

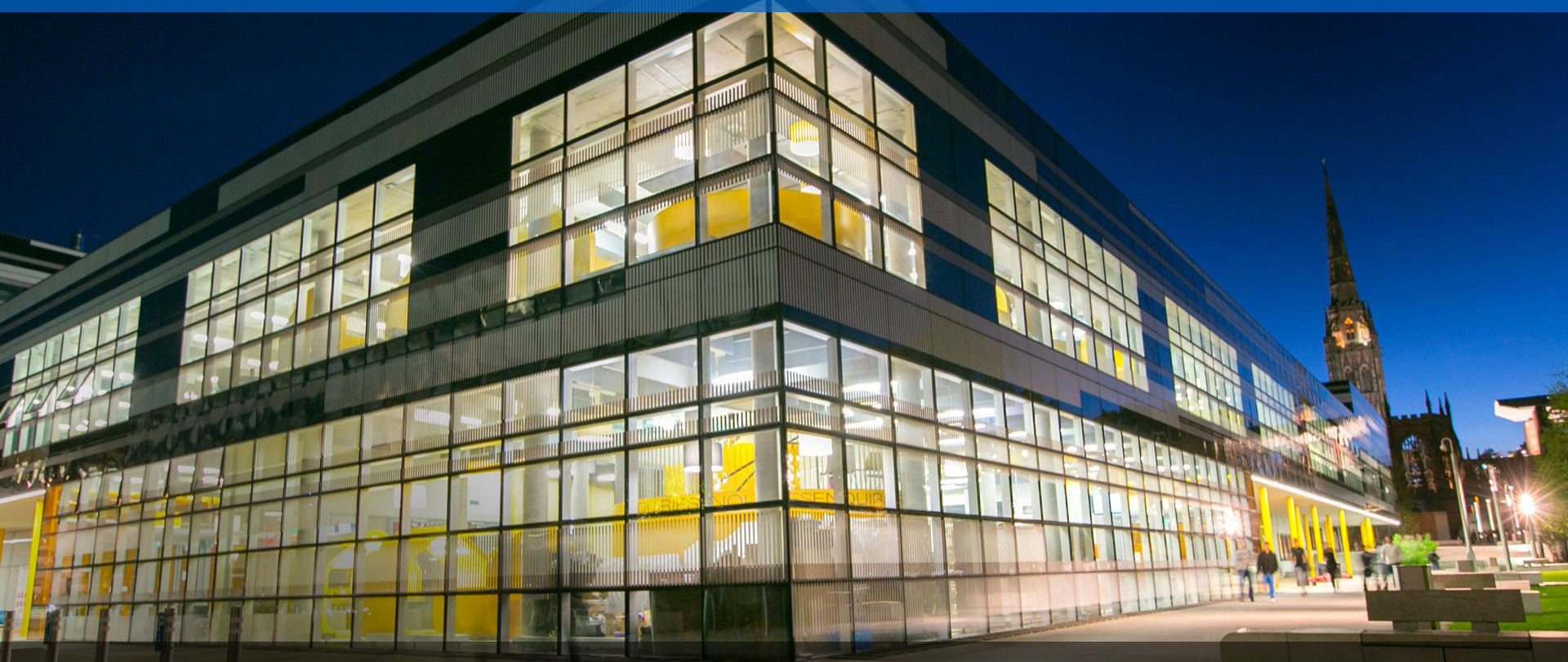
Delivering 'local economic development-by-project': The role of Human and Social Capital

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Outline

- The changing context of local economic development
- Research framework
 - The role of Human Capital and economic development
 - The role of Social Capital and economic development
 - Making it happen: Street-level Policy Entrepreneurship
- Research approach
 - Context: Local economic development in England
 - Methods
- Findings
- Discussion





The changing context of local economic development

Local governance is changing

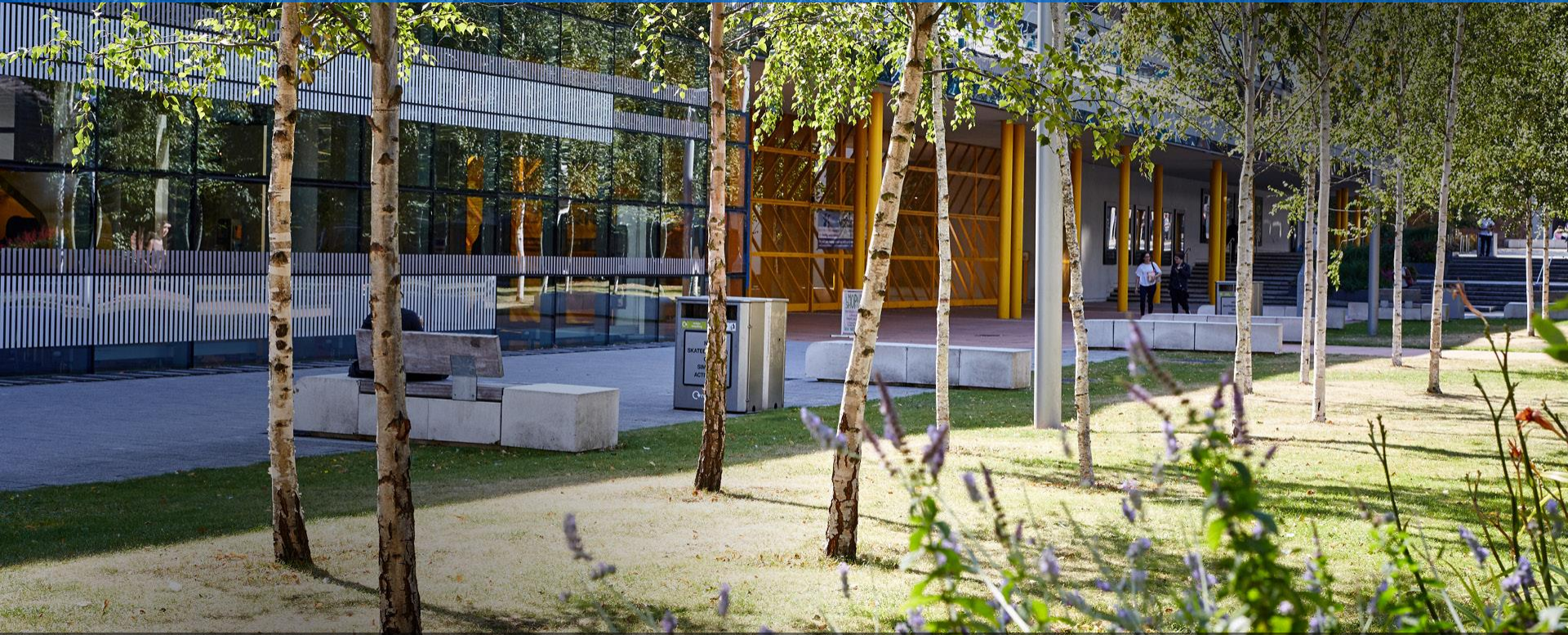
- Ongoing changes to territorial governance and spatial planning systems
 - Less legal authority to plan and implement
 - Reduced funding, especially post-2008 financial crisis
 - Growing number of stakeholders (businesses, universities, NGOs, civil society groups, etc.)
- Focus on the institutional capacity to build broad circles of cooperation with diverse stakeholders
- Uncertainty about implementation of central and local economic development policy
- Practitioners working in local authorities expected to navigate and deliver economic development policy

Promoting 'local economic development-by-project' in English local authorities

- Governance in England is strongly centralised, despite waves of localism and devolution
- Austerity post-2008 financial crisis
 - Reduced funding, reduced internal capacity and capability
- Unstable institutional agreements
 - Weak regional governance level
 - Focus on functional geographies
- Local authorities increasingly pursuing a 'local economic development-by-project' model:
 - Sector-specific
 - Competitive tender-funded
 - Time-limited, no guaranteed follow-up
 - Involve unstable cooperation amongst differing groups of stakeholders

Problem, research questions, approach

- Research problem
 - How are local authorities delivering economic development in the unstable, 'local economic development-by-project' model?
- Research questions
 - How are local authorities making up for reduced financial investment?
 - What is the nature of the processes involved in implementing government policies locally?
 - What challenges do local authorities face in developing cooperative institutional arrangements?
- Approach
 - Case study of how an English city's local authority is implementing 'local economic development-by-project'



Research Framework

Human Capital and economic development

- Human Capital (HC): Individual attributes which can be utilised as productive resources (OECD, 2001)
 - Examples of attributes: Education, skills, character, personality, resilience, (tacit) knowledge
- HC considered a critical factor in organisational effectiveness (Agranoff, 2008)
- Local Authorities possessing highly educated people, who exhibit organisation-specific competencies and experience, have better financial performance than those without (Carmeli, 2004)
- These specific competencies cannot easily be replicated

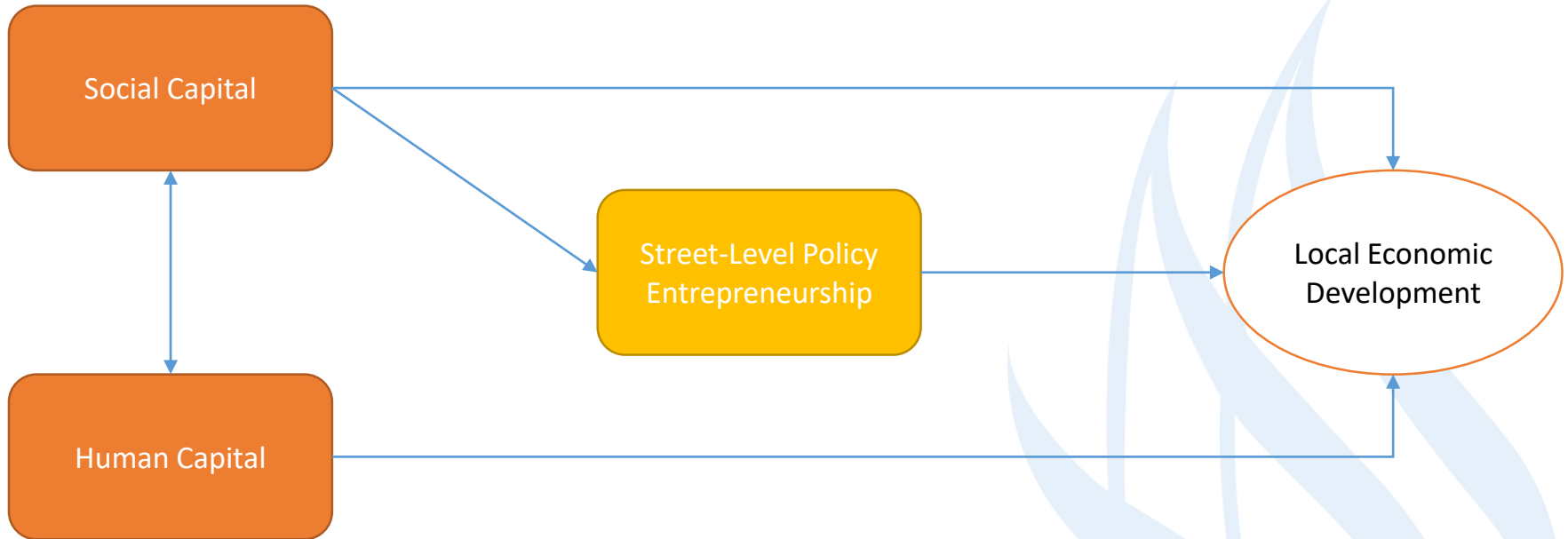
Social Capital and economic development

- Social Capital (SC): Features of social life (networks, norms, trust...) which enable participants to act together more effectively to pursue shared objectives (Putnam, 2000)
- **Bonding SC**: Connections amongst similar types of persons
 - Individuals from the same class, ethnicity, background, or who share interests
- **Bridging SC**: Between individuals who belong to different groups
 - Links substantial separate sectors of the community and spans social cleavages
- Bridging SC enhances cooperation and trust, and is likely to be a determinant of public service performance and outcomes (Andrews and Brewer, 2010; Guiso et al., 2011; Percoco 2016; Putnam, 1995)

Making things happen: Street-Level Policy Entrepreneurship

- Policy windows are open by coupling three streams: problems, politics and policies (Kingdon, 1995)
- Policy entrepreneurs: individuals who act as facilitating agents in the coupling process and thus help to open policy windows (Exworthy, 2002)
 - Invest personal resources (time, goodwill and reputation) to advance a particular issues
- At local level, front-line (street-level) bureaucrats don't just implement strategies; they adapt them (Lipsy, 1980; Arnold, 2015)
- Articulate strategies to enable them to build relationships with the community (Durose, 2011)

Research framework



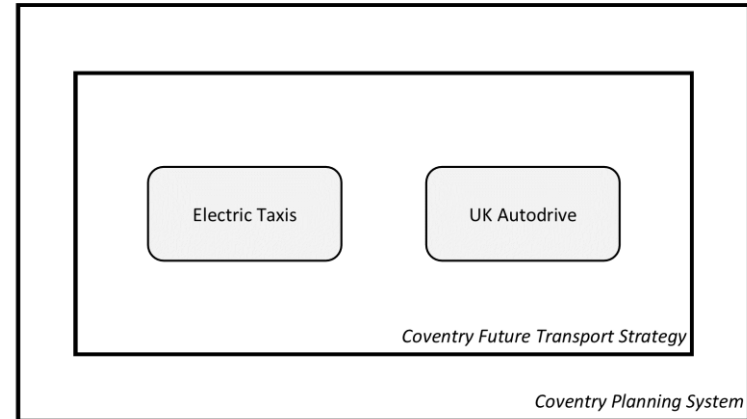
Research Centre
Business in Society



Research Approach

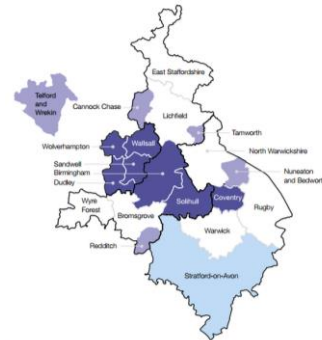
Methods

- Nested Case Study approach
- 2 automotive sector projects, part of the Coventry Future Transport Strategy
- Document analysis
- Institutional mapping
- 24 Stakeholder interviews



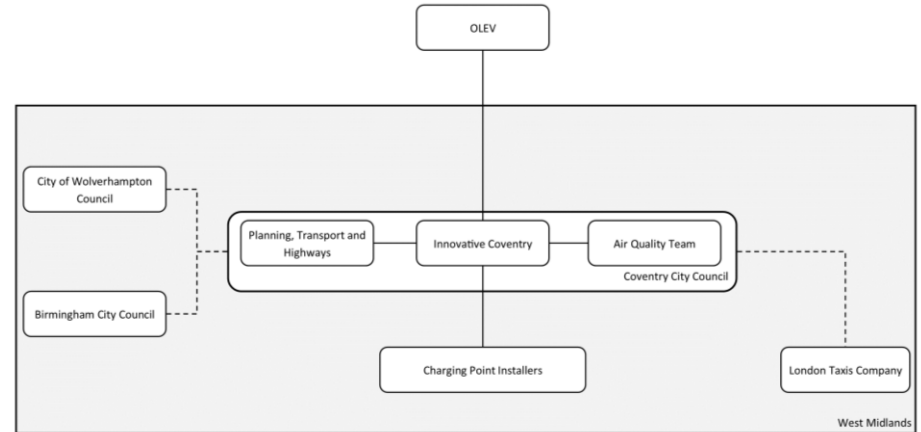
Electric Taxis

- Plan to install a number of Electric Vehicle (EV) charging points for taxis in Coventry city centre
- Competitive grant from the Office for Low Emission Vehicles: £14m
- West Midlands share: Birmingham (£2.9m), Coventry (£1.2m) Wolverhampton (£478,000)



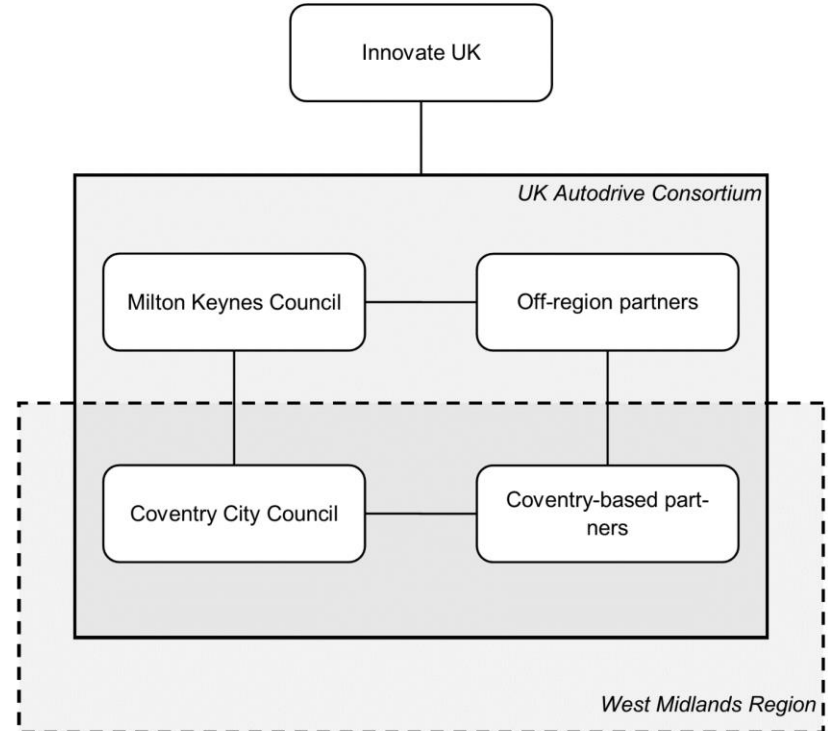
■ Constituent member
■ Non-constituent member
■ Prospective non-constituent member
○ Not involved
— Local Enterprise Partnership boundary

Source: National Audit Office analysis of West Midlands Development Deal, November 2016



The UK Autodrive project

- Project aims to:
 - Increase public awareness of autonomous vehicle and connected car technologies
 - Enable cities to understand how to benefit from automated transportation
- Funded by Innovate UK, match-funded by automotive industry





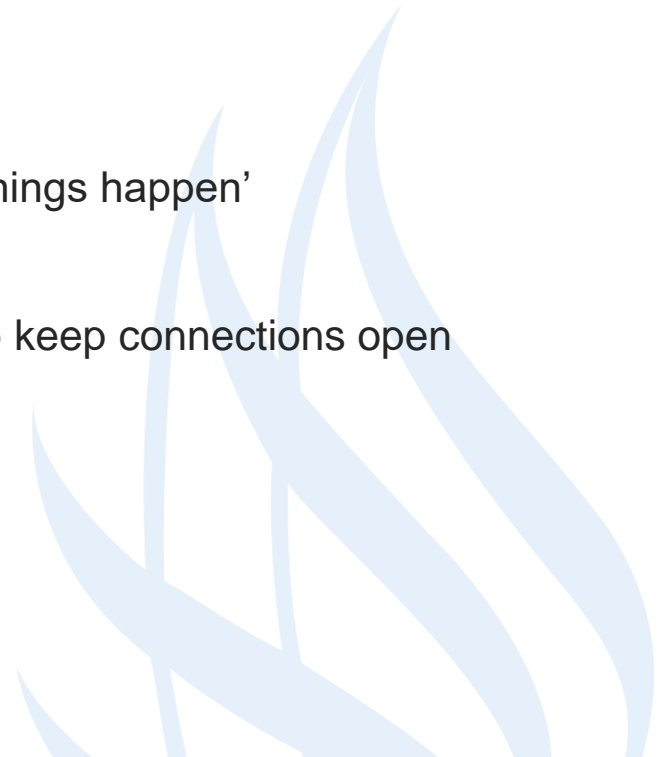
Findings

Making up for investment

- Deliberate policy focus on social capital to access resources, substituting for reduced financial capital
 - Networks, connections, attempts to build trust
- Stock of social capital is strongly embedded in individuals
 - Specific individuals in local authorities hold stocks of social capital through experience and trust
- Some of the social capital available is of the bonding type
 - Many of the relationships are among bureaucrats and technocrats
- Evidence of some bridging social capital as well
 - Council practitioners looks outwards, to other non-council organisations
 - It provides practitioners with access to resources otherwise not available inside their organisation
- Contrary to the research framework, the case study suggests social capital does not seem to result in policy entrepreneurship

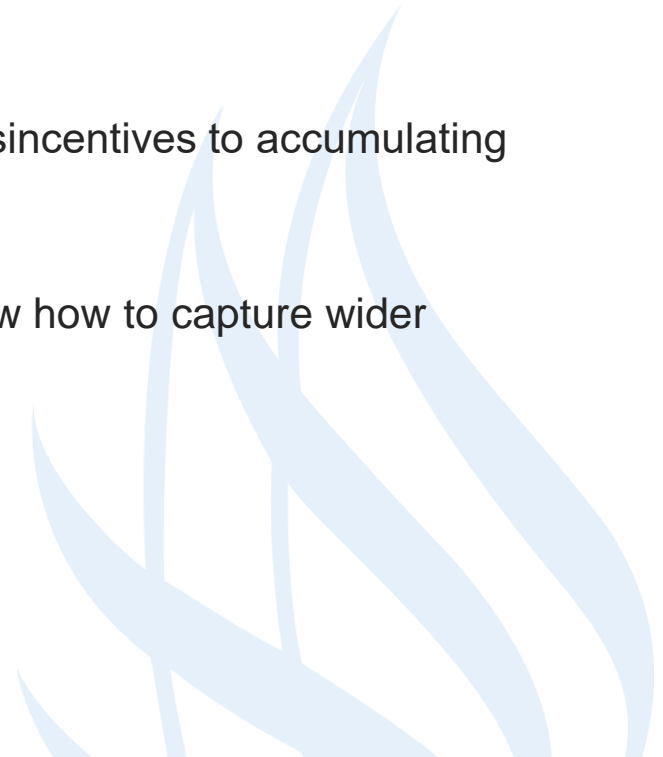
Local implementation of government policy

- Implementation of local economic development policy has been housed in specific departments within local authorities
 - This often causes organisational silos, hinders implementation
- Specific key individuals in local authorities can ‘make things happen’
 - They can also keep the policy windows open
- Street-Level Policy Entrepreneurs look for new ways to keep connections open across and within organisations



Challenges in the development of cooperative arrangements

- Ongoing loss of human capital affects policy entrepreneurship, reduces existing stock of social capital
- Fleeting nature of 'development by project' provides disincentives to accumulating social capital
- Local authorities cooperate, but sometimes do not know how to capture wider strategic value for the local area





Discussion

Difficulties of the ‘local economic development-by-project’ model

- Projects sometimes driven by funders’ and industry partners’ preferences, not the local authorities’ strategic priorities for LED
- No time to develop and accumulate social capital
- Substitution of social capital for human capital made difficult by low staff retention and career progression in local authorities
- Risk that the prevalence of ‘bonding’ social capital may create blind-spots in local development policy, by focusing on the wishes of specific groups

Avenues for cooperation in the 'local economic development-by-project' model

- Human and social capital in local authorities are deeply connected, and embedded in a small number of individual bureaucrats
- Need for policies which promote retention and career progression of economic development bureaucrats in local authorities
- Successful cooperation should involve other groups from civil society