

OECD *Multilingual Summaries*

Job Creation and Local Economic Development 2016

Summary in English



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Many OECD countries are seeing widening gaps in the geographic distribution of skills and jobs. By supporting quality job creation from within and ensuring that all residents can benefit from and contribute to growth, local development is a key tool for addressing this problem. This edition of Job Creation and Local Economic Development looks at how skills and quality jobs are distributed at the local level, and what national and local actors can do to improve the local implementation of vocational education and training (VET) and SME and entrepreneurship policies in order to boost job creation and strengthen local economies.

Places are being left behind in the global marketplace for skills and jobs

The marketplace for skills and jobs is becoming increasingly globalised, and some local areas are being left behind as highly productive workers and the employers who seek them become concentrated in fewer places. While there has been an overall increase in education levels between 2000 and 2014 across OECD countries, education levels in the highest performing local areas generally grew more than education levels in the lowest performing local areas, contributing to increasing geographic divides. Some countries, such as Canada, Finland, France, Italy, Latvia, Norway, the Slovak Republic, Slovenia, and the United Kingdom, are also seeing growing gaps in the geographic distribution of medium- and high-skilled jobs.

In international comparisons, some places perform relatively poorly on both the supply of and demand for skills, resulting in a “low skills trap”. Such places may find themselves stuck in low value-added activities, unable to expand to economic activities that are more productive and make good use of a highly-skilled workforce. However, even in high performing places, people without the right skills or those facing barriers accessing quality jobs may be left behind.

Improving VET from the bottom up to ensure more people get the right skills for good jobs

Many countries are in the process of reforming their VET systems. Top priorities include increasing the labour market relevance of training and expanding apprenticeships and other types of work-based learning. As the available jobs and skills in demand vary considerably at the local level, a balance is needed between tailoring VET to specific local conditions and maintaining a certain degree of national coherence. Additionally, the leadership role local public agencies and governments can take in improving the implementation of apprenticeship programmes should not be discounted. Better consideration of these factors will not only improve national outcomes, but also ensure that VET contributes to strategic economic development priorities locally.

Better tailoring and co-ordinating policies to help unleash entrepreneurial potential

Supporting entrepreneurship and SMEs is an important part of promoting endogenous growth and strengthening the local economic base. The design and delivery of SME and entrepreneurship policies have become more complex in recent years, and it is not uncommon to see three or four levels of government as well as multiple ministries and government agencies simultaneously involved. Better co-ordination between the various stakeholders involved in policy design and implementation is important to avoid gaps and duplications, and to harness synergies between programmes. Regardless of the level of governance from which policies and programmes originate, they need to be tailored to local conditions at the level of delivery.

Entrepreneurship can also support social inclusion. Youth unemployment remains an urgent issue in many OECD countries, but the role entrepreneurship support can play in strengthening the labour market attachment of disadvantaged youth is often overlooked. It is not a panacea for helping all disadvantaged youth find success, but it can help those with the ambition and wherewithal to become self-employed while also increasing the overall employability of a larger group.

What national actors can do to improve the local implementation of VET programmes

- Design VET frameworks that allow local stakeholders to tailor training to local labour market needs while still maintaining a certain level of national consistency. Policy makers have a number of options for how to do this (e.g. setting aside time within curricula for local concerns, moving to more modular programmes), but the trade-offs of each need to be carefully managed.
- Build the capacities needed to make VET systems more agile locally. Training and capacity-building for VET teachers, trainers and institutions as well as promoting sharing between VET stakeholders can all help.
- Develop a strong national apprenticeship framework that builds a high quality system, includes strategically-designed incentives for employer participation, and allows for flexible delivery frameworks.

and what local actors can do

- Balance the need to meet pressing local labour market demands with ensuring that VET helps to move local economies to higher skilled and value-added products and services.
- Encourage VET teachers and trainers to maintain contact with local employers and industries to keep their skills and knowledge up-to-date.
- Boost employer engagement in apprenticeships through both “soft” mechanisms such as employer leadership awards, and measures with more “teeth”, such as social clauses in procurement to induce employers to offer apprenticeships.
- Tailor the delivery of apprenticeship programmes so that they work better for a broader range of employers, including SMEs, and disadvantaged populations. Working with actors such as SME networks and social enterprises can be beneficial.

What national actors can do to unleash local entrepreneurial potential

- Maximise the efficiency of SME and entrepreneurship policy delivery by allowing for local tailoring, co-locating services, using intermediary organisations to deliver programmes, and/or developing formal agreements for the division of competences and financing between governance levels.
- Develop national frameworks and strategies to support disadvantaged young people in entrepreneurship, and clearly assign responsibility for this policy portfolio to a single agency or ministry.
- Embed entrepreneurship into national education frameworks to reach a broad swathe of young people, while also providing integrated packages of entrepreneurship support in other settings to reach young people outside of the education system.

and what local actors can do

- Forge connections across administrative borders in developing and co-ordinating entrepreneurship and SME policies to leverage potential synergies, improve labour mobility, and expand the potential markets open to entrepreneurs.
- Work with organisations that have already established relationships with disadvantaged youth to maximise the reach of entrepreneurship programmes.
- To better reach disadvantaged youth, provide integrated packages of support, use hands-on learning methods, and involve entrepreneurs in programme delivery.

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