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# ARE LOCAL LABOUR MARKETS SUITABLE SPACE UNITS IN ORDER TO DEFINE SUSTAINABLE TERRITORIAL DEVELOPMENT STRATEGIES?

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**Abstract** : Social scientists from several disciplinary fields long agree that local labour markets can be defined as spaces of daily population mobility due to labour reasons (Combes 1986; Eurostat, 1992; Casado Díaz, 1991). The question we address in this paper is whether these spaces are not only useful for territorial management of employment policy, but also suitable territorial units in conceptualizing wider multidimensional politics that can facilitate sustainable territorial development.

**Resumen** : Una amplia tradición de científicos sociales de varios campos disciplinares están de acuerdo en definir los mercados de trabajo locales como espacios de movilidad diaria de la población por motivos de trabajo (Combes 1986; Eurostat, 1992; Casado Díaz, 1991). La cuestión que se plantea en esta comunicación es si estos espacios además de ser útiles para la gestión territorial de las políticas de empleo pueden resultar unidades territoriales adecuadas para la concepción de políticas multidimensionales más amplias promotoras del desarrollo sostenible de los territorios que delimitan.

**Keywords**: travel to work areas, local labour market, territorial development, territorial governance.

**Palabras clave** : áreas de movilidad residencia-trabajo, mercado de trabajo local, desarrollo territorial, gobernanza territorial.

# Are local labour markets suitable space units in order to define sustainable territorial development strategies?

## 1. INTRODUCTION

One of the questions outlined in this International Conference of CAENTI (Coordination Action of the European Network of Territorial Intelligence) is whether regions are appropriate spaces for promoting and managing sustainable development policies.

Given the important role that labour market performance plays in economic and social development, we have taken the liberty of rephrasing the question, changing the term *region* to subregional demarcation that takes local labour markets as a point of reference, such as the British *Travel to Work Areas* (TWAs) (Combes, 1986).

Analysis of commuting areas (TWAs) is a broadly used method for the demarcation of local labour markets (Combes 1986; Eurostat, 1992; Casado Díaz, 1991). These spaces of mobility are the result of the interaction of multiple aspects: natural factors (especially the orography), socioeconomic factors (type of local productive activity in connection with human capital characteristics in each area, dwelling availability and housing market, and availability of services and public and private infrastructures such as transportation, schools, nurseries, health services, etc.), and even cultural factors such as those determining labour mobilization and the population's learning patterns. Therefore, "local labour markets" delimitation has been proven to be very useful in planning several issues related to the economic and social development, particularly in urban environments such as transportation policies, urbanism and public services supply.

The question we address in this paper is whether these spaces are not only useful for territorial management of employment policy, but also suitable territorial units in conceptualizing wider multidimensional politics that can facilitate territorial sustainable development.

In other words, are these local labour markets suitable space units to define sustainable territorial development strategies? What are main advantages and disadvantages of using this delimitation for this purpose? And finally, do the notions of the territorial unit for diagnosis and the territorial unit for action overlap? That is, is the use of these space units useful in the benefit of territorial governance?

We consider that the only attempt of answering these questions can be worthwhile in analysing the pertinence of regional delimitations of diverse scales and nature. Therefore a better comprehension of the commuting areas configuration should enhance the understanding and promotion of sustainable development.

Obviously the responses will be conditioned, on the one hand, by the departing notion of sustainable development, and, on the other hand, by the role that is conferred to the labour market in the economic and social development process. We will discuss these aspects in section 2, where the territorial dimension of both aspects will be introduced. The advantages and disadvantages of the use of this territorial demarcation will be summarized in section 3.

The discussion will be illustrated with the results of an empirical study developed by the Local Observatory of Employment (LOE) of Huelva University about the specific labour market regionalization of the province of Huelva (Spain).

## 2. SUSTAINABLE TERRITORIAL DEVELOPMENT, LABOUR MARKET AND THE TERRITORIAL DIMENSION

### 2.1. Sustainable territorial development.

We will first outline the concept of sustainable development that this paper focuses on. This is an approach based on several works from the field of Economic Development, from authors such as José Luís Sampedro (Sampredo & Martínez-Cortiña, 1975), François Perroux (1984) and Albert O. Hirschman (Meldolesi, 1997). It is also based on the valuable contributions to the concept of Human Development of Amartya Sen (Sen 1993, Nussbaum & Sen 1993). Lastly, it is influenced by the different international reports about the economic growth limits.

It is a conception based on specific ethical premises that, according to Anad & Sen (1994), can be summarized as follows: First, it refers to *human* sustainable development. This implies an anthropocentric view that provides a crucial role for the generation of vital opportunities so that human beings lead life worth living. The objective is not only for people to have more and better options in life, but also for people to have more freedom to

choose among those options. Second, this is a universalistic conception that postulates concrete and limited human needs with a non-historic nature, detached from relativism in culture, class, gender, race, community and generation. It is referring to the latter that the reference to the sustainability makes sense. Therefore, this is a conception that emphasizes the redistributive aspects of development, both intragenerational and intergenerational.

The external limit of this development comes from the sustainable capability of earth. "The sustainable capability of a particular territory is defined from an environmental point of view, and for a specific species, as the largest population in that specific species that can be supported indefinitely, without degradation in the resources that could mean a reduction in population in the future". When this definition is applied to the human species, two relevant aspects are introduced (Asensio, 2004: 11):

a) Environmental degradation not only could be the result of the pressure of the population, but also the pressure of production, particularly when the latter is led to export. This gives a relevant role to both the technology that has been used as well as the social organization and institutional framework in which the productive processes have been developed.

b) As the pressure created by different human groups are not equal, the sustainable capability would only make sense when it refers to the entire planet (that is to say it would not be relevant if the majority lived according to limits and a small group had enormous destructive power).

Would this mean that the only territorial delimitation that could study and analyze all the aspects affecting sustainable development be our planet? Ultimately, the answer would be 'yes,' because needs are universal and the boundaries are global. However, the organization of human action reveals a noteworthy local structuration which valorises this space as a sphere for planning, decision making and actions in regard to sustainable development.

Furthermore, sustainability within this approach is placed in the means, in the "satisfactors" of human needs, but it is not in the needs themselves. This way, some of the limits could be avoided when "dematerialization" of these "satisfactors" is achieved. That is, as the means with which we satisfy our needs are replaced with other means which make less-intensive use of energy and other natural resources, and with a smaller level of production of non-biodegradable waste.

It is in this very last point that the local dimension reaches greater relevance, as the dematerialization is a matter of great complexity which extends to some technical aspects, and which involves processes of social agreement (social dialogue and consultation involving several economic and social private actors and the administration) based on systems of incentives and sanctions which would eventually help to obtain this goal for every circumstance.

Considering the enormous differences observed in the different human groups on a planetary scale, these agreements processes could only take place on a local level. The processes themselves would depend on how needs for the human groups involved are covered, on the production characteristics at the local level as well as on the particular institutional framework that would determine potential agreements. The agreements at the local level should be coordinated with those that take place using a global framework on a planetary scale. The last ones are crucial, but also inefficient without the first ones.

All the above, from our point of view, gives full meaning to the term *sustainable territorial development*. Sustainability is a matter that can and must be dealt with at a local level, but can it be also used with any territorial demarcation? Is there any type of spatial demarcation that can or must be granted a privilege at a local level? We think that the spatial demarcations that fit the local labour markets (TWA) could be considered good candidates to work in this area, although they also present some limitations. We will present our arguments in section 3, but before that, we will discuss the role of the labour market on the dynamic generations of sustainable development. We will also discuss some other general ideas related to the territorial aspect of the labour market.

## 2.2. **Labour market as the cornerstone of economic, social and environmental sustainability.**

In the most traditional notion of the term, a labour market consists of the exchange of labour for a sum of money or goods between workers who possess specific qualifications (supply) and employers, usually a business, but also the State or families who would like to cover a job or position (demand). However, the labour market is not just any market, but rather behaves like a social institution (Solow, 1992), comprising a set of socio-economic institutions that shape the characteristics of the supply and demand as well as how they both interact with each other.

Among the institutions that influence the structure of the supply are the family, the educational and

training systems, and the systems of predominant values of a given society. Among the more relevant institutions that shape labour demand, we could mention the different ways of organizing production and the different ways of managing human resources by business in general.

On the other hand, employment policy, labour legislation, different forms of collective bargaining, and the mechanisms for social agreement are the most relevant institutions responsible for regulating the interaction between the labour supply and the labour demand.

At the same time, the fact that most people will earn their income from their participation in the labour market gives the labour market a very essential role within the economic and social organization systems, particularly regarding distribution.

As a matter of fact, most of the worldwide population makes a living from their labour (although often just barely, as the 2005 ILO report reminds us). The participation in the labour market – either as an employee or entrepreneur, in a formal or informal manner – is the very common way of “making a living”. This explains the fact that most current systems of social protection have stemmed from the labour market and thus, legal contracts have incorporated no economical aspects that have not been strictly demanded by the market (Castel, 1998:406).

This way, labour income and those rights linked to labour participation are within the core of people’s ability “to live lives that are worth living”<sup>1</sup>. On the one hand, the intensity and manner in which people participate in a labour market is the result of “pre-market” opportunities: nutrition, health, education, and skill development –and, in the case of the independent workers, the forms of access to the property of production means. On the other hand, peoples’ current situations regarding the labour market determine their current and future vital opportunities: their potential professional development, access to specific rights regarding social protection for illness or the advancement of age, even social status.

And what is even more important, parents’ current position within the labour market influences, at least indirectly, the children’s “pre-market”

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<sup>1</sup> In spite of successive signed acts of death, we continued living in a "work society" in which the economic, participative and vital opportunities are connected – directly or through private and public economic units– to the lucrative work (Offe, 1992:10).

opportunities, and thus their skills, even though it may not fully determine their professional future.

In short, the specific configuration that shapes the labour market determines the intensity and the manner in which the economic growth influences the population’s social wellbeing. In this sense, it could be said that the labour market is the main “transformer” of economic growth into social wellbeing.

This way, if a specific labour market gives rise to informal hiring practices (absence of social protection) and a precarious labour situation (low salaries, unstable and unfavourable employment conditions, low labour qualification), the probabilities of making the economic growth become a reality in terms of social wellbeing, and vital opportunities for the population will significantly lessen as a result. To the contrary, the possibilities for economic growth to give rise to social wellbeing and vital opportunities increase as regular employment grows and better labour conditions are established.

The incentive system generated for the development of individual productivity at work plays an essential role in these “transforming” processes, as well.

In short, around the labour market the decisions of the employers, the workers and the State take shape (either by action or omission), with very important consequences for the distribution of the outcome and, therefore, for the well-being and the quality of life of the population.

Additionally, employers are larger part of system producers, and the employees and their families comprise the main body of consumers, and so the conscious or unconscious coordination of their actions also have important consequences for the environmental aspect of development. The strategies used by both types of agents in the labour market, determined by the situation in the rest of the markets, affects both the methods employed in the production processes (particularly the technology in use) as well as the socially predominant modes of consumption. Both aspects, the technology in use and the modes of consumption, more or less dematerialized, have a considerable impact, as we have already seen, on the capacity of sustainability of the system.

Therefore, for a specific society, the unique characteristics of the labour market show how, in that very same society, the interwoven economic and social dynamics result in a very unique model of development. At the very same time, however, the sustainability of this model of development will

partially depend on the ability of the labour market to distribute the outcome of production, on the ability to increase the human resources training, and on the ability to select organizational methods that are respectful of the environment.

Regarding the notion of sustainable development we are discussing here, the labour market becomes the cornerstone of the three dimensions of sustainability: economic, social and environmental.

### 2.3. **The territorial dimension of the labour market.**

It is a fact that the intervening factors within the configuration of the labour market differ both from a qualitative and quantitative point of view from one geographical region to the next. In each area, the institutions and environmental factors (economic, social, cultural, political ...) are combined in different ways, resulting in labour markets with different characteristics. Consequently, the structure of the employed vs. unemployed population, the employment conditions, and most importantly, the different levels of wellbeing that the working population reaches, are characterized by unique features in every area<sup>2</sup>.

The different structures and dynamics of the labour market result in a variety of ways that the different areas adapt to the economic cycles, and thus, into different guidelines of development.

Consequently, we can assert that the labour market has a pronounced territorial dimension. Within the last few years, decentralization in developing countries' employment policies has occurred, so that goals and instruments could be better adapted to the specific needs of each territory. With this aim in mind, regional and national officials have developed different territorial delimitations (geographical cuttings) in the labour markets. These "local labour markets" intentionally overlap with areas that enjoy some political and/or administrative autonomy for departments, provinces, and other municipalities or groups thereof. However, this rationale seems to favour the control of political politico-administrative management. As a result, the territories marked for diagnostics and action ultimately ignore the socio-economical dynamics of the development of the "natural" local labour markets.

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<sup>2</sup> In another work we have shown that this territorial differentiation is quite appreciable even in subregional scopes (Miedes, Pérez & Sánchez, 2003).

The local labour market (LLM) refers to this very same concept. The LLM is characterized as that which "within its confines, agreements between a significant number of employees and employers take place, and these areas are thus reflective of the spatial organization of the labour market [...] The borders of these markets are characterized by being relatively impermeable to the everyday commute to work. Thus, most workers who live within one of these local markets also work within its borders and, simultaneously, most of the job postings that are open in the area are filled by employees who also live there." (Casado Díaz, 2000:21).

In short, and according to the definition above, a local labour market delimits the daily mobility space because of labour obligations of the population living in it.

For the scientific delimitation of these LLMs, different regionalization algorithms have been used. Those mostly employed are the ones, based on Combes' work (1986), that use the daily labour mobility matrix from the census of population as the source of information.

The intensity of the daily commute between municipalities of home and work makes it possible to quantify the degree of interaction between territories, and it has become the fundamental criterion for the addition of municipalities within areas. The resulting areas are usually required to maintain a minimum quota on the number of jobs as well as offer a variety of employment options within their territory. Likewise, the resulting regionalization must respect the geographic boundaries of the territory and avoid shifts from municipalities to nonadjacent areas.

The delimitation of these LLMs are like the British *Travel to Work Areas*, which have successfully captured the population's daily commute between home and work, and consequently have been very useful in the planning the management of the transportation system as well as other aspects related to the decentralization of public services. What is particularly relevant about these *Travel to Work Areas* is the fact that they represent the area within which people would travel to search for employment if they did not want to move out or change their place of residence.

The issue here is whether these spatial entities defined as LLMs could also be considered microregions with dynamics of relatively independent socio-economic development, which could serve for new conceptualizations, designs and implementations of actions that promote sustainable territorial development.

### 3. THE LLMs AS SPACES FOR THE DIAGNOSIS AND THE PROMOTION OF SUSTAINABLE DEVELOPMENT.

#### 3.1. The LLMs as spaces to think about sustainable development.

Someone's daily mobility depends on many different factors. Some of them are personal in nature; others are related to the economic and social aspects of the area. Among the personal factors, we should mention the type of home from which these individuals come, their position in it, the phase of their vital cycle, their educational level and professional qualifications, work experience, whether they own a vehicle, the type of housing, whether they own or rent their domicile, the type of social network available, etc. Among the socio-economic factors are important items like transportation infrastructure, public service infrastructure (nurseries, public employment services, social services, etc.), the type of employment positions offered in the area in relation to the areas that may request a change of residence, the local productivity specialization, the particular features of the business network of the area, comparative data on local homes for sale, social networks, and especially those factors that are part of the search for employment, among others.

Consequently, the LLM is the geographical area that results from the interaction of all these characteristics as well as the trajectories of employees and business in relation to the structural features and socio-economic dynamics of the territory, including the supply of infrastructure (housing, transportation, and public services) and the institutional framework (the network of human agents and their public and private actions that are somehow involved in the territory).

We believe that the observation of the structure and configuration of these spaces can be particularly revealing for the understanding of whatever main factors are involved and how they interact, eventually affecting the quality of life of the population. Ultimately, isn't this what helps us understand the dynamics of territorial development? Would a multidimensional analysis provide a better grasp of the sustainability model of territorial development in the long run?

At first glance, yes. However, the issue here is whether these spaces shape systems that are independent enough (that is, cohesive and with socio-economic dynamics that are clearly differentiated from those in their most immediate surroundings) and consistent enough so as to

provide basis for the analysis of territorial development.

There are, however, some elements that should be taken into account: First, we should take into consideration the size of the population in those markets. It is a fact that in order to guarantee independence and, more importantly, stability, a *critical mass* for each area should be required.

For independence (the very same definition already implies that LLMs have relatively independent dynamics, since these are areas whose vast majority of residents work and live there), this critical mass could be established *a posteriori* based on the analysis of the algorithm used to determine the LLM, analyzing the characteristics of the areas and the degree of socio-economic interaction between them. Using a qualitative and ideographic process of analysis, we could initiate the process of annexing the original LLMs one by one until the resulting area fulfills the requirements of an LLM whose dynamics could be considered independent enough. Among the criteria that could be used are the intensity of the flow between geographic adjacent areas, the characteristics of the productive network and their institutional similarities. This very same analysis on the independence of an LLM would shed light on the dynamics of local territorial development.

Regarding stability, it is clear that changes in the productive network, the systems of qualification of the population, the systems of transportation, and the factors that affect the availability of housing and different ways of accessing it, can significantly alter the map of an LLM. Nevertheless, because a critical size is required for an LLM, and because most factors that have an influence on the transformation have a structural character, these changes will not happen in the short run, but rather the medium to long run.

As a matter of fact, from an analytical point of view (as in the case of the independence), studying the evolution of the LLMs can also help to explain the dynamics of territorial development.

Another issue to take into account regarding the LLMs as the starting point for a socio-economic territorial diagnosis is that the mobility patterns from different social groups have different dynamics, and this is not only based on the type of job. For instance, freelancers usually work at home or very close by. This is also true for agricultural workers. This particular feature creates local labour markets with very peculiar characteristics whenever these groups are present. It is also observed that different features are present according to gender. For instance, women with lesser professional

qualifications usually stay in smaller areas. These behaviours should be taken into consideration whenever the structure and dynamics of the LLMs are to be analyzed. Research in this area can provide a lot of information about how the local labour market works and how the economic and social systems interact in each case.

Regarding the issues related to the natural environment, in addition to the analysis of technology as well as of production methods used in the area, the analysis of commuting areas become the ground for comparison with other travel areas, particularly with those areas used for training, entertainment and consumption. This would shape the physical map of “satisfactors” of the population’s needs.

With this last map, the patterns of energy consumption and natural resources as well as the environmental impact of productive and domestic waste could be analyzed. The results of these analyses could become the ground for discussing the process of dematerialization that affects the capacity of sustainability of the system.

However, despite these theoretical potentialities, according to the view that has been explained above, the LLMs have important disadvantages to their becoming areas of territorial diagnosis. In the following paragraphs, we will mention the three main problems.

The first problem lies in the fact that an approach to the labour market, defined as the cornerstone of sustainable territorial development, has been scarcely explored. Consequently, there has been less interest in the delimitations of the geographical areas described in the LLMs. This is true despite the fact that most analyses on territorial development emphasize the crucial role of labour and the type of employment generated through those processes.

The second disadvantage lies in the lack of information available to delimit LLMs. When the information is in fact present (i.e., census data), there is a lack of means to update such information.

Finally, the absence of a systematic vision about the main elements that work together on the configuration of these areas – as well as those factors that are part of the transformation – have hindered the development of integrated systems of indicators. These indicators can represent and adequately reflect on their economic, social, and environmental sources and could help compile any information required so that the multidimensional vision would be accomplished.

All these disadvantages give rise to the fact that LLMs have hardly been used as the basis for analysis by the experts in this field up to now. However, as we will argue in this paper, the main problems are not theoretical or technical, nor are they related to the potential of these areas as basis for a diagnosis, but rather are political and administrative problems related to the possibility that these areas can constitute territories for actions and projects that would benefit the development of sustainability.

### **3.2. LLMs as spaces to act upon sustainable development**

We asked at the beginning of this paper whether the definition of LLM could somehow contribute to the development of local governance in aspects related to sustainable development.

In the previous section, when we discussed the territorial dimension of development, we stated that it is linked to the possibility that areas of social agreement are created around local areas. Within these social pacts, the human agents involved reach accords that can offer answers to the challenges of sustainable development.

Consequently, an affirmative answer to the question that has been posed would entail that the LLMs were actual territories of local agreement. This would imply that on the one hand, these spaces were acknowledged as a territory of action by the population; on the other hand, it would imply that they were recognized as “territories for projects” of actions and policies of sustainable development by the public agents.

The first statement involves the acknowledgement on the part of the LLM’s citizenship as a space that would satisfy their needs; the second statement requires an acknowledgment of LLMs as political identities, and as territories shared for future sustainable development projects and plans.

Regarding the first matter, the very definition of the LLM implies a geographical area within which a significant part of their residents also search for work. Conversely, it is also the area within which most businesses would search for workers.

The residential areas are usually situated next to consumer areas, at least for basic products and provided with public services, such as education, health and social services, although these sometimes come later into the area. In short, people usually address their needs either close to their jobs or close to their areas of residence. This gives LLMs some relevance as vital geographical spaces



in the mental representation of those who live in them.

In this regard, the research studies completed by the OLE from the University of Huelva about the province of Huelva in Spain (Miedes et al., 2005) show that LLMs are better identifiers of the agents (employees and businesses) as relatively homogenous socio-economic territories as opposed to the territorial demarcation proposed by those in charge of regional employment for the planning of territorial policy (so-called Territorial Department of Employment and Technological Development).

Citizens' identification with LLMs as a territory in which their actions take place is a necessary condition for their active participation in the process if social agreement in the territory is to be achieved. However, it is not enough. In order to achieve these agreements, it would be necessary for the LLMs to be acknowledged as spaces of coordination for the economic and social policies of the territory by the public and private agents involved in the design and implementation of policies, actions and projects related to territorial development. This does not happen frequently, as public employees and other local workers usually identify themselves better with the politico-administrative demarcations where they work. The rationale behind it lies, among other things, with the fact that, for them, working outside this framework makes their task more difficult, if not impossible.

Despite the above and as the recent work of OCDE (2004) shows, more and more public and private agents are acknowledging the central role of the local labour market in the processes of territorial development and the important role that the employment policy can have in the coordination of the economic and social policies in general.

Regarding this very last point, LLMs have important advantages as grounds for the development and evaluation of policies of integral territorial development in a short and long run:

- In the short run, as it locates employers and employees in the same area, it is the most suitable space for the actions designed and developed by territorial employment services.
- In the long run, as we have mentioned above, for the territory of a labour market economy, the joint social and political factors that affect the configuration of supply and demand should be taken into account. They are therefore both the consequence and the cause of the dynamics of the economic development and the particular situation of social cohesion in the same area. It is in this very same space that the global results in employment

and quality of life of the population from the different structural policies can be evaluated and compared, thus testing its relevance, coherence and sustainability.

The acknowledgement and assessment of these potentialities would be an opportunity to use demarcation of LLMs by public authorities. LLMs could become the grounds for the development of integral projects of sustainable territorial development. However, this would also require a parallel "bottom-up" approach so that these spaces would become "territories for projects" with which the authorities and operators could identify. Only in this way would the objectives of the LLMs be realized as true spaces of social agreement.

## CONCLUSION

In this paper we have argued that if the local labour market, defined as spaces of daily mobility for the population due to reasons of work, are spatial entities that could serve as the grounds to think and act upon the sustainable territorial development. We think that we have provided enough arguments that favour the use of these for such purposes. We have also mentioned however, both technical and political obstacles of great importance.

Among the former, we have pointed to the lack of information available for analysis and adequate description as well as the lack of a theoretical model that would help systemize the role of the labour market as a cornerstone of a sustainable territorial development processes with a greater level of precision and depth. We researchers in the field still have a very important path to study in order to give answers to the existing queries.

As a matter of fact, we think that the development of research on LLM, particularly research related to designing a battery of indicators and tools for the territorial agents' use, so that there is a better understanding of how a local labour market works, would very much contribute to the agents' recognition of how to improve the information systems in these areas. As we can only act upon what we know (even though it may only be intuitively), better knowledge about social and economic dynamics taking part in the configuration of these spaces would facilitate their transformation into "project territories" which then become the focus of territorial development interventions.

This is a very important challenge for researchers in the field of territorial intelligence (Girardot, 2005). First, as it concerns the scientific-technical analysis of LLMs from a multidisciplinary point view; second, as it concerns the design and transfer of

useful technologies that became available to the agents of territorial development; and finally, as it concerns the generation of processes of research-action that would involve agents in the territory, and that would facilitate the use of the acquired knowledge on territorial governance.

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