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# The Geography of New Employment Dynamics in Europe

Key Findings and Policy Suggestions

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# Study Contents

- Focus on **territorial patterns of employment dynamics, links with knowledge economy location patterns, and effects on socio-spatial disparities.**
- Mapping of **typologies of European regions** with respect to their potentials for knowledge economy sectors.
- **Qualitative scenario analysis** on expected future development of employment dynamics, KE and skilled mobility flows
- **Assessment of regional strategies** for KE development.
- **Recommendations** for future Cohesion Policy

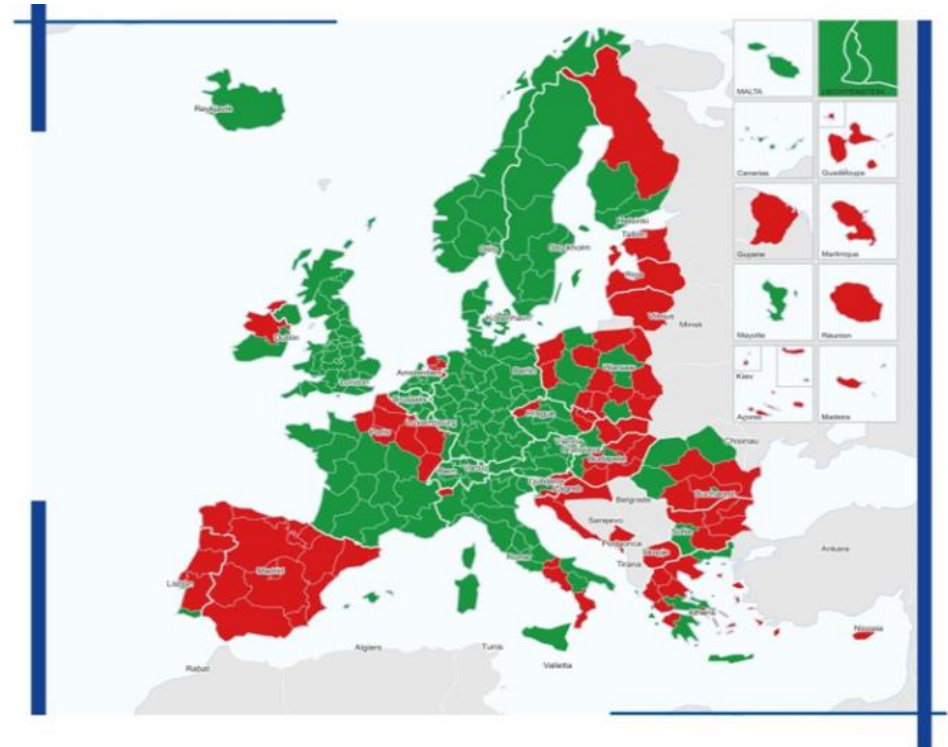


# Main findings

# Intra EU mobility patterns: sending and receiving regions (2014)

Increasing **east-west/south-north** and **urban-rural** polarisation:

- **Sending:** 84 NUTS2 regions in 18 MSs with average GDP per capita at 64% of the EU avg.
- **Receiving:** 336 NUTS2 regions with average per capita GDP at 108% of the EU avg. (646% in Inner London West).
- **Changes between 2004 and 2014:**
  - 60 regions (17%) switched from receiving to sending
  - only 28 regions (8%) switched from sending to receiving



ESPON EGCT, Geographies of New Employment Dynamics (2017)

## Legend:

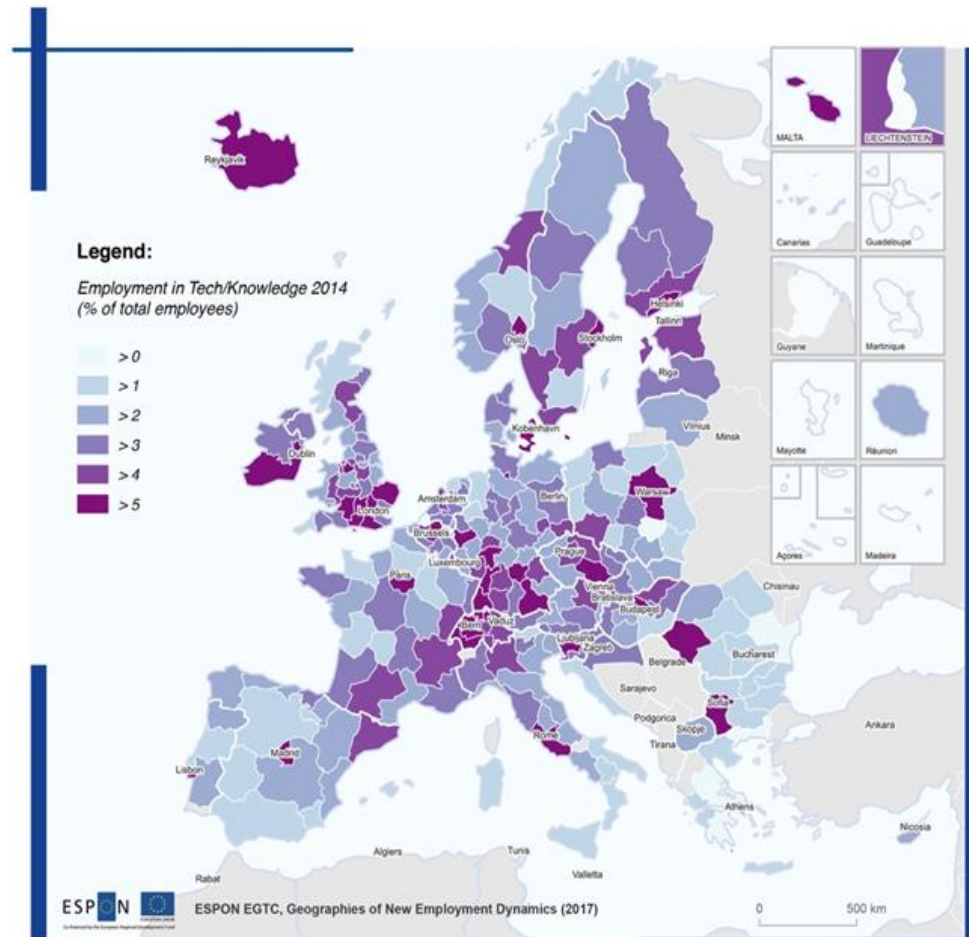
*Sending & Receiving Regions (2014)*

Receiving  
Sending

# KE regional patterns

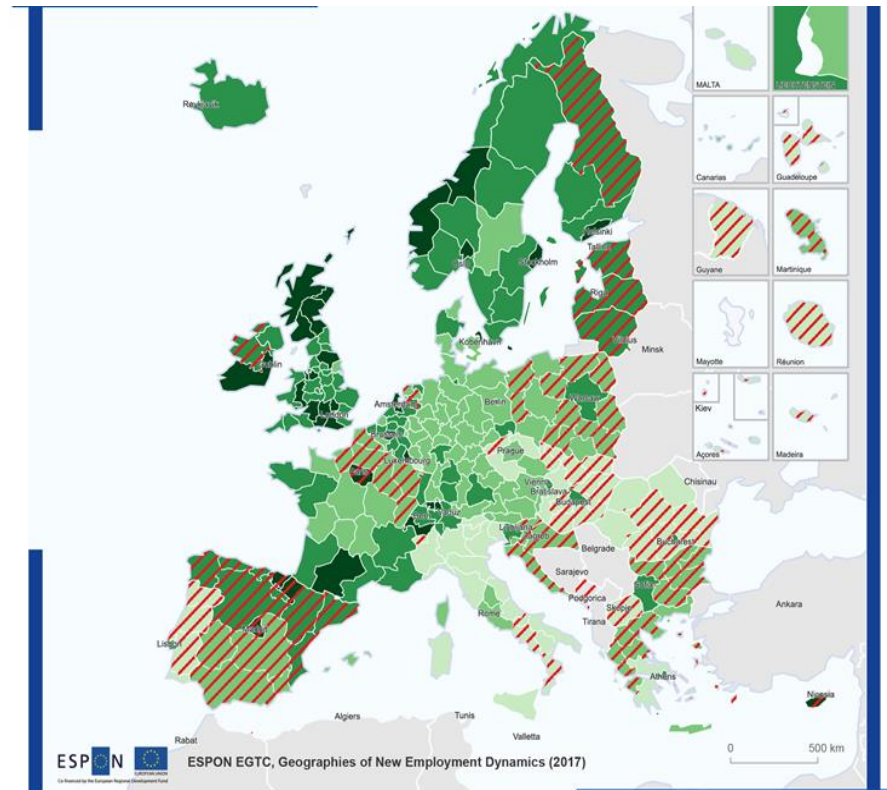
## Employment in tech/knowledge sectors, 2014 (% of total employment)

- **KE location patterns increase territorial polarization.**
- **KE concentrates in technologically advanced regions and in capital cities/metropolitan areas:** greater territorial connectivity, accessibility, and spatial proximity attract investments in R&D, education, culture, environment with spillovers on other sectors. Higher living standards and returns on education attract high skilled (youth) immigration
- **Peripheral and rural areas** lacking physical, social and human capital are not attractive for young skilled people/families and for KE firms. Building the necessary infrastructure may take too long, reducing opportunities for economic growth (**path dependency**).



# KE and mobility patterns: sending regions & share of HE population (2014)

- **KE increasingly relevant for mobility patterns** (pull factor). Crisis has exacerbated youth mobility (push factor).
- **KE (urban) regions** experience higher net immigration after the crisis. Young and high skilled immigration bring substantial net contributions to growth. But also housing shortages and strains on welfare system and public services
- **Vicious circle** of de-population, brain drain, and socio-economic decline in peripheral and rural regions and in second-tier cities.



#### Legend:

Net Migration (2014)

/// Out-Migration

Higher Edu. 2014 (% of total Population)

0 - 10

10 - 20

20 - 30

30 - 40

> 40

Regional level: NUTS 2 (version 2013)

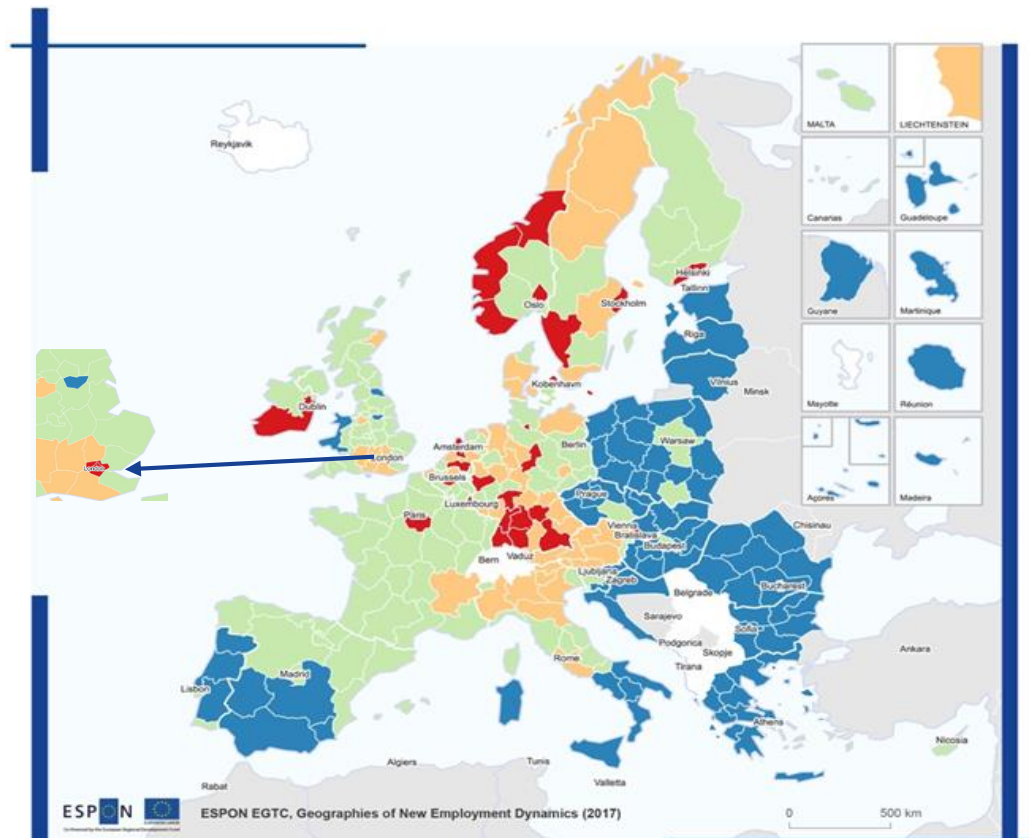
Source: IRS Milano, IES Brighton, IRS Erkner (2017)

Origin of data: Eurostat, 2016

CC - UMS RIATE for administrative boundaries

# Regional classification changes between pre-post crisis

- Clusters analysis** on labour market conditions, KE potential, population and migration dynamics and context indicators:
  - 41 regions** (mostly in Mediterranean countries and in the UK) **worsened their position**, moving from cluster 2 to cluster 3 (18 regions), or from cluster 3 to cluster 4 (23 regions).
  - 15 regions** (mostly in Germany, but also in RO, CZ ad FR) **improved their position**;
  - None of the least competitive regions** (cluster 4) improved its positions (path dependency).



KE Regions (2012-2015)

**Legend:**

- KE Cluster-Analysis (2012-2015)
- Highly competitive & KE-based economies
  - Competitive and KE-related economy
  - Less competitive with potential in KE economy
  - Less competitive with low incidence of KE

# Regional strategies for KE

## Evidence from the six case studies

**Successful strategies** based on: **exploiting existing place based assets, good institutional capacity, policy coordination.**

- **Monetary or non monetary incentives** (Abruzzo, Molpolska, Berlin, North-East Region of Romania);
- **‘Oasis Strategy’**: supporting KE sector(s) with highest potential given existing competences and structures (Mecklenburg-Vorpommern strategy for the health sector).
- **‘Build a magnet’** strategy exploiting some unique territorial resource, in very remote areas with rather low potential of attracting resources from abroad (Gran Sasso Science Institute-Abruzzo);
- **Building KE opportunities through urban development** (Berlin, London, and in the city of Lasi in Romania).
- **Branding** in well-established KE economies (‘the world in one city’ –London; poor but sexy”-Berlin).
- **Selective migration (UK) and diaspora strategies** (Romania, Italy) to exploit the skills and resources of emigrants



# Expected scenarios

- By 2025 nearly half of the expected new and replacement vacancies within the EU will be for highly qualified mobile workers
- Regional disparities in adoption of new technologies and the skill level of the workforce will further advance regional and urban-rural differences. Social and political risks in lagging areas.
- Brexit likely to have strong adverse impact on London.
- **Four scenarios (Delphi exercise):**
  - 1 ‘*Barren Wastelands*’:** low and/or uneven growth, unstable political regimes and anti-migrant attitudes. More likely in Mediterranean regions and EU peripheries. Intensification of a ‘two-speed’ Europe. Lower demand for high skilled work.
  - 2 ‘*Hardship and Harmony*’:** low and/or uneven growth but relative political stability and public and policy support of migration. More likely in Northern and Western Europe than Eastern countries.
  - 3 ‘*Fortresses of Treasure*’:** Positive but uneven growth, high degree of political instability and distrust of migrants. Prosperous metropolitan centres attractive to young highly-skilled migrants. Skills shortages in others (post-Brexit UK at risk).
  - 4 ‘*Warmth of 27 Suns (and one moon)*’:** Inclusive, high growth scenario and skills investments, high levels of high skilled youth mobility. More likely in prosperous ‘core’ regions, but also in some peripheral regions and countries (e.g. Estonia). Struggling countries unlikely to experience the same level of growth (e.g. Italy, Greece, Portugal).

# 2

## Post-2020 Cohesion Policy

# Policy implications for post-2020 Cohesion Policy (1)

- **Growing territorial disparities** ask for a greater attention to territorial cohesion and to employment and social policies.
- **Support lagging regions:**
  - **Valorise existing local assets and resources;**
  - Provide **services and infrastructures** to improve accessibility, connectivity, better living and economic conditions;
  - **Foster institutional capacity and vertical and horizontal cooperation** among stakeholders and territories;
  - **Adopt 'diaspora strategies'** encouraging return migration and/or incentivising emigrants to invest in the development of their region/area of origin

# Policy suggestions for post-2020 Cohesion Policy (2)

- **Strengthen urban-rural linkages** to promote spillovers between urban and surrounding areas (functional regions; integrated cross-region cooperation; targeted measures for second tier cities and rural areas; ...).
- **Tailor measures to territorial problems.** CP Territorial instruments (ITI and CLLD) have strengthened the participation of local stakeholders in decision-making. However, still too little experience at regional and local level in lagging regions.
- **Improve Cohesion Policy governance and implementation mechanisms** to better support capacity building among local stakeholders in lagging areas, and institutional multilevel and inter-regional cooperation.



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# Thank you for your attention !

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