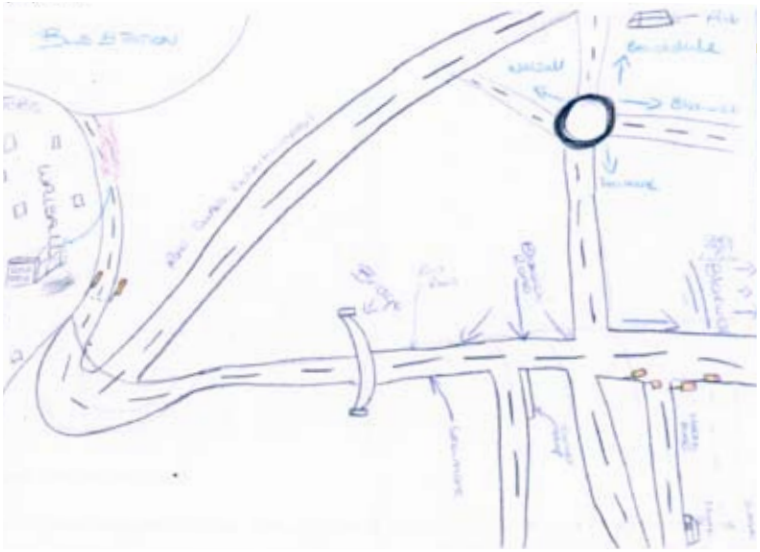




Figure 6 – from Walsall - also shows the town centre. Orientation of the map is towards the town centre identified as an area of job opportunities, as well as the location of the college and the bus station, rather than the home area of Blakenall and Bloxwich to the north of the town centre on the edge of the map – which is identified as having few jobs.

## Figure 6

Mental map of Walsall drawn by a 20 year old female from a peripheral estate in north Walsall, currently attending college but with previous experience of full-time employment

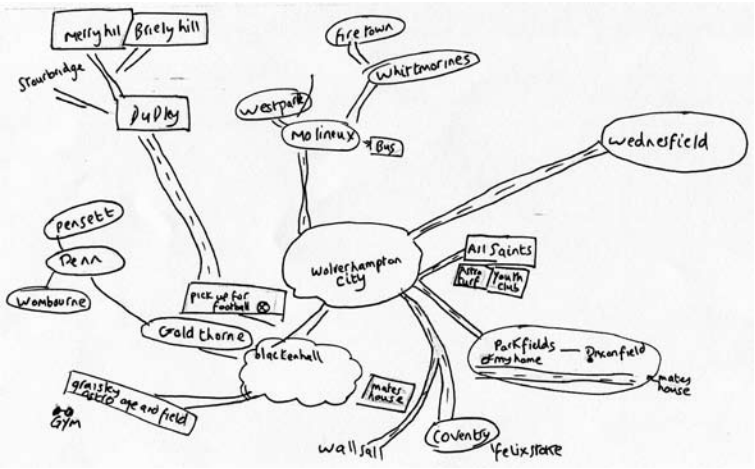


*Source: Green and White (2007)*

Figure 7 – from Wolverhampton – is somewhat exceptional in providing a broad sub-regional view (extending over two A3 pages), encompassing other parts of the Black Country and beyond. Distinctions are made between areas which are more and less well known, those that the individual is unsure about, and areas that are safe and unsafe.

## Figure 7

Mental map of Wolverhampton in sub-regional context drawn by a 16 year old male college student from a neighbourhood close to Wolverhampton city centre




*Source: Green and White (2007)*





The evidence suggests that there are spatial and temporal variations in localised outlooks and place identity. In spatial terms, 'neighbourhood' matters most to those who are most disadvantaged, given their relative lack of resources to take up opportunities further afield. Likewise, it has been argued that different population sub-groups may see the 'neighbourhood' in different ways, and that the importance of place identity may vary over the life course (Lupton, 2003; Forrest and Kearns, 2001). The implication of this is that the 'neighbourhood' matters more for some people at some times in some places than for other people at other times and in other places.

'Area' (or 'postcode') is also a possible basis for employer discrimination - alongside individual characteristics such as gender, ethnicity and age. However, although 'postcode discrimination' is often cited as a possible cause of 'area effects' (i.e. spatial variations in employment [or other life] chances) once compositional effects (i.e. spatial variations in the characteristics of individuals that may influence the chances of employment [or other outcomes]) are taken into account, objective evidence of postcode discrimination is hard to find[12]. There is evidence for self-attribution of discrimination on the basis of postcode in some areas (Lawless and Smith, 1998; Dewson, 2005), and this seems to be particularly strong in areas suffering persistent worklessness and poverty, with strong local identities associated with place-based social networks, and relatively low levels of residential mobility (Fletcher et al., 2008; Green and White, 2007). In the light of the importance of history that has been emphasised above, it is also salient to note that area reputations may be long lasting and may outlive objective changes in neighbourhood characteristics (Robertson et al., 2008).

[12] *For an example of evidence from Paisley see McGregor (1977).*

# Implications for policy: devolving decision-making

**Given the focus of this paper on the importance of sub-national perspectives on employment and skills a key question is:**

**"What is the most appropriate geographical level (i.e. national, regional, sub-regional, local, neighbourhood, etc) for intervention in relation to employment and skills policies?"**

In recent years there has been a greater emphasis than hitherto on the regional dimension of economic and skills policy in the UK and the 'region' and 'city-region' have become increasingly significant levels of policy delivery and governance (for example, see HM Treasury, DTI, ODPM, 2006). The rationale for this is that devolution of decision-making to regional and sub-regional scales ensures that policy design and delivery is responsive to particular opportunities and challenges. The logic is that while regional and sub-regional skills strategies should be shaped by national priorities, the relative balance between key aspects such as attracting and retaining talent, upgrading the skills of the current labour force and integrating hard-to-reach groups should reflect different local circumstances. Moreover, there is increased emphasis on taking account of the spatial implications of economic development, with Regional Development Agencies in England now being required to produce an integrated economic development and spatial strategy.

The local authority role in local economic development has been strengthened. Again in England, local authorities have been charged to promote economic development through Local Area Agreements (LAAs). There is encouragement to set up local employer-led Employment and Skills Boards linking the skills and jobs agendas. So while the fact that 'geography matters most for those with poor skills' might imply that the devolution and localisation agendas are





primarily about employment, the importance of skills in gaining and sustaining employment indicates that skills cannot be entirely separated out.

Looking ahead increasing emphasis is being placed on Multi-Area Agreements (MAAs) in order to promote sub-regional collaboration. In the April 2009 Budget Greater Manchester and Leeds in England were granted pilot city-region status, with greater power for planning and spending on issues including employment and skills and long-term economic growth, as well as housing, transport and regeneration. This is indicative of the recognition that in strategic terms a strategic perspective across local authorities within the same functional economic entity is necessary.

Although MAAs are an 'England only' development, the trend to devolved decision-making is also apparent in Scotland and Wales, while in Northern Ireland there is a strong tradition of community planning at the neighbourhood level. Where responsibility for skills and other issues central to employment and worklessness are devolved, it is important that devolved governments are key partners in debates on employment policy, since skills and 'wraparound' services are of crucial importance in setting the appropriate context for raising employment rates and ensuring the most effective utilisation of skills.

Likewise, in relation to tackling worklessness, the emphasis has been for outreach to engage with those who are 'hardest to help' at neighbourhood level (Green and Hasluck, 2009). This is in keeping with a more general trend towards localisation in order that local issues and circumstances (such as the skills levels of the population, the nature of job opportunities available, physical accessibility to available opportunities, etc) are taken into account when formulating interventions. Hence, a comparison of local employment strategies in Newham and Hull New Deal for Communities (NDC) areas designed to address high levels of worklessness (Sanderson et al,

2005) reveals that the former adopted a strongly supply-side approach, concentrating on action to address residents' problems and to remove barriers to work, so allowing them to capitalise on employment opportunities in the wider labour market; while the latter took a more balanced approach, including developing skills and raising aspirations, an intermediate labour market policy to address the needs of the most disadvantaged and support for business start-ups.

Regional, sub-regional and local partnership working lies at the heart of devolved policy design and delivery, yet tensions between localisation and centralisation remain. The emphasis is on close collaboration between partners to develop and deliver sub-regional and regional priorities in a seamless, customised and holistic fashion. Moreover, within a complex and dynamic field it has been suggested that institutional proliferation and multiple initiatives have at times threatened to swamp local economic development and skills policy within a web of organisational complexity (Nunn and Johnson, 2008) in a manner that causes confusion for employers, training providers and individual workers and learners.

Hence, the trend to devolution to sub-national level appears well established and may gather pace in prevailing economic circumstances, since: "In time of a recession, the need for devolution to sub-regions, including counties, functional economic areas, local council partnerships and individual local authorities becomes more obvious and more urgent" (PACEC, 2008: iii; see also PACEC, 2009; Houghton et al., 2009).





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"The growth of higher skilled jobs has been greatest in London and the South East where the share of such jobs was initially greatest"





# Conclusions

**In this edition of Praxis it has been argued that because there are sub-national variations in employment structures and skills profiles a sub-national perspective is important. The uneven geography of employment opportunities and the clustering of talent, innovation and creativity means that where a person lives is important.**

The opportunities that places offer need to be understood in a broader context. An evolutionary economic geography perspective suggests that regional and local trajectories of place are shaped by the historical and current circumstances: places carry their history with them. Variations in place-based assets and the different economic histories of places have shaped sectoral and skill mixes, cultures of enterprise and productivity performance at sub-national level. In turn they influence new economic development pathways.

Sub-national variations in the quantity of employment are captured most simply in employment rates. There are marked regional and local differences in employment (and non-employment) rates. There are also important sub-national variations in the sectoral and occupational profile of employment. In recent years jobs have been created across the entire distribution of job quality in the UK, but net new job creation has been skewed towards higher skilled occupations. The growth of higher skilled jobs has been greatest in London and the South East where the share of such jobs was initially greatest. Thus the gap between regions in employment 'quality' has grown over time and a case may be made for regional and local intervention to promote 'equity' in the quantity and quality of employment opportunities.

Rather than a single 'UK labour market', there are a multiplicity of sub-markets demarcated by occupation, sector and geography.

The geographical division of labour markets is largely a consequence of the monetary and psychological costs of extensive journeys-to-work. Despite some growth in teleworking, mobile working and long distance weekly commuting, the majority of commuting journeys are short. However, the relative costs of commuting are higher for less skilled workers than for workers in professional and managerial occupations, leading to less geographically extensive job search and commutes to work for the former than for the latter. Hence, geography matters most for people with poor skills. The fact that there are greater local variations in employment rates for those with no or low qualifications than for those with higher level qualifications highlights this point.

There are more employment opportunities available to residents in some areas than in others. Yet individuals do not necessarily consider all of the jobs (and training opportunities) that are open to them in objective terms. Rather they process information through a perceptual filter. In this way subjective factors influence decision-making alongside skills and geographical constraints. Mental maps show how social networks and place shape people and their outlooks, and how they interpret and act upon what they see. Generally, 'subjective' geographies of opportunity are more limited than 'objective' geographies of opportunity.

Geography and history help explain the economic fortunes of places. In recognition of the fact that there are important regional and local differences, and in the socio-demographic and economic characteristics of residents in different areas, there has been a trend towards 'localisation' in policy interventions. The underlying rationale is that local flexibility and sensitivity to local circumstances is appropriate because places are different and policies are most likely to be successful if they are tailored to local circumstances.





The case for localisation and individualisation of policy interventions is strongest for those with poor skills who tend to be amongst the most immobile and who are most vulnerable to worklessness. However, while neighbourhood interventions may be appropriate for those with poor skills and there has been a strengthening of the local authority role in economic development, the city-region level (i.e. sub-regional functional economic areas) has been identified as the appropriate scale for sub-national devolution of strategic decision-making on employment and skills.

Anne E Green

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# Notes

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