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

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The superiority of LMAs over administrative areas depends on them having been defined by **CONSISTENTLY** analysing recent data (usually on commuting) in a **TRANSPARENT** way which ideally provides as much **DETAIL** as possible

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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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“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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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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**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
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<td>(nb. some indicators yield null values for single-zone LMAs)</td>
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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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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