Labour Market Areas (LMAs): the challenge of meeting policy and statistical requirements

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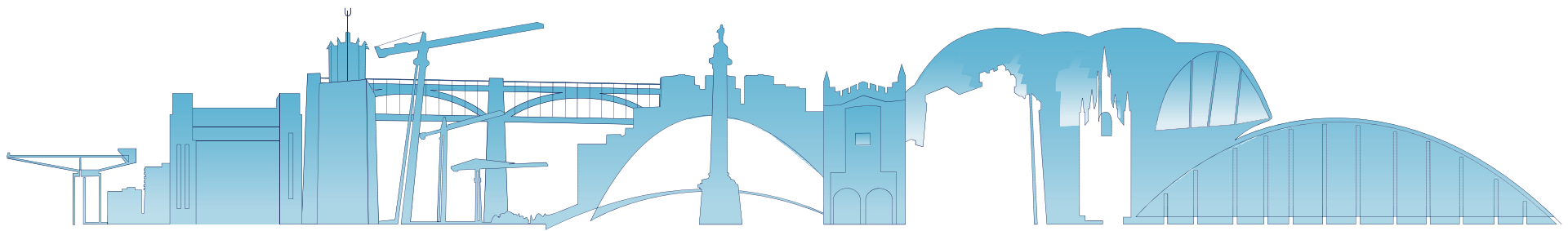
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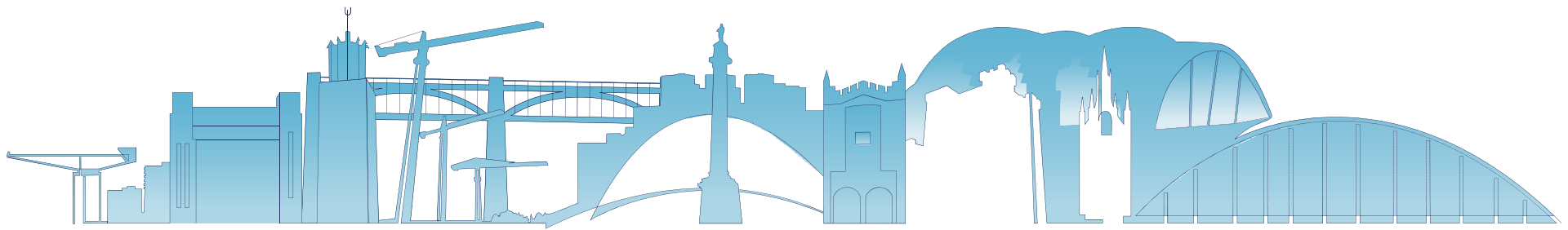
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A well-defined set of LMAs implements the LMA concept and this imposes additional requirements

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LMAs can thereby respect European Parliament & Council Reg. 1059/2003 on the establishment of a common classification of territorial units for statistics:

"Non-administrative units must reflect economic, social, historical, cultural, geographical or environmental circumstances" … [to report appropriate] … "regional statistics depending on the purpose of these statistics"

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Many countries globally, plus bodies like the OECD, are using LMAs where their definitions make them **RELEVANT** to the **PURPOSE** of a policy: these include policies on employment or unemployment / geography of opportunity and life chances / industrial districts and regeneration / commuting and its environmental impacts / transport and mobility

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"Comparability of regional statistics requires that the regions be…**comparable**" … [and] … "Objective criteria for the definition of regions are necessary"
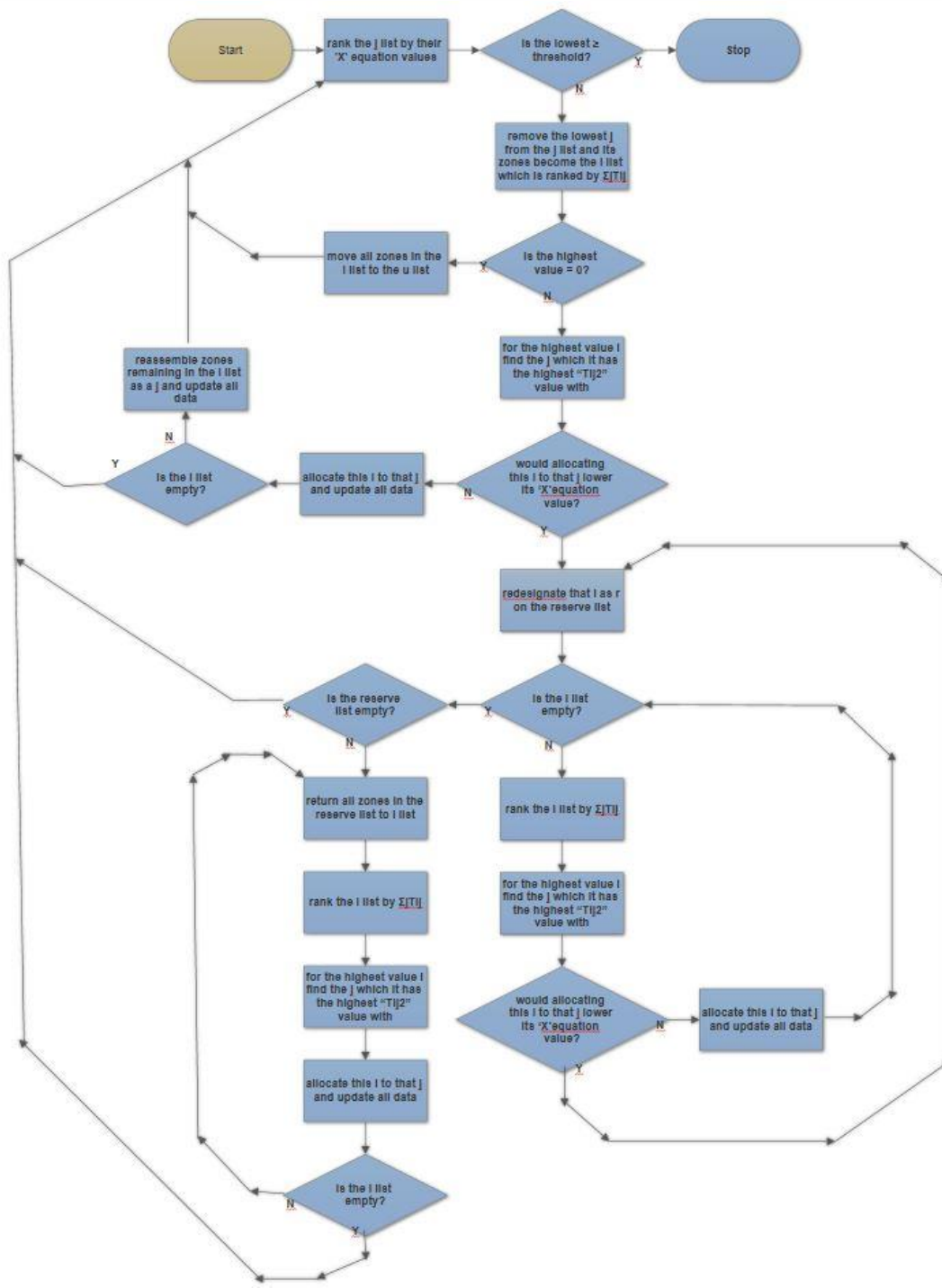
A consistently applied LMA definition procedure can only create an appropriate set of LMA boundaries through using a method with a proven 'track record'

To be of value for policy, the definition process must be robustly **objective**, whilst scientific value accrues from replicability

This flow chart is of the CURDS-ONS "TTWA" method which (after several decades of development) meets these requirements

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Early ideas of LMAs assumed centres-and-hinterlands, but greater mobility has created more complex commuting patterns (eg. in polycentric regions)…

now a flexible approach is required with *no prescribed spatial structure*

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The concept of a labour market requires that commuting flows in a LMA…

are largely self-contained … so that the LMAs each have **AUTONOMY**

are internally integrated … and so each LMA also possesses **COHESION**

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As well as prescribing requirements for individual LMAs, there are 'global' requirements for a well-defined set of LMAs…

   LMAs should be as similar in size as possible… **HOMOGENEITY**

   (and as noted earlier, to be comparable, LMAs must be consistently defined)

Imposing these requirements calls for statistical indicators to evaluate alternative sets of LMAs

Researchers have suggested alternative indicators for many of the requirements

Example indicators of key requirements for well-defined LMAs

AUTONOMY
median self-containment
minimum self-containment
global self-containment
global modularity

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AUTONOMY	median self-containment
	minimum self-containment
	global self-containment
	global modularity
HOMOGENEITY	1 minus the Gini coefficient of employed population size
	9th decile employed population size
	1 minus the Gini coefficient of land area size
	9th decile land area size
BALANCE	1 minus the Gini coefficient of job ratios
	9th decile job ratio

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COHESION	global interaction index
	number of LMAs (a crude proxy)
DETAIL	number of LMAs

(nb. some indicators yield null values for single-zone LMAs)

This is an example of research assessing alternative indicators for **AUTONOMY**: each curve joins the value for an indicator for each of 3141 sets of FRs in the USA (ranging from 3141 single-zone FRs down to 1 FR covering the whole USA)
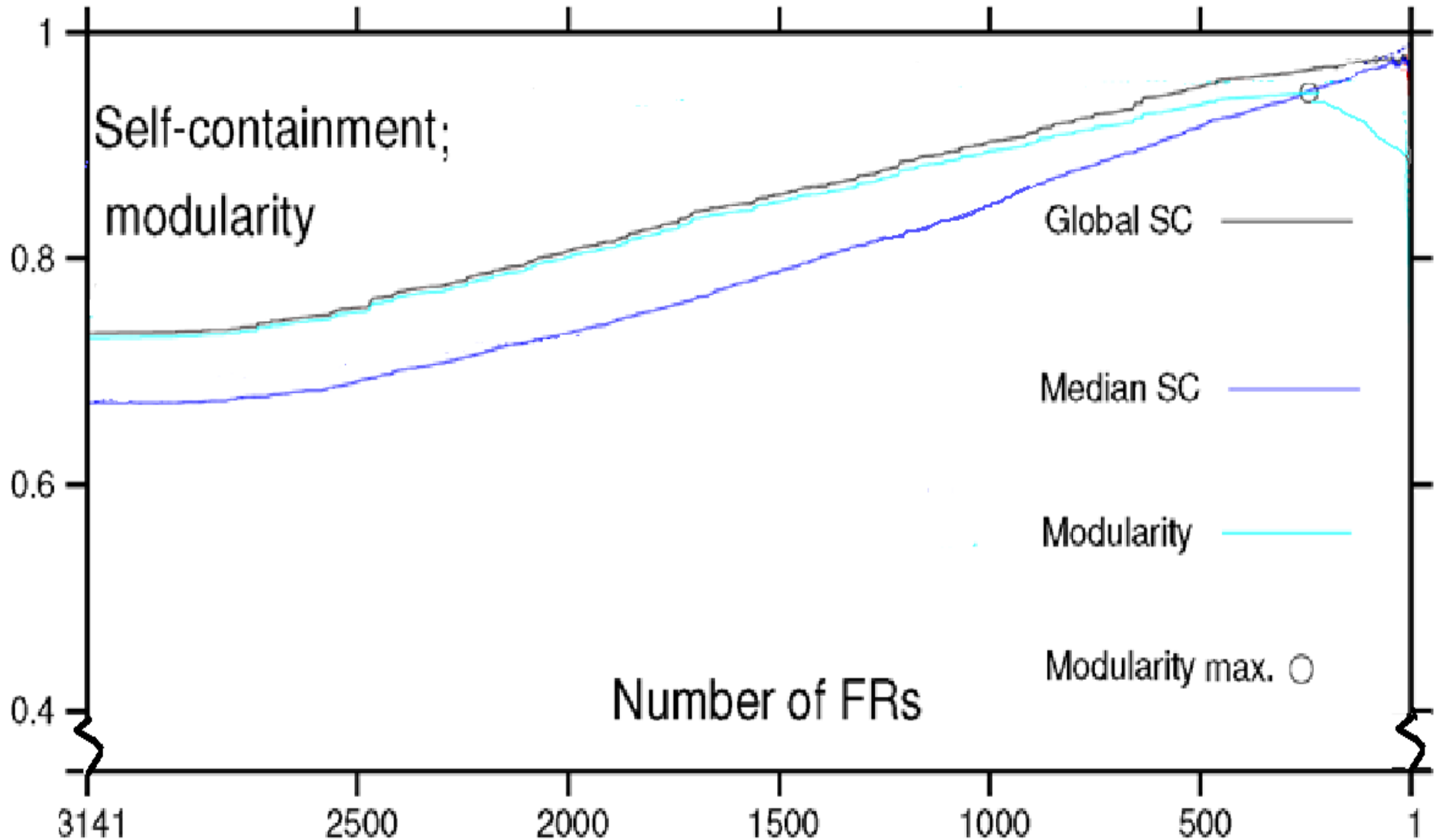
Ways to identify the most appropriate set of LMAs for a policy, given its particular priorities

All 'candidate' geographies must be well-defined LMAs… *ie.* consistently defined with a transparent and proven form of analysis of recent commuting data, and meeting the relevant level of detail in terms of the number of LMAs

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CURDS 40 YEARS

Centre for
Urban & Regional
Development Studies

Newcastle
University

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For each policy, rank possible requirements for LMAs(eg. autonomy) by priority:

highest priority requirements can be imposed as absolute minima and/or maxima	some relate to individual LMAs	some to the whole set of LMAs
	eg. LMA minimum self-containment (autonomy)	eg. minimum & maximum no. LMAs (detail)

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There are often multiple lower priority requirements for the whole set of LMAs eg. minimising size range (homogeneity), global interaction index (cohesion): where each is an indicator to be maximised (perhaps within limits)

Multiple indicators can be input to a composite 'index' but most policy-makers prefer the transparency which is possible with only 2 indicators in a trade-off

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HOWEVER these guidelines will be redundant without the nationally consistent commuting flow data for suitably small areas, and the only possible sources are a traditional Census or a Scandinavian-style comprehensive register

Changing labour markets and their impact on LMAs

key changes eroding the traditional 'working week' model of local labour markets

Part-time working increasingly widespread: fewer commuting trips per week

Having more than one job is less uncommon: more have 2 journeys-to-work

Work styles are changing (eg. web-based):   (part of week) working at home

major changes increasing 'non-standard' commuting and diffusing 'local' LMAs

More people have more than one house: 'weekly commuting' less rare

More people in higher paid work: more can afford long distance trips

More households with two professional: unlikely that both can find work locally

?SO is there no longer a regular localised travel pattern to underpin a set of local LMAs?

Labour market behaviour *is* seeing change, but it has in reality it always was highly varied

Ultimately 'friction of distance' (in cost and inconvenience) limits frequent long-distance commuting to a minority so the localised LMAs continues to reflect majority behaviour