



European Commission



Identification, Dissemination and Exchange of good practice in  
Local Employment development and promoting better governance

# Successful Local Milieux and the Lisbon Process

Fourth Thematic report of the IDELE Project

based on an international seminar on 8 October 2004 in Cork, Ireland



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## Introduction

IDELE is a three year project operated by ECOTEC on behalf of the European Commission. It involves the:

**I**dentification  
**D**issemination and  
**E**xchange of good practice in  
**L**ocal  
**E**mployment Development.

Each year, IDELE focuses on four themes in local employment development and identifies good practice examples from which key lessons can be learnt. These will be of interest to:

- Policymakers at all levels;
- Practitioners involved in local employment development;
- Other local stakeholders; and
- Academics and researchers.

**This fourth Thematic Summary** considers localities that have been particularly successful in recent years. It considers the characteristics of such "milieux" and how they have:

- Benefited from globalisation;
- Achieved "critical mass" in key growth sectors;
- Attracted capital and skilled labour; and
- Learnt to adapt.

Twelve international IDELE seminars and reports provide a platform for policy-makers and project promoters to share a dialogue about how the local approach can make a difference. This thematic report reflects the outcomes of the fourth IDELE seminar held on 8 October 2004 in Cork, Ireland.



## **Rationale behind IDELE**

IDELE is a key element of the European Commission's activity to encourage the exchange of good practice and networking in local employment development (LED). The local level has been recognised in EU policy since 1984 and has since gained in importance through the Commission's White Paper on Growth, Competitiveness and Employment in 1993 and the European Employment Strategy in 1997. While policies at other levels – macro-economic, structural and regional/sectoral – continued to address the broader competitiveness and cohesion agenda at the level of the economic system as a whole, a policy that proposed to use local actors to seek out local solutions had (and continues to have) strong appeal.

At the end of two decades of experimentation and significant funding both for pilot actions and under Structural Funds measures there is a need to review what has been learned and disseminate and exchange the lessons from practice. Local actors are becoming more involved in capturing employment and development for their areas and it is important to recognise this. While EU programmes have been a significant spur to action, IDELE provides an opportunity to capture learning from a much wider social movement. IDELE also has the capacity to look at how the overall aim of the EES is being achieved by actions in the wider local setting.

## **Possibilities for local action**

When the local approach came to play an increasing role in the policy frameworks of the EU and a number of Member States (during the 1980s and 1990s), it was chiefly envisioned as an instrument of unemployment policy and this has determined its development pathway. From the perspective of economic analysis LED is seen to work on both the supply and the demand side.

On the supply side, it offers a means to mobilise labour to adapt to new work opportunities and to acquire relevant skills by drawing the unemployed and socially excluded along 'pathways to integration' with strongly local points of entry. On the demand side, it is a means to prospect for new sources of jobs at the local level – particularly by identifying those service gaps and market failures that were unfilled by private enterprise or public provision as service demands changed faster than orthodox responses. With a re-awakening of interest in social enterprise and the social economy, another demand side option has been to stimulate alternative forms of enterprise within local communities that gave both the prospect of addressing gaps in 'proximity services' and the chance that the locally unemployed could create 'tailor-made jobs' by acting as social entrepreneurs.

Another entry point to the possibilities of action at the local level has come from the orthodox perspective of market economics and from the logic of arguments about *market failure*. Indeed, the essence of the highly influential LDEI initiative that emanated from the European Commission's Cellule de Prospective in 1996 was to position local action as an instrument to address existing and emergent market failures in a fast moving economy.



## Introduction - Local Employment Development and the Lisbon Strategy

The EU policy agenda often seems distant to local-level stakeholders, yet local employment development can make a real contribution to the EU's strategic goals as set out in the Lisbon Strategy.

The Lisbon Strategy is a commitment to bring about economic, social and environmental renewal in the EU. In March 2000, the European Council in Lisbon set out a ten-year strategy to make the EU the world's most dynamic and competitive economy. Under the strategy, a stronger economy will drive job creation alongside social and environmental policies that ensure sustainable development and social inclusion.

This report offers an essential opportunity to explore how local action contributes directly to the Lisbon Strategy. This theme is especially timely with the release of the Kok report into EU competitiveness, which reported that the EU, at its current rate of progression, will not reach the ambitious targets that underpin the Lisbon Strategy.

The case studies identified in this thematic report demonstrate the potential within the EU to deliver some aspects of the Lisbon Strategy. More specifically, the aim is to see how far "locality effects" and actions taken at local level can give a measurable boost to development in the sphere of knowledge-based activities. Given the largely "abstract" nature of much of the debate about Lisbon, our aim is more concrete – to explore the building of the knowledge-based economy in real terms and in real local settings.

### Geographical context

Experience from IDELE has identified the kinds of localities that appear to have been uniquely successful in "catching the wave" of the modern globalised world economy. They tend to be places whose attractiveness has been underpinned by the arrival of new transport systems and the new information and communications technologies and that have thrived on the shift of economic emphasis to high value added, high skill and knowledge-based activities.

Such localities also tend to offer attractive environments that appeal to the more mobile, higher educated professional and technical workers. The people that operate in them are often drawn by the possibility of achieving a unique combination of possibilities in the work-life balance – participation in the global and metropolitan economy while at the same time living in an amenity-rich community with a strong sense of locality.

### Lessons from Experience

- **Branding and critical mass** - is vital in giving an established cluster a profile visible across the global marketplace. Having both visibility and a brand associated with quality is essential for success in competing with other, similar localities seeking to capture the best firms and the best-qualified professionals. This demands a strategy both to build a brand name associated with a successful local milieu and one that sets out active steps to protect and maintain the quality of that brand. All the case examples in the set regarded this component of strategy as vital. A key component of positioning in the competitive marketplace for localities seeking to capture the knowledge-based industries is some means to acquire *critical mass*. There is a sense here that there exists a minimum scale threshold below which the necessary profile is unlikely to be achieved.



### Bio Dundee, Dundee, UK

Bio Dundee is a partnership between public, private and academic bodies in the Tayside area initiated in 1998. The aim of Bio Dundee is to promote the growth of life sciences and biotechnology in Tayside area of Scotland.

With limited public funding, it has achieved considerable success and is now an internationally recognised brand. This has been achieved by focusing on activities that have potential to add most value. For example, a newsletter entitled *biodundee update* goes out to 14,000 biotech sector people internationally. Bio Dundee has delivered a consistent and cohesive message but has also been able to adapt its activities locally in the light of changing needs.

[www.biodundee.co.uk](http://www.biodundee.co.uk)

- **Market intelligence** - While creating and sustaining the brand itself is a vital management activity, this needs to go hand in hand with the active gathering of market intelligence for the locality as a player in a competitive “localities” marketplace (over and above that of its constituent firms in their individual market segments). Staying ahead as a place also means watching for and responding actively to general market trends in the high technology environment. This involves having systems in place within the local partnership or management team to have an early sense of those “weak signals” that can give early warning of significant shifts in the overall market or technological environment. A successful milieu needs to be capable of anticipating such shifts and ready to respond to them ahead of their rivals.
- **Access to finance capital** - Keeping a successful growth trajectory in the most successful local milieux demands continual investment and re-investment in the place and its hard and soft infrastructure. The most successful local milieux know that they need to persuade finance capital to invest in them. They have to regard themselves as businesses in their own right and offer investment and equity opportunities to those who would finance their growth. Having a well-known and successful “locality” brand and showing that they have a good grasp of the market intelligence needed to stay ahead is a critical part of the “offer” to the international investment market for the funds to sustain growth.
- **Foster international reach for client companies** - Being well-known is an important feature for successful local milieux. Being *internationally* well known is, however, the real ambition for those localities that have the highest ambitions. International recognition brings in its wake a host of networking possibilities and, as a valuable by-product, can deliver *free-rider benefits in marketing opportunities* for constituent firms. Through this connection to the wider world by virtue of being a known “locality” brand, a successful local milieu can offer economic advantage to firms within it – helping them capture or extend their market reach. Sustained growth can arise from these sorts of subtle circuits that can offer reciprocal benefits both to firms and to the place that plays host to them.
- **Extend influence at all government levels** - The most successful local milieux are singularly adept at extending their influence across all levels of government and this is another vital role for the management team and partnership body. There are clear lessons about how a locality needs to position itself optimally across the full range of government bodies and how sophisticated the strategies need to be to navigate between legitimate local interests, regional strategic aims and the demands of the nation state. While the need for optimal positioning can be set out as a generic lesson, the precise form that it needs to take is, however, highly contingent to local circumstances and experience shows that it is often particular individuals that make



the real difference. In this latter respect “succession strategies” can be regarded as essential especially where early success has been closely associated with a charismatic individual. Continuity needs to be assured.

### Sophia Antipolis, France

Sophia Antipolis was created in 1969 – the vision of Pierre Laffitte who wanted to create a ‘city of science and wisdom’. Laffitte came from the Antibes/Nice part of France, and this is where he wanted to realize his vision. The idea ran contrary to other thoughts at the time – because the economy around Nice/Antibes was almost wholly based on tourism. Laffitte’s personality was very important in the early stages of the project – his connections and influence with key decision-makers and stakeholders were an important force driving the development of the initiative.

Sophia Antipolis takes pride on promoting itself under a slogan that highlights its “300 hours of sunshine” in a setting on the Cote d’Azur. There is also a clear management imperative to maintain the quality and balance of the living community and supporting physical environment. This can sometimes produce hard political choices about which firms to encourage into the area and which to deflect. The key is the recognition that for the highest quality of professional and technical workers to move to the area and be prepared to commit their family lives to it, there is a whole local community dimension to the planning and development process.

[www.sophia-antipolis.org](http://www.sophia-antipolis.org)

- **Developing and maintaining a quality skill pool** - The Lisbon Strategy for a knowledge-based society demands creating and sustaining a pool of skill and competency that can support local businesses in a highly competitive global marketplace. Building competitiveness in the knowledge-based industries and developing the skills that underpin them is central to the Lisbon Strategy as it is set out in general terms. Those who promote the Lisbon generality need to be made more aware of the *specificity* that the knowledge-based industries are situated in local contexts and that the necessary skills are mobilised/sustained in local settings.
- **Improving risk management** - The most open and creative enterprises are, by definition, those that need the best strategies for dealing with risk. The same is true of those places that seek to play host to these kinds of businesses. What marks out the longest surviving of the case studies is an ability to ride these changes successfully as their economies have shifted to meet new conditions. This has often been easier for a local community that has created a sense of common endeavour and has had the embedded relations of local trust that can allow the hardest choices to be confronted. *Change management* is an important function for any local partnership or coordinating group and that long run sustainability depends upon the organisations involved having a clearly defined strategy for the *management of risk*.

### Plastics Vallée, Oyonnax, France

Plastics Vallée is in the *département* of Ain, the nearest large city being Lyon. It has a history of manufacturing going back 150 years. But the beginning of the 19<sup>th</sup> century signalled the transition from a cottage-based production process to a major manufacturing centre. The advent of celluloid further transformed Oyonnax’s key industry: comb manufacturing, making Oyonnax famous for its product. After the Second World War, another transformation of local industry occurred; the plastics industry took off and was able to establish itself on the local, national and international markets. This expansion and this competence are such that the Oyonnax area is now known as “Plastics Vallée”.



There are now over 1500 companies which are responsible for all stages of the plastic industry including: design, mould production, machinery manufacture, polymer processing, finishing, decoration, recycling.

[www.plasticsvallee.com](http://www.plasticsvallee.com)

- **Avoiding ossification and staying institutionally adaptable** - Over time there is an inherent tendency for local institutions to become ossified and to lose their ability to respond to change in the open and flexible way described earlier. Not only, then, is there a need for change management in the case of the local economy and labour market but also in the case of the organising body for the locality itself. Active measures need to be put in place constantly to promote an awareness of the danger that the institutional structure can become a drag on development.
- **“Deepening downwards” - ensuring socially inclusive attitudes** – One concern of successful local milieux is not to achieve competitive success at the detriment of other objectives. It is a measure of the importance they give to being embedded locally that they see themselves as having a dual mission – being competitive by hosting successful firms but having clear social and environmental objectives that would sometimes need to temper the clear attachment to the demands of the competitive marketplace. On occasion, the case study examples have turned away the prospect of new enterprises and jobs where these did not meet the standards of environmental protection or the jobs involved were of too low a quality to fit with the overall quality and inclusiveness ethos of the local partnership.

Even the most successful local partnerships face difficult ethical and moral choices and they need to be very clear about their *core mission* in relation to the wider local community. They need to have clear and transparent procedures for dealing with those sorts of choices as well as those that are more narrowly economic in nature.

### **Flanders District of Creativity (Flanders DC), Belgium**

Flanders DC reinforces regional competitiveness through the stimulation of creativity, innovation, entrepreneurship and international entrepreneurship. Indeed, the whole population is encouraged to adopt a more pro-active and creative mindset.

The initiative involves a partnership of regional and supra-regional partners, as well as an international dimension with partners in Catalonia (COPCA and CIDEM), Scotland (Scottish Enterprise) and Baden-Württemberg (Steinbeis foundation). It situates itself on the crossroads of different policy domains (education, economy and employment, culture). Accordingly, the project partners thought it therefore important to reflect this and the ministries of education, economy and employment, and culture are all involved and act as “sounding boards”.

[www.flanders-dc.org](http://www.flanders-dc.org)



## Conclusions

So what then of the local approach and the Lisbon process? First, an overly top-down approach with grand aspirations for sustainable economic growth, while vital in its own terms, must eventually deal with specificity and context. Second, there are national level and regional level strategies and actions that necessarily provide facilitating frameworks for a European growth strategy based on the knowledge-based industries. But third, there is evidence to show that a strategy that bases itself on having the most sophisticated, skilled, creative and dedicated labour force in the world must take account of where such people choose to locate themselves and what sort of cultural and environmental context will attract and retain the very best of them at different stages in their life.

Consideration of the local milieu – in the widest sense of the word – is vital. While in an unequal world some places are naturally better endowed than others, the power of local people and organisations to extemporize on broad themes to create their own particular and attractive “mood music” for local development is a power not to be ignored.



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## Contact Details

The full thematic reports and thematic summaries and further information on IDELE can be found on the project website: [www.ecotec.co.uk/idele](http://www.ecotec.co.uk/idele)

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