

**SUB-NATIONAL GOVERNANCE AND THE RELATIONAL  
SPATIAL ECONOMY: EXAMINING SPACES OF FIRM-STATE  
ENGAGEMENT IN THE 'LOCALIST' ERA**

by

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## **ABSTRACT**

Recent debate has focused on the role of state spatial approaches to the governance of an increasingly networked and fluid economy. This has seen transitions in both the scale of practise, focused on meso-level spaces, and the form of scalar fix, progressing from region to city-region and Functional Economic Area. As theories of spatial economy argue an increasingly dispersed mode of practise, integrated into global exchanges, state spatiality has responded through spatial reform to capitalise on this networked model.

This study seeks to understand the link between spaces of economic governance, the formal spaces in which meso-level policy is pursued, and spaces of economic production, created by flows of firm transaction and exchange. Situated in the Southern Staffordshire area of the English Midlands, it considers how these forms of space are constructed, interpreted and integrated through articulations and practices of state spatial policy. Using a relational framework, interpreting space as a dynamic phenomenon, it considers the critical factors linking spaces of economic production and economic governance and the influence of ongoing rescaling tendencies within state and industrial strategy. It proposes whilst the sub-national has been debated as a critical point of convergence for these separate spatial articulations, this is highly selective through its capacity to interpret spatial economy and privileging of specific spatial and sectoral interests.

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A large part of the content of this thesis is constructed around interview material gained from firms or policy makers based in or related to Southern Staffordshire. Each of the

subjects I interviewed generously gave up their time and I extend my gratitude to them. Without their contribution, this would not have been possible.

This thesis represents the culmination of four years of formal dedicated research, but I consider it to be part of a longer informal study. I commenced this in 2003 when first employed in the economic development industry. What I learnt whilst working for local and regional government has been as integral in the completion of this research as the intelligence gained and direction provided during the study period. I offer my thanks to those I worked with between 2003 and 2011 for what I learnt from them; every snippet has proved useful in some way. Whilst this covers a number of people, those I directly worked with at Sussex Enterprise, Bath & North East Somerset Council, Bedfordshire County Council and Borough of Poole Council deserve mention.

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## **GLOSSARY**

FEA	-	Functional Economic Area
GBS	-	Greater Birmingham and Solihull
LA	-	Local Authority
LEP	-	Local Enterprise Partnership
LQ	-	Location Quotient
RDA	-	Regional Development Agency
S&S	-	Stoke & Staffordshire
SIC	-	Standard Industry Classification
SSP	-	Southern Staffordshire Partnership
WM	-	West Midlands
WMC	-	West Midlands Conurbation

# CHAPTER 1: SPACES OF ECONOMY IN THE RELATIONAL WORLD

## 1.1 Introduction

*“His triumph is dashed. What is the point in coming all the way to London if he is to be quartered on a housing estate miles outside the city? He wants to find a use for the mathematics he has laboured over for years, but he also wants to go to poetry readings, meet writers and painters, have love affairs. How can he ever make the people – men in tweed jackets smoking pipes, women with stringy hair and owlsh glasses – understand that? How can he bring out words like love, poetry before them?”*

J.M. Coetzee, “Youth”, 2003

So struggles the protagonist in J.M.Coetzee’s “Youth”, a semi-autobiographical account of the writer’s formative years in England. The novel documents his navigation between two seemingly separate worlds; one he is instinctively part of, a logical world of production and reason he easily understands, and a second he wishes to join, the bohemian world of the artist and poet. In spite of a seemingly straightforward ‘fit’, he resists his natural aptitude, longing to join London’s cultural milieu rather than stay trapped in Bracknell writing computer programmes for a Cambridge University spin-out.

The formative years of an aspiring South African poet in 1960's London is an unorthodox starting point for a thesis on sub-national economic governance and state spatial strategy. The analogy is however consistent with key themes within this thesis; the idea of spatial plurality, overlapping of interests and spaces, and evolving nature of spatial relations. Whether examining spatial economy from the abstract territorial-relational debate (Jonas, 2012), the structured sub-division of England into administrative Functional Economic Areas (FEA), or more specifically considering the study area of Southern Staffordshire and its relationship to surrounding geographies, plurality is a consistent theme (Agnew, 2013; Harrison, 2013; Jones & Paasi, 2013). The explicit nature of this plurality has emerged in the progression of an economy and social system dependent on and influenced by networks (Castells, 1996); as this plurality endures, tensions emerge in the creation and designation of space. Whilst Coetzee's protagonist represents an internal struggle between function and aspiration, for the place-based economy this is the consolidation and convergence of conflicting interests emerging at multiple scales and in multiple spaces (Brenner, 2004).

The creation and recreation of spatial economy has been heavily debated during the current political term (2010-2015), driven by a purported sea-change in sub-national state spatial governance. This saw the dissolution of the 9 Regional Development Agencies and introduction of the 39 Local Enterprise Partnerships. It is equally indicative of broader tendencies in spatial re-configuration through multi-scalar governance approaches, exposing the sub-national to increasing iterations based around function, interest and intervention. At the same time, increasing network practice as a defining factor of spatial economy has detached market actors. As organisations and institutions within sub-national

spaces become more spatially fragmented from one another, similarly key state actors have seen an enhanced segmentation of interests through moves toward collaborative practices and scalar integration. As such, a further fragmentation has occurred between spaces of economic production, defined by firm interaction, spaces of economic governance, defined by key multi-scalar and -stakeholder relationships, and spatial economy, as determined by sub-national demarcation at the meso-level. This study will examine this fragmentation in detail, identifying how these separate but intertwining spaces are formed, the processes and practices involved in their creation, and how spaces of economic production and governance are integrated at the sub-national scale.

In this introduction I provide a general outline and overview of the purpose, rationale, and structure of this thesis. Commencing with a discussion of its genesis and theoretical, policy, and practical foundations, I follow this with a justification of the research, its contribution toward theoretical and applied understandings of sub-national economic governance, and the validity of the research approach taken. I then introduce the study area and discuss the research partner; this study is undertaken in collaboration with a CASE partner, influencing the spatial focus of the study. Finally I set out the research question and the structure of the thesis.

## **1.2 Genesis of the research**

The genesis of this project has its roots in four quite distinct although not entirely separate places. Firstly, it has been motivated by a distinct argument around spatial economy as a relational phenomenon and understanding its spatial implications. Second is the transition

in governance practice in the UK and the move from regionalism to localism. Thirdly, it represents the outcome of an ongoing dialogue between academic practitioners and policy community in the West Midlands. Finally it has been shaped by the experience of the Author in a career in sub-national economic development and interest in building understandings of the functioning of sub-national economy and economic governance.

The first of these motivations is the segue of two critical debates on spatial economy, its construction and functioning. Developments in the management of contemporary capitalism, underpinned by continued levels of market deregulation and financial mobility (Amin & Thrift, 1994; Harvey, 1989), and the more current digital communication revolution (Cairncross, 1997), have all had a fundamental impact on the production of space and understanding of how spatial economy is constructed. This has seen increasing interest in a more networked form of economy with geographical manifestations formed through the space of flows (Castells, 1996) ahead of the space of place. With the dispersal of markets away from bounded models to a more globally distributed form, the role of networks has become more significant along with the capacity of space to capitalise on these through network potential (Shearmur, 2011; Storper, 1997; Swyngedouw, 1997).

This economic dispersal and its spatiality has seen a growing school interested in it as a relational phenomenon; a consistently evolving spatial articulation determined by a dynamic set of networks and flows (Goodwin, 2013; Jessop *et al*, 2008; Jonas, 2012, Jones, 2009; MacLeod & Jones, 2007; Massey, 2004). The manifestation of the relational has however been interpreted in two highly distinctive ways. Whilst one school has proposed it

as a highly fluid construct perpetually shifting in shape and form (Jones, 2009), a second has situated it in the consolidation of interests within the urban core as a centre for concentration-agglomeration, attracted and retained by the diversity and dynamism of the urban production system (Bettencourt *et al*, 2007; Florida, 2008; Hall, 2003; Hutton, 2008).

This study seeks to extend this debate through building a more refined understanding of the relational economy, its spatial iterations, and the links between global networks and flows and sub-national economic actors. It seeks to build on these debates through positioning spatial economy as both a place-based and a spatially relational phenomenon, to understand how networks and flows manifest outside of simple concentration-agglomeration explanations, and to examine the nature of relations between bounded and networked spaces.

The second influence of the study is the territorial policy revision applied in the transition from regionalism to localism, and the new administration's purported sea-change in the places and partnerships through which sub-national economic governance is pursued. The introduction of Local Enterprise Partnerships (LEPs) in the governance policy of 2010's coalition government has transformed the sub-national governance environment both spatially and functionally, introducing the rhetoric of the Functional Economic Area (FEA) and seeking a stronger integration between economic policy and economic actors. LEPs represent the latest in a line of scalar fixes to the problem of governing the economy through sub-national intervention. With a strong focus on the role of sub-national context

as part of a programme of spatial and sectoral rebalancing of the economy, critical to the success of LEPs is gaining an understanding of key industries within their area and these firm's dependencies (HMG, 2010b).

What is fundamental about LEPs in relation to this study is their representing an attempt to develop a state spatial response to the governance of a networked economy. This has been made explicit through the positioning of cities as “engines of the economy” (HMG, 2011), conforming to contemporary interpretations of practice in convergence through the application of a singular scalar fix. Reformation has also been bound into a strong set of historic relationships embedded in the territorial model of administration and a clear diversity in the size and scope of potential city regions or core-peripheries across England. The capability of LEPs to represent organic FEAs through the application of the city-region model presents an interesting context through which to examine the practice of sub-national governance.

Third, the research is a product of the University of Birmingham's involvement with Advantage West Midlands (AWM), one of the former Regional Development Agencies (RDA) around the formulation of economic development policy. In 2006, Professors John Bryson and Mike Taylor published a report, ‘The Functioning Economic Geography of the West Midlands’, for the West Midlands Regional Observatory, an arm of AWM. In this report the idea of an E3i belt was proposed, suggesting a set of entrepreneurial, enterprising, environmental, and innovation interests in the region to be found in a so-called ‘E3i’ belt surrounding rather than inside the West Midlands Conurbation (WMC).

Around the same time the Southern Staffordshire Partnership (SSP) had been revising their economic strategy. One of the primary themes emerging from this was a considered lack of investment and interest from AWM. In response, the SSP focused on finding ways to raise the profile of the important regional role played by the Southern Staffordshire economy. As part of this they became interested in the E3i belt concept. Conversations between SSP member organisations and Professor Bryson led to the development of an ESRC-bid, tentatively titled “Another new Regionalism: landscapes of economic governance in the Coalition era”, the SSP referring to it more prosaically as the ‘Edge-of-Cities’ study.

The final source is more personal, based on the Author’s experience in the field of sub-national economic development. My career in this discipline had seen a growing understanding of the gap between spatial practices amongst economic actors and the territorial designation of state administration, and through this an interest in the reconciliation of this fragmentation through appropriate and contextual policy responses. Across the three Local Authorities I worked for during this career – Bath & North East Somerset, Bedfordshire, and Poole - a common factor in the analysis of structural economy and the management and delivery of interventions was the absolute nature of the administrative boundary created by hierarchical scales of operation. Whilst this served a functional purpose, in terms of its accommodation of the economic interaction between both individual firms or consumers and places it seemed fundamentally inadequate to understand either critical points of intervention and modes of effective support.

These spatial limitations sat alongside considerable strategic ones. During periods of continued growth (2003-07) and dramatic recession (2007-11), local and sub-regional strategy for the economy had been based around large-scale transformational change – the development of ‘dynamic’, ‘sustainable’ and ‘knowledge-based’ economies - but in terms of operational intervention this had been reduced to projects and programmes focused on the limited powers within the gift of local government, making them highly spatially bound. Increased dependence emerged around central government providing the resource and through this the direction for intervention, either directly or via the RDAs. The result of this approach has often seen the detachment of policy aspiration from local structural consideration or the failure to develop the capacity to pursue these more distinctive approaches.

As I took on more senior roles and got involved in more strategic responsibilities, I gained the opportunity to undertake more detailed analysis of the relationships between different local industries and firms and the spatial manifestation of their functional territory. In spite of practicing in an industry removed from theoretical discussions around relational economy, this policy research reinforced my understanding that concepts such as the local, sub-regional, and regional were, in economic terms, highly subjective with varying permutations dependent on industry and firm. This raised the question of how to integrate this understanding into a policy industry highly focused on operating within strict and singular territorial distinctions. This progressed to an interest in pursuing this analysis in the academic environment.

### 1.3 Justifying the research

Questions around the legitimacy of sub-national territory and its changing shape and nature have become prominent during recent years. This links into a broader literature questioning the social, political and economic forces and processes through which space is constructed and understood (Jonas, 2012). The regionalist-‘Localist’ shift and ongoing tendencies within the English state to reform – or rupture and reweave (Brenner, 2009) – meso-level state apparatus in pursuit of a scalar fix has both raised and responded to questions over sub-national economic governance and the scale at which this is managed.

Academic debates have focused on the region, used here in its articulation of a scale between the institutionalised local and national, in two distinct ways. First they have sought to understand it in its form as a nexus of traded and untraded interdependencies (Storper, 1997) or crucible of a space of flows (Castells, 1996) which stimulate innovation and capture prominent economic networks within a spatially predetermined area. The second school has sought to deconstruct the notion of the region in any singular and enduring form, instead interpreting it as a continually evolving set of spaces (Allen *et al*, 1998; Jones, 2009; Bristow, 2010). Both models of relationality can be observed at play within territorial designations of the regional; the first through city-regional and core-periphery dynamics, founding the revision of state spaces of sub-national economic governance (Harrison, 2010a; Martin & Sunley, 2011) to capitalise on the concentration-agglomeration model (Florida, 2008; Hall, 2003; Jacobs, 1961), and the latter via the interactions of firms with their markets and industries through a non-local embeddedness (Markusen *et al*, 1999; Dicken, 2007). Falling between these models of relationality is the need to understand, within the context of a progressively deregulated and globalised

economy, the ways in which these two interpretations of space integrate and what this means for the application of sub-national economic policy in such spaces.

This study will seek to progress such understandings through reconciling these polarised interpretations of the relational. It will build upon previous theoretical work through analysing the key forces defining spatial relations for state and firm actors, the form in which these manifest, and the ways in which these different spaces become integrated and embedded. It will conduct this analysis through the use of the Southern Staffordshire area in the West Midlands, a space positioned within the periphery of a city-region dynamic but also one dependent on a high level of industrial activity linking into national and international markets. The next section introduces and discusses this study area.

#### **1.4 Introducing and justifying the Study Area**

Southern Staffordshire is an area constructed of a set of District and Borough-level Local Authorities situated primarily in the south part of the historic county of Staffordshire (Map 1.1). Part of the West Midlands region and serving as a border to the north of the West Midlands Conurbation (WMC)<sup>1</sup> it also shares a border with parts of the East Midlands.

As a territory, Southern Staffordshire was formally created through the political construction of the Southern Staffordshire Partnership in 2001. In its iteration for the

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<sup>1</sup> The West Midlands Conurbation is made up of Birmingham, Solihull, Dudley, Sandwell, Walsall and Wolverhampton

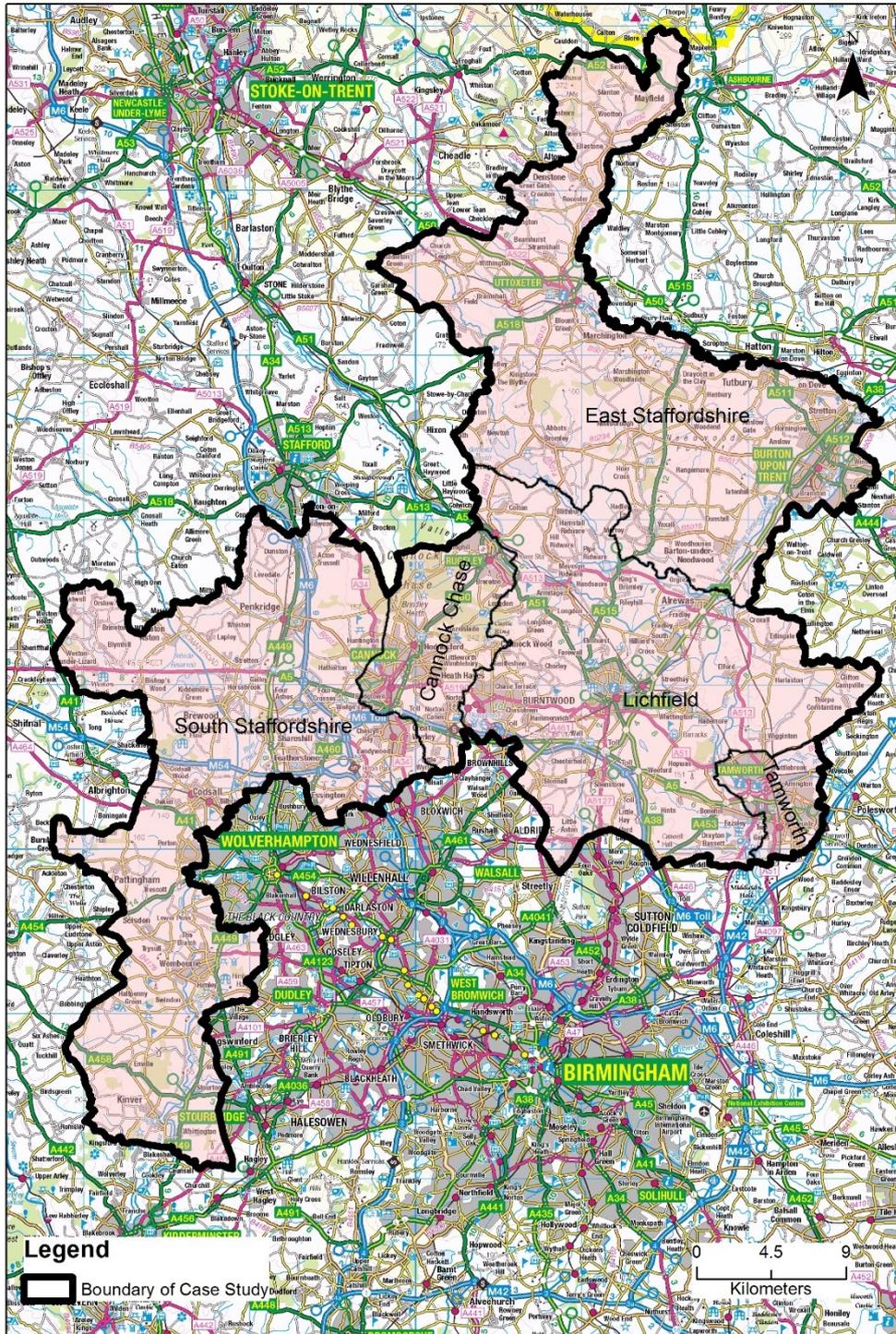
duration of this study period, it is constructed of five Local Authority (LA) areas; Cannock Chase, East Staffordshire, Lichfield, South Staffordshire and Tamworth. As of the 2011 census, the area represented a population of just under 500,000. Part of a Shire county but also bordering the WMC, the area provides an estimated 222,000 jobs<sup>2</sup> and has comparatively high levels of resident-based employment, an internal distribution focused on the Public Administration, Distribution, and Manufacturing sectors and proportional concentrations in Distribution, Manufacturing, Construction and Transport. The relationship between the constituent LAs is enduring and historic, each a part of Staffordshire County. Southern Staffordshire however has experienced several iterations over the course of its life, with Stafford an initial member until 2010 and East Staffordshire departing in 2013.

The position of the study area on the edge of the WMC has encouraged an interpretation of Southern Staffordshire as principally part of this urban area's commuter belt. This relationship was formally adopted in 2010 when a collection of Southern Staffordshire authorities (excluding South Staffordshire) joined the Greater Birmingham and Solihull (GBS) LEP (Map 1.2). Formal recognition of this has run alongside a continued relationship with the upper tier Staffordshire County Council, with Southern Staffordshire an enduring part of Staffordshire County. This has included an active involvement in the Stoke & Staffordshire (S&S) LEP for all Southern Staffordshire authorities bar East Staffordshire, although spatially the East Staffordshire area is included in S&S via Staffordshire County Council and the two-tier local government structure (Map 1.3).

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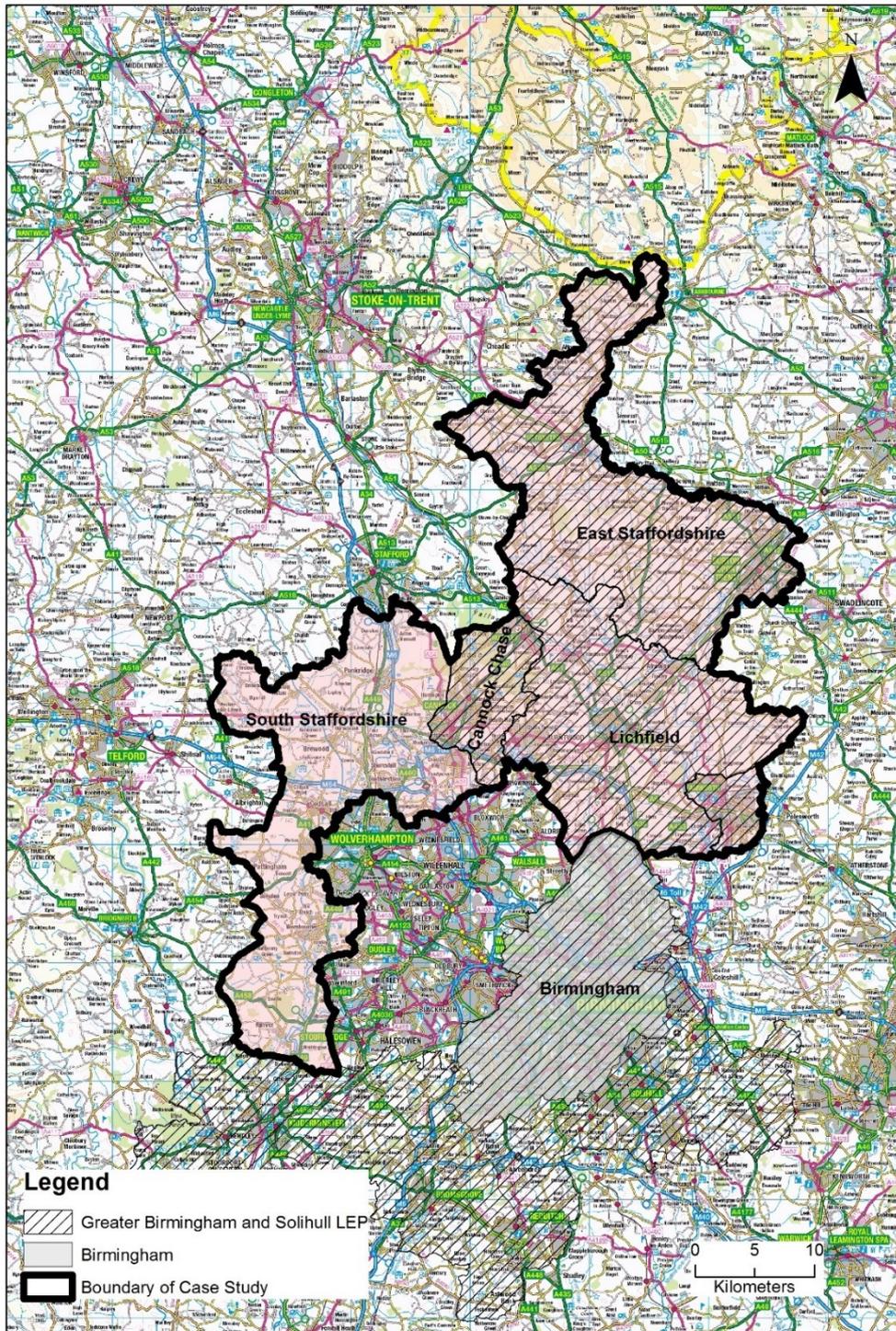
<sup>2</sup> ONS Job Density, 2012

Map 1.1: Map of Southern Staffordshire



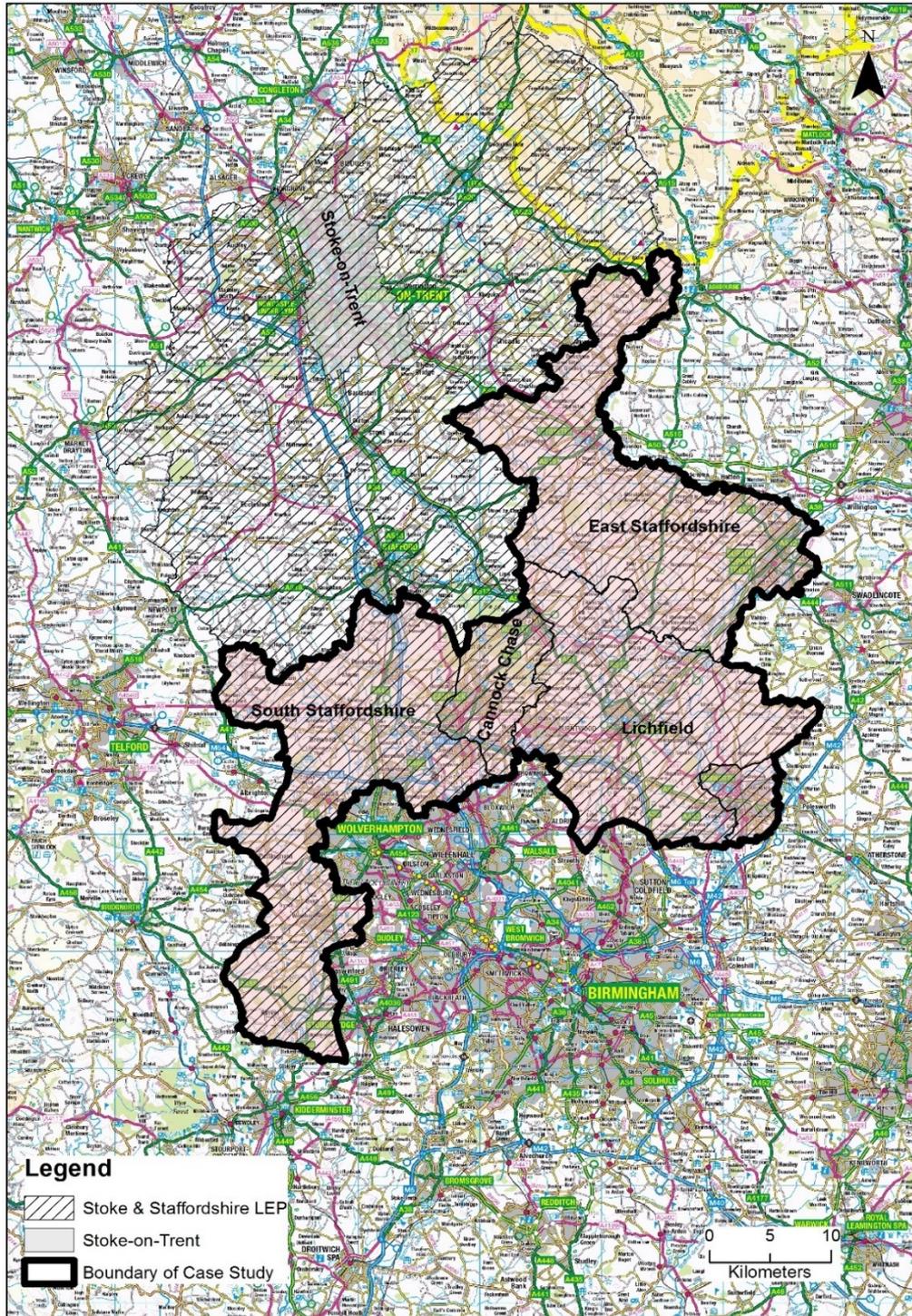
Source: Ordnance Survey

Map 1.2: Southern Staffordshire in the Greater Birmingham and Solihull LEP



Source: Ordnance Survey

Map 1.3: Southern Staffordshire in the Stoke & Staffordshire LEP



Source: Ordnance Survey

Southern Staffordshire provides a unique and distinctive environment in which to conduct this research for a number of reasons. Firstly its relationship to the WMC, as the dominant urban area, offers a strong core-periphery element to the study. Academic and policy debates have shown increasing interest in the role of the urban core as a driver for growth, and Southern Staffordshire's location on the edge of the WMC offers an opportunity to investigate the nature of any relationship and influence which exists in shaping policy and territorial responses to policy, in terms of revised priorities and actions, and reconstructions of spatial form. Secondly, the plural nature of Southern Staffordshire's association with regional governance partnerships – the GBS and S&S LEPs – position it within a contested and overlapping political space. Such dual manifestation has different spatial and, through this, structural connotations. Thirdly, analysis using Southern Staffordshire as a starting point for examining how firm exchanges and connections construct space would provide key data in understanding the area as a distinctive economy and refining its role and contribution as part of the Birmingham economy, the Staffordshire economy, and as a place constructing its own individual versions of spatial economy. Finally, Southern Staffordshire is positioned at an almost informal scale sat intermediately between the local and county or FEA. The dialogues, relationships, and contestations brought to the fore through Southern Staffordshire and the SSP are likely to be replicated across a number of areas as the practicality of administrative geographies and partnership consolidations rub against more functional place-based social and economic transactions. The formal designation of Southern Staffordshire makes these tensions more visible, providing a useful case for identifying and understanding how the political-economic may be constructed through formal and informal dialogues and how this relates to policy and

place. This in particular is integral for the study's CASE partner, the Southern Staffordshire Partnership.

### **1.5 Role of the CASE partner**

The research is undertaken as a CASE partnership with the Southern Staffordshire Partnership (SSP), a consortium of Local Authorities based in the county of Staffordshire. This organisation was founded in 2001 to focus on economic development and regeneration issues, forming a partnership adhering to both regional and national government expectations for collaborative forms of organisational practice in the delivery and governance of sub-national economic policy.

The SSP is involved in the research from a position of enhancing their evidence base and understanding of the Southern Staffordshire economy and its position in and relationship to both Staffordshire county and the GBS area. Referred to in their various publications and releases as the 'Edge of City' study', SSP see this work as providing additional intelligence to supplement the 'E3i Belt' study published by the West Midlands Observatory (Bryson & Taylor, 2006) detailing the economic contribution and potential of an area encircling the Birmingham-Black Country conurbation, of which Southern Staffordshire is a part.

SSP played a key role in the progress of the research, providing legitimacy in engaging with policy makers and firms alongside an impact setting through which to focus and disseminate findings. The partnership holds a large body of intelligence on local economic

and demographic issues, developed as part of their service-based economic development activities, alongside their separate statutory duties in terms of Planning Policy and Local Economic Assessment. Additionally they were able to provide support in accessing the two target sets of interview subjects; the political actors for governance interviews, and the firms for the spatial economy analysis.

The various political organisations and subjects involved in economic governance, either through the GBS and S&S LEPs or one of their peripheral partners, were each engaged with SSP members to varying degrees. This ensured an established relationship which was utilised to gain access to both organisations and key individuals. For accessing firms the LA's involved in SSP have their own set of networks established again through service-led ED activities and more strategic or ceremonial relationships between senior political and management personnel and key local business leaders. These relationships are seen as critical to the research, providing the opportunity for initial business contact to cascade into a wider engagement across the business community. In addition to direct access to subjects, the SSP relationship adds a dimension of legitimacy to the research through providing it with a 'real world' setting which will utilise research outcomes for the benefit of policy and strategy development. It also is seen as a conduit into a stronger understanding of key firms within the area alongside an opportunity to raise both LA and SSP profile amongst such organisations to later utilise in enhancing their dialogue with key economic actors.

## 1.6 Aims & Objectives

In this section I discuss the aims and objectives of the study and how these will be progressed through the body of the study. The principal objective of this research is to *understand the processes and practices in the formation of spatial economy through spaces of economic production and spaces of economic governance*. In progressing this objective, I will use a relational approach to my analysis, starting from a point of the economy as a networked, dynamic, and perpetually evolving spatial phenomenon. In this section I outline the research questions which constitute the collective aims of the research, and then discuss how these will be addressed through each of the chapters in turn.

### 1.6.1 Research question

The principal question for the research is *“How is sub-national spatial economy constructed and interpreted through the interaction of spaces of economic production and spaces of economic governance?”*. This question will be progressed through division into three separate parts, a structure which approaches the examination of spaces of economic production and spaces of economic governance in Southern Staffordshire individually, before analysing how these manifestations are integrated through state-market interaction. Alongside this, they explicitly incorporate the concept of relationality as the principle lens used in understanding the spaces of state and firm actors. These questions stands as;

*How are spaces of economic governance relationally constructed through state spatial policy and interpreted as spatial economy?*

*How are spaces of economic production relationally constructed through sub-national industrial or structural contexts and network connections?*

*Within this relational dynamic, how do these spaces of economic governance and spaces of economic production converge at the sub-national scale?*

These questions will be addressed through the following set of chapters.

### 1.6.2 Chapters and content

In this opening chapter I have provided an outline of this study. This has included commentary on the genesis of the research, a justification of its relevance and need, an introduction to the study area and the research CASE partner, and a statement of the key question the study will address. The rest of the study will follow the structure set out below.

In Chapter 2, I will set out my case for the study, identifying the key concepts and theoretical debates to shape, refine and contextualise the research alongside identifying the critical gaps in existing debates I aim to address. This will engage with a broad literature incorporating elements of neo-regionalism and critical regionalism, regional development theory, firm location theory, evolutionary economics and regional innovation systems, and state spatial governance and state rescaling. It will further build the case for the relevance and importance of this study and outline its anticipated contribution.

Chapter 3 focuses on the methodological approach taken in the research. In this I will discuss the research design, the processes through which I collected the intelligence, and the rationale for the methods selected. This will include detailed statements on the approach to interviewing subjects, the methods employed in managing the quality of intelligence attained during these interviews, and the process used in analysing this data. I will also outline the ethical issues identified and how these were mitigated and provide some further rumination on the role of the SSP as the research partner in practice.

In Chapter 4 I commence the empirical analysis of spaces of economic production and spaces of economic governance within Southern Staffordshire. The principal aim of this chapter is to establish a picture of Southern Staffordshire and its relationship to concepts of sub-national economy through formal governance relations, structural similarity and industrial concentration. From a starting point of Southern Staffordshire as a bounded but not contained economic unit, it progresses this to consider its changing shape and positioning through the transition from regionalist to ‘Localist’ approaches and introduction of the FEA concept as a spatial policy tool. It moves on to test the validity of these spatial articulations through the use of key measures in defining FEA; labour flows and industrial concentrations. Using the relational discourse, this chapter unpicks the relationship between Southern Staffordshire and the organic FEA of Greater Birmingham and Solihull into which it has been interned. It argues the limitations of such singular models of spatial economy, suggesting this manifests instead in a highly spatially

fragmented form with a set of structural alignments contesting established spaces of economic governance.

In Chapter 5, I turn attention to the construction of spaces of economic production within Southern Staffordshire from a networked perspective. Focusing on the practices and exchanges of firms from amongst key industries in the area, this chapter examines the spatial extent of their critical dependencies. Interpreting dependency in three distinct ways - through the embedding resources underpinning location, the distribution of key markets, and the process of knowledge exchange - I consider the spatial manifestations of these dependencies and how they correspond with formal, state-based articulations of spatial economy. Through this I argue a form of spatial economy in Southern Staffordshire increasingly detached from concepts of the sub-national and instead highly integrated in networked practices, contributing to current theoretical and policy debates on firm-space integration and understandings on the extent of local dependence in local economy.

Chapter 6 considers the changing form and nature of spaces of economic governance in Southern Staffordshire. It focuses specifically on the role of relational attachments and how these serve to construct and are constructed by changing tendencies in political practice and partnerships. It examines the evolving spatial permutations of Southern Staffordshire and its wider territorial associations, applying a framework of periodization to the changing spatial iterations and spatial relationships at play in the area. The chapter proposes the formulation of spatial economy through changing forms of policy unit indicates an ongoing process of state spatial revision. Whilst articulated through formal

governance spaces, these are integrated with a set of informal relationships represented by historic and emerging association. The interplay between these spaces and their shifting ability, via state and market patronage, to accommodate strategic service and corporate interests proposes a continually fluid space of economic governance, localities shifting via association and priority interests creating a sub-national space in perpetual flux.

Chapter 7 pulls together these analyses of spaces of economic production and spaces of economic governance to examine the implications for sub-national spatial economy.

Considering the detachment between spaces of economic production and spaces of economic governance examined, this chapter builds on these understandings to consider the extent to which they converge at the sub-national scale. It considers the effect of practices of multi-scalar and multi-stakeholder governance in integrating economic interests and examines how these translate in the consolidation of economic and political spaces. Its analysis proposes both an extending congestion, and through this contestation, of sub-national spatial economy through these practices. Whilst suggesting the sub-national retains a position as a point of convergence between spaces of economic production and those of economic governance, this is increasingly narrow and selective, shaped by influences of central government policy, market sponsorship, and local resource management. For those interests outside of this convergence, the sub-national increasingly represents a point of departure as actors and stakeholders seek other platforms through which to pursue objectives.

Chapter 8 concludes the thesis. This chapter reiterates the key findings of the study, considering the implications for key debates in the functioning of spatial economy, the development of state spatial governance, and the integration of state and market interests as part of a process of sub-national economic management. It finishes considering the implications of both the research and the evolving governance environment for Southern Staffordshire and the potential for further research around the areas of economic and political geography.

## **CHAPTER 2: ECONOMIC GOVERNANCE IN A RELATIONAL WORLD: KEY LITERATURES, CONCEPTS AND DEBATES**

### **2.1 Introduction**

The objective of this study is to examine the relationship between different forms of spatial economy emerging at the sub-national scale and to understand the practices which integrate or fragment interests at this scale. Governance of the economy has seen a shift to increasingly focus on the sub-national in the wake of tendencies toward economic globalisation and deregulation, with particular spaces at this scale considered to represent the most appropriate for the development and implementation of economic policy. Critical to this has been the need to build on understandings of how the global and the sub-national continue to integrate.

During the past 30 years, increasingly spaces of economic production have become less embedded in singular national or sub-national spaces. Instead the distribution of production, the opening up of new markets, and the transfer of key knowledge resources have become a highly dispersed phenomenon. This has seen a move toward interpreting the economy as a networked concept as opposed to one bounded and nationally regulated. Against this change, spaces of economic governance have turned to sub-national articulations in various forms, progressing through regions to city-regions to Functional Economic Areas, in pursuit of a scalar fix for the shifting demands of contemporary capitalism.

Within this literature review, I argue that for both spaces of economic production and economic governance, an integral factor has been a move toward the economy as a relational construct. The production of space, through the expansion of economic interests and the condensing of governance units, is heavily reliant on a set of critical relationships surrounding sub-nationally situated actors. This occurs both spatially and functionally. Whilst clearly demarcated spaces of state governance persist, these are integrated into varying broader spatial articulations through embedded and institutional scalar relationships with critical state and market actors.

This review will build an understanding of the key theoretical debates examining the construction of spatial economy through the relational phenomenon, the principal factors driving relationality and its impact on the integration of spatial interests, and the potential gaps in the debate for this study to address. It consolidates a range of literatures covering local and regional development theory, the determinants of economic and cultural advantage, and the governance and coordination of space and of economic actors in the development and delivery of sub-national economic policy. Commencing with literatures from the neo-regionalist and critical regionalist school, it examines the concept of relationality and how this is reconciled with the practical division of space into bounded sub-national units. It progresses to consider the manifestation of the relational, examining how this occurs and is embedded within sub-national units through the interaction of sectors, firms, and a defined set of sub-national resources. It then moves to examine how state spatiality has been reconstructed to incorporate the demands of the relational economy, and the spatial and functional implications of this restructuring. It concludes

setting out the theoretical grounding for the study and the key lines of inquiry and gaps in existing debates it will progress.

## **2.2 Territories of production in a relational era**

The formal articulation of space and its construction via economic processes covers a broad literature. Whilst conventionally interpreted through political boundaries and units such as the nation state and more recently the region, the role of relationality in constructing space and its dynamic and fluid nature have been of increasing interest in both academic and policy circles (Goodwin, 2013; Harrison, 2010a; Jonas, 2012; Massey, 2004). This section considers current debates in the production and interpretation of space, its relational articulation, and how this has been translated into a spatial concept.

### 2.2.1 'Thinking space relationally': the relational turn and spatial economy

Recent academic debates have seen a renewed interest in the relational viewpoint, challenging orthodox conceptions of place and region through a tendency toward the role of networks, flows and interspatial relations (Goodwin, 2013; Jessop *et al*, 2008; Jonas, 2012; Jones, 2009; MacLeod & Jones, 2007; Massey, 2004). In contrast to the singularity of the neo-regionalist position (Agnew, 2013), this relational turn has sought to understand the effects of globalisation and neo-liberalism on space, incorporating a juxtaposition emerging through multiple connections into multiple spaces (Amin, 2004). In place of interpretations of a nested hierarchy of scales, this has tended toward a more fragmented understanding of spatial economy detached from predefined political spaces as part of a

more complex ‘quilt’ of scaled networks (Allen *et al*, 1998) or field of potential (Andersson & Karlsson, 2004).

Critical to the relational turn has been a transition in practices of production toward a space of flows over a space of place (Castells, 1996). This has enabled a shift in the spatial manifestation of the interaction and knowledge transfer amongst industries, firms, and individuals through enhanced communications and reduced regulation (Arndt & Kierzkowski, 2001; Dicken, 2007; Henderson *et al*, 2002; Markusen *et al*, 1999). Whereas this had previously been a highly bounded phenomenon aligned with predefined administrative areas, networked tendencies have challenged such singular spatiality. This has emerged in three distinct forms of spatial disruption to such singularity: new spaces of economic transaction, representing the space of exchanges found amongst indigenous firms, new spaces of economic transition, representing the impact of this on historic and cultural interpretations of place-based production, and new spaces of economic regulation, defined through the temporal effects of endogenous and exogenous changes.

First, new spaces of economic transaction have disrupted orthodox conceptions of regionally-focussed production systems (Florida, 2002; 2008; Krugman, 1991a; Storper, 1997) through integration as part of a global economic system which encourages new production patterns and non-local embeddedness (Arndt & Kierzkowski, 2001; Dicken, 2007; Markusen *et al*, 1999). Complex relationships between firms and their integrated forward and backward linkages have progressed beyond standardised understandings of both organisational and administrative boundary (Henderson *et al*, 2002; Piccaluga, 2004).

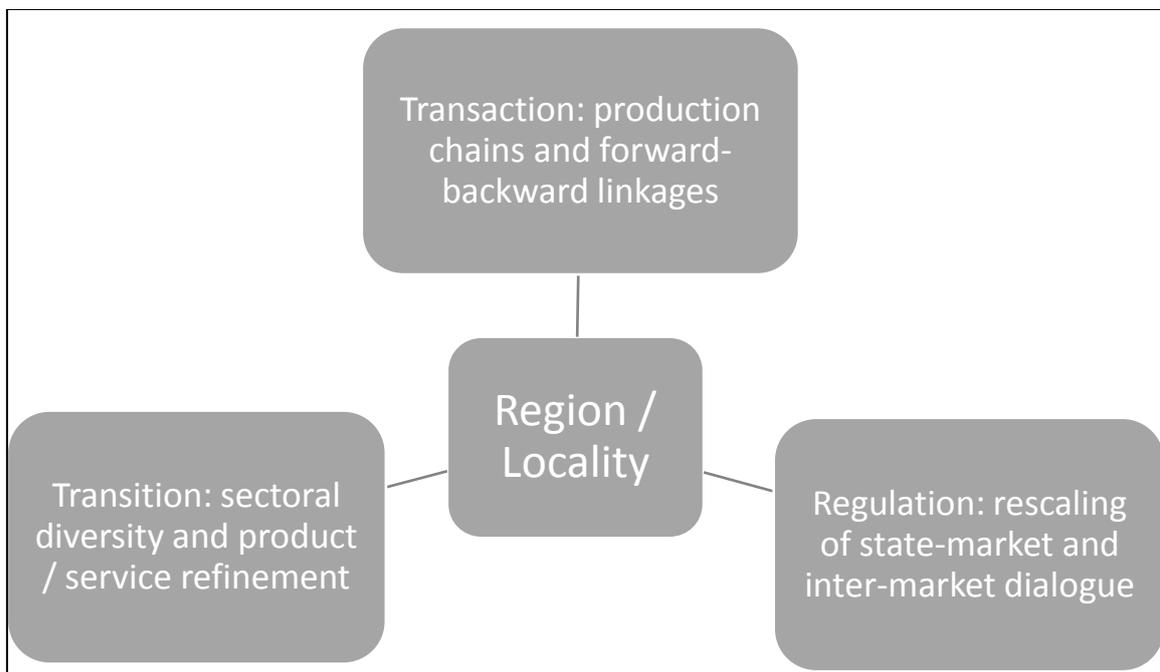
As a result, the spatial manifestation of these chains is as likely to be dispersed as it is concentrated (Gereffi *et al*, 2005) with an emphasis on inter-firm networks over any formal spatial distinction (Sturgeon *et al*, 2008) driven by ‘search and adapt’ strategies to maintain and enhance firm performance (Nelson & Winter, 1982; Taylor & Thrift, 1983).

Secondly, new spaces of economic transition have emerged through the formation of a new spatial articulation of production, underwritten by evolving historically and culturally subjective distinctions (Allen *et al*, 1998; Hudson, 2004; Paasi, 1996). Across the diversity of sectors situated within any sub-national space, various forms of industrial territory will be created through firm’s continually refined products, services and practices (Hayter *et al*, 1999). As spaces develop this is further layered through the introduction of new sets of firms and the evolution of established industries via network relationships and historical processes of embedding (Plummer & Taylor, 2001). Changes in products, services, and the location of markets as influenced by development trajectories, planning policies, and market forces, create multiple and dynamic versions of territory (Brenner, 2004). Here, the formal spatial economy at a given point in time is as likely a result of this process as the starting point to understanding it (Andersson & Karlsson, 2006).

Finally, new spaces of economic regulation have been introduced through changes to both industrial and administrative interpretations of place. This is fundamentally bound into a complex and integrated dynamic between localised institutions and industries and forces of social and economic change manifesting at multiple scales (Hayter *et al*, 2003; Scott & Storper, 1985). Space is an evolving organism with its own shifting form (Jones, 2009;

Paasi, 1996) unravelled through an ongoing dialogue between bounded and dispersed social, economic and political interests, manifesting via state-market and inter-market dialogues (Bennett & Ramsden, 2007; Clark, 2014; Maennig & Olschlager, 2011; Markusen, 1994) and through these mobilised at different scales (Allen & Cochrane, 2007). Spatial relationships, dependencies, and through these articulations, are therefore dynamic, influenced by factors such as regional-industrial path dependence (Martin & Sunley, 2006), extra-regional disruption (Allen *et al*, 1998), structural transformation (Markusen, 1999; Parr, 2001) and the exertion of dominant internal interests at broader scales (Christopherson & Clark, 2007) (Fig. 2.1).

**Figure 2.1: Relational disruption of spatial singularity**



Source: Author

The emergence of these forms of spatial disruption has encouraged an abstraction of the spatial. The relational turn proposes a structurally dynamic form of spatial economy, shifting in response to the influence of policy makers and market transitions (Allen *et al*, 1998) through “temporal and spatial exposure and connectivity” (Amin, 2002; p391). Through this, spatial economy has been partially detached from administrative and regulatory systems which enforce formal state spatial distinctions (Jones & MacLeod, 1999). Instead, space in its fluid and ‘phasing’ capacity is created, binding state spaces with networks and flows to articulate a succession of systems layered on top of one another (Brenner, 2004; Jones, 2009).

The relational turn has sought to interpret spatial economy as a fluid phenomenon, perpetually evolving through the influence of and integration in a broader spatial dynamic. Accommodating influences of deregulation and advancement in communications, this has challenged notions of demarcated territory to be replaced by a system of networks and flows underwritten through evolving spatial practices in economic transaction, transition and regulation. In reconciling the challenges of this relational perspective to bounded models of space, increasing interest has been focused on the role and influence of the urban core.

### 2.2.2 Bringing the territorial back in: the core and core-periphery economy

The relational turn presents an insight into spatial economy with significant problem for Geographers. Whilst it proposes a model responsive to dominant themes of globalisation and neo-liberalisation, it has destabilised orthodox understandings and related

administrative-political manifestations. Response to understanding this abstraction has resorted to a distinctly neo-regionalist approach, repositioning the urban core as the most enduring socio-spatial form and as such a relational nexus for agents of spatial economy (Amin, 2004).

The urban core has enjoyed a renaissance in its position as principal conduit of networks between sub-national and global scales. This centripetal and catalytic conception has strong historic lineage (Jacobs, 1969; Krugman, 1991a/1991b; Lefebvre, 1970; Park & Burgess, 1925; Von Thunen, 1826) but in both academic and policy studies, the key role of the city in innovation, production, regulation, accumulation, and the formation of enduring networks has been emphasised (Bettencourt *et al*, 2007; Florida, 2008; Hall, 2003; Hutton, 2008; McCann, 2007). As a melting pot for invention and innovation (Hall, 1998), the city is pivotal to reinforcing inputs through the attraction and concentration of diversity and aptitude (Florida, 2002; Jacobs, 1961; Marshall, 1890), creating a stickiness through forces of agglomeration (Hall, 2003). This developmental capacity and its positioning as the hub of regional development integrates the city with its periphery through transition and dispersal of mature industries (Parr, 2001), transfer of labour between residence and employment centres (Fox & Kumar, 1994) and spillovers in productivity and accumulation (Rizov & Walsh, 2011; Shearmur, 2011).

In place of territorial regionalism, this core-periphery model has integrated the relational turn through a form of bounded relationality, with bounded space and its accumulated benefits representing a spatial economy place-based but not place-bound (Bristow, 2013).

It provides a response to concerns of regional singularity (Agnew, 2013) and stasis (Allen & Cochrane, 2007) whilst engaging with aspatial tendencies toward network-based interpretations. Within this there is a presumption on the enduring hegemonic and homogenous role of the core-periphery hierarchy, relying on the application of an alternative standardised model without consideration or analysis of the nature or extent of networked practice (Lovering, 1999; Martin & Sunley, 2011).

The core-periphery model has been positioned as an appropriate spatial response for the relational economy, representing a sub-national scale at which global and local integrate through concentration-agglomeration phenomena. This however has been applied as spatially and functionally singular, interpreting urban core as relational nexus and peripheral places in a supplemental capacity. Within this model, relational spaces instead manifest in different ways, focused around the relationships of different actors positioned at different points within the core-periphery.

### 2.2.3 Structuring the core-periphery: on the role of periphery

The structural model presented by the core-periphery region adheres to an embedded interpretation of functioning economic space, reinforced through the presence and tangibility of networks within the urban core, its role in accumulation, and potential for spillovers or externalities (Bettencourt *et al*, 2007; Castells, 1996; Jacobs, 1969; Florida, 2008). As outlying areas are bound to the urban core, creating a city-regional scale through labour integration (Fox & Kumar, 1964) and industrial dispersal (Rostow, 1960; Parr, 2001), this embeds a hierarchy of core and periphery via the formation and reinforcement

of a cultural-economic identity (Cooke & Morgan, 1998, Smith, 1992). The role of these separate parts is further established through variance in the stimulation of innovation, a pivotal factor in regional development (Cooke & Morgan, 1998; Florida, 1995; Storper, 1995; 1996; 1997). Within the core this is driven by its concentration-agglomeration effects, linking firms to labour and internal knowledge capacity to external inputs (Andersson & Karlsson, 2007; Bathelt *et al*, 2004; Huggins & Kitagawa, 2012); moving beyond the core, both type and likelihood of innovation experience distance decay (Rizov & Walsh, 2011; Roper, 2001; Shearmur, 2011).

This singular and hierarchical interpretation of the core-periphery is highly problematic for a number of reasons. The enforcement of a spatial hierarchy has a similar impact on the interpretation of core economic activities as the presumed impact of urban accumulation strategy is prioritised (Harrison, 2010a; Jessop, 1997; Jones, 1997). This has diminished the need to analyse and understand the restructured activities of industry which by various forces are sub-nationally embedded but have been locally redistributed (Carr & Yan, 2012; Dicken, 1982; Hall, 2002; Tallon, 2013). Redistribution of industries extends into the new spaces of transaction, transition and regulation in which they function, overlaying the dominant core-periphery with an additional set of spatial articulations influenced by the historical-geographic transition in sector-specific production (Hayter *et al*, 1999, Hudson, 2004, Hudson, 2010; Petrov, 2012). This set of dependencies on extra-regional relations disrupts embedded spatial hierarchy, generating a more ‘patchwork’ spatial structure (Kraemer, 2005).

The source of this disruption can be identified occurring in three specific forms; adjoining geographical regions, overlapping spaces of political or market determination, and the periphery itself. The first of these, adjoining geographical regions represent an ongoing push for territory as part of a process of spatial reformation motivated by strategic selectivity (Brenner, 2004; Jessop, 2007; Jones, 1997). Variations in support narratives and structure, alongside an uneven model of devolution, have created a hierarchy of regions within the UK (Harrison, 2010a; Jones & MacLeod, 1999). For those favoured by this, growth strategy can include cherry-picking parts of neighbouring regions allied with and complementary to growth objectives (Allen *et al*, 1998), offering absorbed places returns in terms of enhanced resource, positioning, and yields (Cox, 2010).

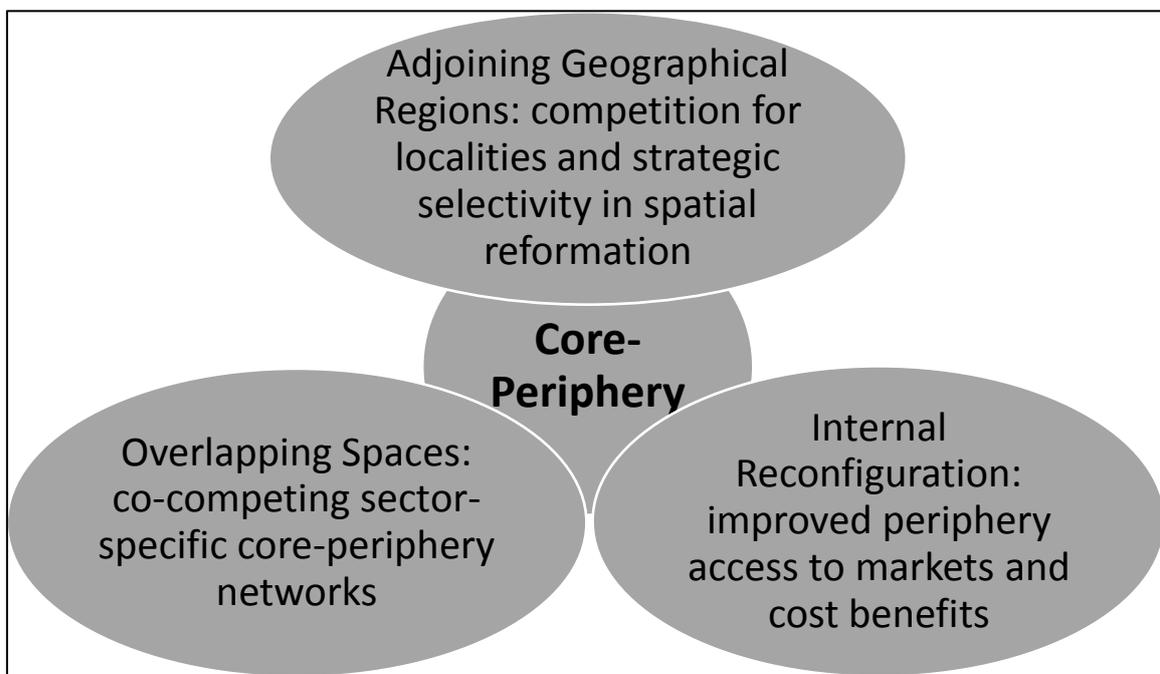
Second, the occurrence of overlapping spaces creates an additional layer to economic space through sector- or industrially-created sets of co-competing core-peripheries (Petrov, 2012). The organic production systems in which organisations are integrated is created through a complex historical process (Dicken & Thrift, 1992) underwritten by location specific networked relationships (Plummer & Taylor, 2001). These relationships take a number of spatial forms (Asheim *et al*, 2011) which transcend defined borders (Andersson & Karlsson, 2007) creating a set of overlapping territorial mosaics (Brenner, 2004).

Occurring at multiple scales, the core-periphery rather than a singular spatial articulation becomes part of a set, interned within highly varied manifestations.

Finally, additional to exogenous disruptions, the role of the designated periphery presents a challenge to the urban core through internal reconfiguration. Traditionally determined as

providing amenity and supplement to the concentration-agglomeration of the urban core, the presence of and access to these benefits has seen peripheral spaces challenge the orthodox hierarchy. Its proximity and access to markets and amenities are complimented by a reduced burden of high rental values and congestion, making the periphery a legitimate, desirable, and efficient place for firm location (Alonso, 1973; Phelps *et al*, 2001). Polycentric approaches to regional development have seen the periphery utilised not only in a complimentary capacity for extension and amenity, but one that challenges core areas (Bontje & Burdack, 2005; Garreau, 1992; Hall & Pain, 2006; Phelps, 1998; Phelps *et al*, 2010). This has seen the redeployment of specific high value activities outside core cities, creating ‘Technopoles’, enterprise/innovation belts, and a culture of inter-firm learning (Bryson & Taylor, 2006; Castells & Hall, 1994; Hayter *et al*, 1999) (Fig.2.2).

**Figure 2.2: Core-Periphery Model: disruptions and challenges**



Source: Author

In this section I have discussed the relational turn in spatial debate and its influence in interpreting and understanding spatial economy. Whilst critical to this are themes of networks and flows and their influencing space as a dynamic and fluid construct, an increasing response to this phenomenon has in both academic and policy communities focused on the urban core as the relational nexus, forming new regional articulations through the application of a core-periphery model. Such singularity has failed to accommodate the ways in which space is created through a set of sub- or supra-scaled core-peripheries and the evolving practices of transaction, transition and regulation in which firms are integrated, instead resorting to a presumption of the hegemony of the urban core. This presents a significant gap through which to progress the relational debate, addressing the polarisation between abstract notions of perpetually ‘phasing’ spaces and the need to identify spatial demarcations through which this can be understood. This also identifies a need to understand more specifically how the relational manifests through spaces of economic production and spaces of state governance, which I consider in the following sections

### **2.3 Embeddedness and the relational economy**

The relational debate has proposed an understanding of spatial economy determined through the use of dynamic attachment in place of orthodox geographic boundaries, positioning individual and collective linkages and dependencies as the critical factor. Whilst certain spatial scales are argued to represent the consolidation of these dependencies, specifically the region and city-region, such explanations fail to accommodate broader spatial manifestations forged through relational modes of production embedded within firms and industries.

Political manifestations of spatial economy have focused distinctly on bounded models of understanding, determined at separate and evolving scales. Against this, the spatial articulation of the firm has evolved, influenced by continuing trends of globalisation and deregulation with impacts for the geography of production and markets. Previously conceptualised through an orthodox scaled hierarchy of firm-space relations, with firm size representing a critical determinant on the extent of reach (Taylor & Thrift, 1983), contemporary practices have seen this relationship disrupted and extended (Gereffi *et al*, 2005; Henderson *et al*, 2002).

Whilst disrupting conceptions of the firm-place dynamic, certain critical factors remain highly localised phenomenon, integral to operational and strategic practise. This embeddedness is founded in resources which enable the forging of relational attachment. Critical to both the function and extent of spatial relations is the capacity to tap into networks and flows. This links resources embedded within bounded spaces of national and sub-national governance with the access and influence of markets functioning at broader scales. In this section I examine some historic and current concepts on critical inputs in forming networks and how these are interpreted as spatial phenomena. Focusing specifically on factors which contribute toward the embedding of firms between territorial and relational spaces, this section commences with a discussion on the concept of place-based embeddedness and its principle agents. It follows this considering the spatial articulations of these agents.

### 2.3.1 Defining embeddedness

One explanation for the enduring link between territory and production can be outlined in the concept of embeddedness. This proposes a conditional relationship between political and economic spaces rooted in territorially controlled markets, regulation, and factors of production. Such interaction plays a critical role in mutual definition of political and production systems (Dicken & Thrift, 1992).

This singular understanding of embeddedness has been extended through impacts of financial mobility, trade deregulation, and communication technology (Castells, 1996; Cairncross, 1997; Dawkins, 2003). As production systems have become increasingly reliant on inputs in the form of goods, services, and knowledge from outside sub-national spaces, the spatial manifestation of embeddedness has become a plural concept (Dicken & Malmberg, 2001; Hess, 2004; Peck, 2005). This has linked bounded territories, and specifically the firms located within these, into globally dispersed production and innovation networks (Henderson *et al*, 2002; Ernst, 2005; Yeung, 2009). Whilst stripping out the focus of embeddedness as a sub-national phenomenon, this has made it a more specific and nuanced concept in providing the link between indigenous firm and networked spaces of production.

Within the core-periphery model, increasing interest has focused on the capacity of concentration-agglomeration to recycle knowledge and through this create spillovers, creating an enduring interface between regional geographies and the global economy (Capello & Nijkamp, 2009; Swyngedouw, 1997). The prominence of the urban core as a

source of externalities has seen direct association between the city as a social phenomenon, the pursuit of growth, the distribution of knowledge, and the accumulation of productivity or wealth at a rate in advance of other models of social organisation (Jacobs, 1969; Bettencourt *et al*, 2007). This association is pivotal in positioning place and space as a key agent of embeddedness, reinforcing the policy relevance of the core-periphery model (Martin & Sunley, 2011).

This position has been challenged through regional divergence debates, with the prominence of the core-periphery model underwritten by researcher's tendencies to focus on successful places, ignoring those where concentration-agglomeration returns are less significant (MacKinnon *et al*, 2002). The capacity of singular bounded models of spatial economy is difficult to reconcile against constituent firms whose transactional and knowledge networks represent a "complex circuitry of flows...socially reproduced in historically-geographically variable ways" (Hudson, 2004, p.466). In these debates, the role of external knowledge inputs is equally significant. Concentration-agglomeration plays a role, but of greater significance in embedding firms is the occurrence of a 'related variety', reinforcing interpretations of regional form and delivering accessible inputs between firms (Boschma & Frenken, 2011; Frenken & Boschma, 2007) through non-proximate inputs (Cooke & Morgan, 1998, Roper, 2001; Capello & Nijkamp, 2009) via open dialogues (Granovetter *et al*, 2000) and non-spatial forms of proximity (Boschma, 2005; Nooteboom, 2000). To this extent, in the absence of proximity-based networks firms pursue these relations through alternative approaches, adopting an exit strategy in all but factor-related means (Neffke, 2009). In such cases, spatial embeddedness occurs through corporate and personnel interests, offering limited commercial returns but also limiting the

firm's capacity to fully exit (Clark & Wrigley, 1997b; Jensen, 1993). Spatial economy for the firm meanwhile becomes dependent on exploiting a set of collective and cultural resources to access appropriate spatial scales from a fixed location (Christopherson *et al*, 2010; Hudson, 1999; Storper, 1997).

Defining such resources can prove difficult, with firms, physical and technological infrastructure, institutions, and aptitudes all posited (Allen, 2004). Resources are however highly dependent on the surrounding context of territorial and historic conditions and decisions through which they were established (Christopherson *et al*, 2010; Hudson, 2004). These manifest in tangible and intangible or selective and democratic forms; the development of critical physical infrastructure, offering selective advantage to firms and employee movement, or technological inputs democratically available as specific tools for broad (blanket) markets. Spatially integrated resources are reliant for their development on investment decisions made by key institutions (Gereffi *et al*, 2005) in response to demands emerging via a collective consumption (Molotch & Logan, 1987); whilst spatially bound, the scale of implementation and extent of access is only partially tied into sub-national spatial designations, themselves linked and overlain by a number of resources. Utilisation of infrastructural endowments is however similarly dependent on a set of cultural aptitudes and attitudes within firms; their use of search and adapt tactics (Taylor & Thrift, 1983) as active agents of economic change (Nelson & Winter, 1982) alongside embedded skills in interpreting and responding to market demands (Malmberg & Maskell, 1997).

The exploitation of resources in pursuing development objectives is therefore highly dependent on a set of institutions as behavioural tendencies or norms (Cooke & Morgan,

1998; Putnam, 1991). These emerge through the interaction of cultural and economic practices (Paasi, 1991), creating highly distinctive local-regional approaches to development and growth (Hall & Soskice, 2001). Through this, resources become a relational factor, dependent on approaches to utilisation shaped by the interaction of extra-regional spaces of production and embedded localised aptitudes.

Such aptitudes emerge within the boundaries of economic sectors, creating forms of specialisation to interpret specific types of knowledge, and through this in firms, as principal custodian, regulator, and reproducer of such skills. As active agents of change (Nelson & Winter, 1982), firms are positioned to utilise regional resources, drawing advantage from both access to resource and capacity to exploit, whilst contributing as a regional resource themselves through which the value of other resources are interpreted. Firms are therefore a critical counterpoint in the enabling and valorisation of resource.

Embeddedness, whilst a critical concept in spatial economy, has itself become a relational phenomenon through the influence of contemporary capitalism. In place of a singular articulation there is increasing evidence of firms being embedded at multiple spatial scales, with sub-national manifestations focused on two key resources: physical infrastructure and industrial specialism and aptitude. In the following sections I further examine these concepts.

### 2.3.2 Embedding firms: physical and structural relationality

Fundamental to firm location and embeddedness are a set of physical and structural factors providing gains in terms of access to markets and cost benefits. Dispersal in the location of

these markets has enhanced the importance of such factors in enabling firms to interact and trade in such extended spaces of production. In place of markets, key to embeddedness has emerged the physical infrastructure of connectivity, site availability, labour supply and environmental quality (Peck, 1996; Phelps & Alden, 1999; Potter & Moore, 2000) as critical aspects of the factored conditions of production (Porter, 1998).

This positions physical endowments of transport infrastructure as a principal factor in sub-national development (Peck, 1996), building firms capacity to connect into new spaces of production (Kraemer, 2005; Markusen *et al.*, 1999). The presence alone of this form of public good is not sufficient for embeddedness (Diamond & Spence, 1984); instead it should be supplemented by technical aptitudes embedded through historic structural evolution and inter-firm transfer (Capello, 1999; Henry & Pinch, 2000; Marshall, 1890).

As the location of markets has shifted, this has reinterpreted the role and importance of physical infrastructure. This however is itself dynamic, sub-national manifestations in perpetual flux. Availability of key technical aptitudes is in constant transition as the skills profile of the workforce transforms (Goos & Manning, 2003); in response, variation in dependence between firms and forms of physical infrastructure emerge in regional embedding. The availability of industrial premises as sites for sunk costs plays a key role, firms embedded through an investment which limits alternative location choices (Clark & Wrigley, 1997a). As these cost-based benefits are eroded, a more personal form of integration becomes dominant. This sees a limited capacity amongst personnel to reinterpret their industry and its spatial connotations (Johnson & Hoopes, 2003),

converging personal and spatial interests (Jensen, 1993; Clark & Wrigley, 1997b), to underline sub-national embedding; this increasingly recognises the role of environmental factors in both embedding personal interests of firm management alongside attracting skills to compensate for internal gaps (Clark & Wrigley, 1997b; Florida, 2002; Huggins & Kitagawa, 2012). As contributing factors to regional embedding are gradually stripped away, the capacity of firms to maintain their functions and continue to compete becomes increasingly dependent on their ability to tap into the networked economy.

Understanding the physical and structural embedding of firms has presented a challenge to regional territories. Manifestation of dependencies has evolved from one of geographically proximate markets to facilitating access to exogenous inputs. These dependencies are also iterative, shaped by both changing demands from dispersed spaces of production alongside a physical regional infrastructure in constant transition. Against this transition is the need to support firms in maintaining the relevant forms of proximity and accessibility to their spaces of production.

### 2.3.3 Embedding firms: proximity and accessibility

Whilst physical and structural resources are pivotal for embedding economic activity, for firms to maintain their competitive position additional factors of accessibility and proximity are significant (Andersson & Karlsson, 2004, 2007; Asheim *et al*, 2011; Boschma, 2005; Shearmur, 2011). As core components in the relational economy, providing gains through knowledge transfer, proximity and access to networks exchanging, imparting, and distributing key intelligence on market and industry are integral as a global-

local interface capitalising on knowledge availability (Bathelt *et al*, 2004; Huggins & Johnston, 2009). The activation of this knowledge as a propensity to innovate occurs through mechanisms embedded in access and proximity (Shearmur, 2011); the spatial implications of and regional conduits for such mechanisms may vary significantly, contextual to industry needs and embedded physical resource.

Both accessibility and proximity are spatial concepts. This does not however limit them to functioning within the narrow margin of defined political-economic units. Instead both occur in a relational form, spatially situated but not spatially bound (Bristow, 2013).

Proximity occurs in a number of forms other than geographic, emerging also around common industrial or technical vocabulary or capacity to exchange knowledge (Boschma, 2005). Geographic proximity alone is not enough to ensure the transfer of key knowledge resources, instead reliant on a set of shared aptitudes or interests amongst firms (Asheim *et al*, 2011). Through this ‘related variety’, firms are able to effectively exchange resources via a critical understanding of the other’s tacit knowledge and language (Maskell & Malmberg, 2007; Scott, 1998).

Spatial integration of access and proximity is thus both highly selective and highly distinctive. Whilst factors such as concentration-agglomeration play a role, firm strategies will continually seek to enhance extra-regional accessibility (Andersson & Karlsson, 2004) through association with nearby centres of related variety (Andersson & Karlsson, 2007) or attachment to and attraction of organisations or amenities assisting in access to knowledge (Agrawal & Cockburn, 2003; Youtie & Shapira, 2008). The latter extends beyond direct knowledge transfer and into critical infrastructure for inter-regional exchange; the

relationship between concentration-agglomeration and access-proximity is not so much rooted in local context as available resource (Shearmur, 2011).

Spatial implications of this resource move beyond both the territorial region and relationally-bounded core-periphery models, creating industrial archipelago (Veltz, 2000) or trans-local networks (Sassen, 2004). Dependence on an increasingly broad set of networks sees both firms and spatial strategies build inter-regional ties through reducing inter-regional distance (Andersson & Karlsson, 2004). Communicative barriers to this are addressed rather than through transport projects by the exploitation and enhancement of tacit knowledge bases, via the global pipelines of firms integrated in outward-looking clusters (Bathelt *et al*, 2004) or the direct transfer of knowledge and technical aptitude through attracting personnel or institutions (Agrawal & Cockburn, 2003; Huggins & Kitagawa, 2012; Saxenian, 2006). Within these factors, embeddedness is as much about individual firms' aptitude to evolve with the shape and nature of access-proximity factors, whilst maintaining networks is as much about loose ties as engrained, enduring relationships (Granovetter *et al*, 2000). Similarly, the convergence of these networks is in constant transition via exchanges at ephemeral nodes (Torre, 2008). The spatial articulation of access-proximity encompasses a set of 'fuzzy boundaries' constructed via relationships with four key groups; customers, suppliers, competitors, and trade associations (Markusen, 1994). For each of these relationships, convergence occurs at different scales.

In this section I have discussed the concept of embeddedness and its articulation through the relationship between firms and designated sub-national spaces. I have argued, considering the relational turn, embedding has seen significant transitions in terms of its

principal factors and spatial articulations. The dispersal of spaces of production away from singular sub-national spaces has seen firms embedded into multiple spaces at any one time. Alongside this, key factors in sub-national embedding are in ongoing transition as production demands and available internal resources evolve. Against these dynamic tendencies, this research will examine how firms act as a conduit between sub-national spaces of governance and their own distinct spaces of production, and the forms of critical infrastructure utilised in building and maintaining key factors of access and proximity.

## **2.4 Governance in the relational economy: another ‘new regionalism’?**

Governance and the role of the state in managing spatial economy have witnessed significant structural change in response to the influences of globalisation, deregulation and neo-liberalism (Jessop, 2002a). This has seen new modes of practice introduced resulting in its spatial, structural, and functional rescaling, with significant implications for national and sub-national economic management and the integration of state actors, partners, and stakeholders in a process of policy development and delivery. Drawing on state governance literature, this section discusses key concepts in state spatiality and its role in developing and implementing strategy and intervention. Particular focus is given to change within the UK and to the English regions in the wake of the regionalist and ‘Localist’ approaches adopted since 1997.

### 2.4.1 Reformed territory of the English state: function, space and practice

The territory of sub-national economic governance in England has undergone a significant transformation since 1997. This has seen the formal integration of regional or sub-national

scales of intervention in place of the uneven, time-bound and project-specific approaches running prior to this date. Whilst this meso-level state architecture has become an enduring scale for governance, this has shown significant spatial transformation during the past 20 years.

Adoption of the sub-national scale and its continuity as a policy unit in the UK has been influenced by practices of the European Union (EU). Through the introduction of its structural programme, the EU has privileged the importance and role of sub-state spaces by focusing on this scale for pursuing economic policy (Borzal & Risse, 2012). With sub-state spaces recognised as a critical juncture for national economic performance (OECD, 2006), the development of policies to provide appropriate scalar governance structures has received increased attention (Charbit, 2011). Whilst the spatial articulation for the UK has seen variation, these interpretations are fundamentally framed by state-sponsored policies at broader scales (Pemberton & Morphet, 2014).

A result of this subsidiarity saw the introduction of the English Regional Development Agencies (RDA) in 1999 as an explicit state scale for the pursuit of economic development and regeneration (HMG, 1997). This was continued following their dissolution in 2011 under the Local Growth act, replaced in March 2012 with a different model of meso-level architecture, the Local Enterprise Partnerships (LEP) (HMG, 2010b). Whilst similarities were evident in the objectives of both organisations around fostering economic development and encouraging growth, the transition saw a fundamental shift in function, spatial articulation, and practice.

In functional terms, RDAs were deemed responsible for “developing a Regional Economic Strategy (and) delivery of urban regeneration, attracting physical investment to the region and promoting investment in skills and training” (House of Commons, 1998, p.5). This was progressed through the establishment of formal, state-sponsored organisations with significant personnel and financial resources. The RDAs coordinated not only funds from national government but also from the EU, taking on additional coordination duties as they evolved, including the transfer of regional planning responsibilities through the Regional Spatial Strategies upon the dissolution of the Regional Assemblies (RA) in 2007 (HMT, 2007). The role of LEPs is less prescriptive, with no stipulation for their legal status setting out responsibilities, considering them a partnership first and foremost. This is progressed under a broad statement of function for “supporting Local Authorities...role in fostering and sustaining growth (and) putting local business...at the helm (to) represent real economic geographies” (HMG, 2010b, p.11).

This question of “real economic geographies” has in principle been pivotal to the spatial implications of meso-level transformation. The spatial definition of the RDAs was predetermined through their replication of those established by the Government Offices for the Regions (GOR) and embedded European statistical units (Stevens, 2004), remaining both singular and static for their duration, although with some internal re-articulation during their tenure. The artificial and enforced nature of these distinctions was an integral part of the LEP response, instead adopting the concept of the Functional Economic Area (FEA) (Fox & Kumar, 1994) as the appropriate spatial response (HMG 2010a; 2010b).

This diverges from the regional approach in three distinctive ways; it allows sub-national self-determination for localities, it incorporates the capacity for repositioning localities, and it allows for the representation of economic plurality through dual-LEP association.

Alongside the spatial changes, the use of meso-level approaches has incorporated specific shifts in state operational practice. Fundamental to this is the ethos of the partnership. In place of direct responsibility for delivery, the national state through its apparatus has taken on a role directing and steering delivery through arranging the stages, roles and conversations of a 'negotiated state' (Beck, 1997). Governance approaches have therefore become a multi-agency activity which "identifies goals, mobilises consent, integrates interventions and redeploys resource" (Goss, 2001, p.25). Such an approach has been made explicit in the utilisation of a broader cast of state and non-state actors through building an ethos of policy ownership (Healey, 1997) through collaborative arrangements such as Local Strategic Partnerships (LGA, 2000) and integrating the private sector in managing and delivering policy objectives (Hefetz & Warner, 2004; HMG, 1997; 2010b; Murphy, 2011). It is however equally indicative of a response to the ongoing reduction of autonomy at the local level within England, with both hierarchical state organisations and vertical state-market relationships contributing toward an erosion of local government functions (Bentley *et al*, 2010; Byrne, 1994; Jeffery, 2006).

The spatial and functional evolution of the English regions has been employed under a rationale of territorial reformation to integrate a wider cast of economic actors in the development and delivery of sub-national policies. This has however been part of a broader

process of state rescaling in response to the changing spatial articulations and demands of contemporary capitalism and a globally deregulated economy.

#### 2.4.2 Sub-national governance and the relational turn

The move toward adopting stronger meso-level approaches for the governance of spatial economy has been a response to transformations in tendencies of contemporary capitalism. In the wake of the post-Fordist/Keynesian shift, attention has moved from nation to regional or sub-national as the most appropriate scale of intervention (Storper, 1995; Harrison, 2010a). Influenced by notions of a networked economy (Castells, 1996) spatially integrated through a global-local interface (Swyngedouw, 1997), state spatiality has adopted a continually evolving set of alternative articulations in the pursuit of an optimum scalar fix (Brenner, 1998).

Beyond the clear distinction between regions and FEAs, this spatial revision has been in evidence within each of these periods. The regional mode of practice, whilst accommodating the rhetoric of the 'regional world' (Storper, 1997), displayed ongoing tendencies for revision in response to scalar manifestation of embedded industrial dynamics (Lundvall, 2007); this has seen inter-regional spatial articulations privilege specific places through patronage and sponsorship (Jessop, 2007; Jones, 1997).

The relational influence has seen sub-national policy focus upon the potential of cities as both regional and relational nexus (Amin, 2004; Harrison, 2010a), dependent upon the

self-replicating influence of concentration-agglomeration (Florida, 2008; Hall, 2003; Jacobs, 1961) over sub-national regulatory influence in spatial reinforcement (Lefebvre, 1970). The continued prominence of an urban entrepreneurialism and competitiveness rhetoric (Bristow, 2010; Harrison, 2012; Harvey, 1989; Ward & Jonas, 2004) has focused on spatial and policy responses to position cities as “self-promoting islands of entrepreneurship” (Amin & Malmberg, 1992, p.413) with demands for international and inter-regional competition dictating interpretation of state-sponsored spatial economy. This has seen the sub-national layered or segmented through the re-articulation of space (Cox, 2010; Jones, 1997), the reinterpretation of economic structure (Lundvall, 2007), and the re-evaluation of critical actors (Pugalis & Townsend, 2012). In each case these represent a periodization of sub-national spatial governance.

#### 2.4.3 Periodization in state spatial governance

The emergence of a more relational form of economy, underwritten by networks and flows, and the state’s efforts to accommodate this within sub-national spatial strategy has led to a tendency toward perpetual revisions in sub-national territories, policies, and practices of economic governance. In understanding these, the concept of periodization proves a useful tool, offering insight into spatial and scalar approaches to understanding and managing spatial economy.

Periodization proposes a concept of governance episodic in nature, with periods of stasis inevitably punctuated by reformation in response to the demands of current manifestations of capitalism (Brenner, 2009). The time-bound nature of these spatial revisions infers

reformation is a constant and ongoing process; the performance of sub-national spaces against the key criteria of the period will help determine the extent of this revision through rhetoric of competitive returns (Cox, 2010). This is however not fully detached from notions of political territory. Whilst state spatial strategies are revised to conform with progressive spatial policy requirements, the spaces in which this reformation takes place are historically overlain with inherited spatial relations, serving to contextualise any reformation (Brenner, 2009).

Periodization positions state rescaling as an inevitable process, pursuing the most appropriate rather than optimal spatial articulation (Healey, 2006; Storper, 2014). This is similarly a relational process, shaped by embedded political and market interests (Cox, 2010; Jessop, 2007), top-down policy initiatives (Jessop, 1999; Jones, 1997), macro-economic investment strategies (Harvey, 1989), and the achievement of specific outcomes against competing regions (Harrison, 2012; Ward & Jonas, 2004). The manifestation of periodization occurs as a spatial intervention, but is not necessarily a spatial phenomenon; the periodization of state intervention can manifest in spatial, scalar or sectoral forms (Brenner, 2009). Whilst spatial forms have the clearest implication in territorial reformation through revised sub-national boundaries, scalar forms play a role in redefining spatial hierarchies, and sectoral forms similarly redefine industrial priorities.

Periodization can also be interpreted in relation to the duration of intervention and its variation between concept and application. Whilst intervention concepts may run full periods, their functional application can be significantly shorter. For example, LEP

territories based on FEAs whilst conforming to a full-term policy period (HMG, 2010b) have been subsumed by the influence of inherited geographies in the case of most non-metropolitan areas of England (Bentley *et al*, 2010; Townsend, 2012). Such influences run concurrently but within different time-bound periods; whilst episodic, these periods are overlain and as such perpetually rupture and reweave formal spatial, scalar, and sectoral relations (Brenner, 2009). To this extent periodization should be considered a relational framework rather than a relational response, a continual process through which the ongoing negotiation of spatial articulations and priorities are progressed. This has a fundamental effect on the emergence of preferred and privileged actors within state spatial governance.

#### 2.4.4 The strategic selectivity of relational governance

Whilst periodization represents an ongoing process of rupturing and reweaving state spaces and scales (Brenner, 2009), this is a response to a continual negotiation between scaled actors integrated in the governance process itself. Introduction of the formal meso-level apparatus of the regional period represented a shift in state governance practices to a model operating at multiple scales. The regional scale, rather than replacing previous articulations represents just one of a set of sub- and supra-national scales, such as the EU and statutory local government, complementing the national in governing spatial economy (Amin, 2004; Bailey, 2011; Bristow, 2013; Harrison, 2010a; Jones *et al*, 2005).

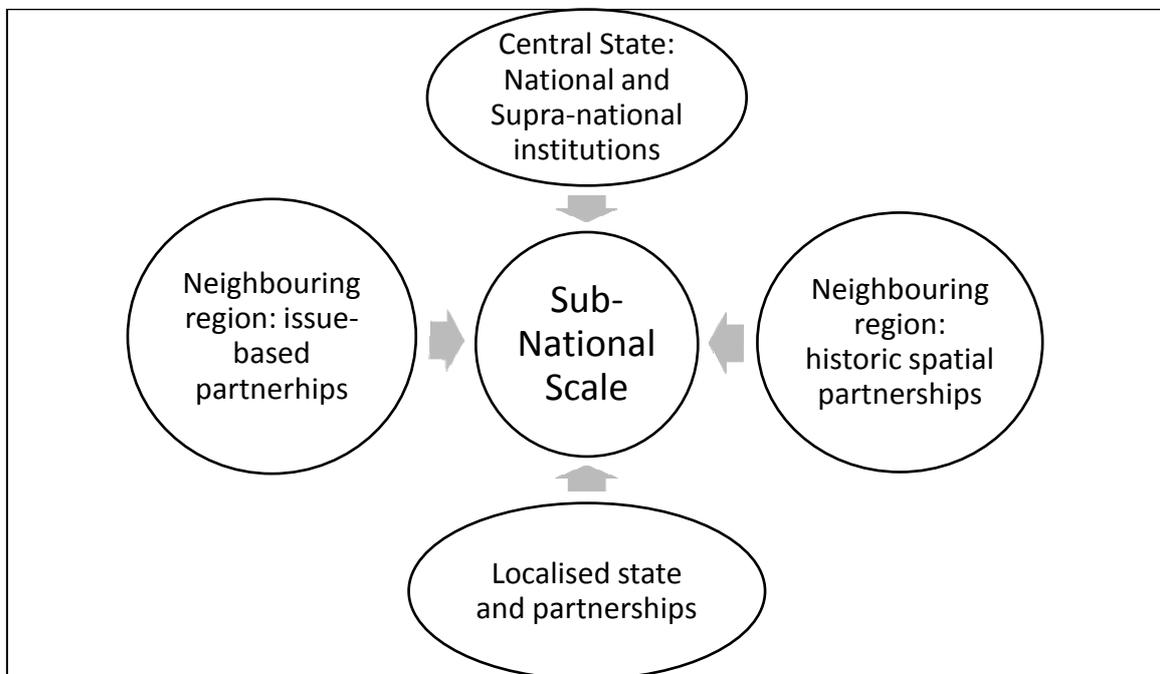
This vertical distribution of governance interests and actors runs parallel to the accommodation of new sets of contributors in and around the sub-national. A perceived

reduced role of the nation state (Jessop, 2002a) has been countermanded through the accommodation of new sets of actors through the “sedimentation of new organisations, reconfiguration of pre-existing organisations, the evolution of new relationships between different organisations, and the development of new working cultures” (Jones *et al*, 2005, p.357). Multi-scalar state architecture of economic governance has progressed to incorporate non-state actors as agents of the state (Gomart & Hajer, 2003) in efforts to reduce policy resistance (Healey, 2006) and build consensus around sub-national articulations (Shutt *et al*, 2012). Incorporating such actors and extending spatial partnerships to accommodate interests and address specific issues, the sub-national scale has become relationally contested, as varying actors subscribe to and promote alternative spatial unions in pursuits of specific gains (Brenner, 2004), and congested, as a moveable cast of influencers reinterpret permutations of formal spatial divisions (Harrison, 2010b). This includes the pursuit of interests through intra- and inter-regional collaborations, overlapping consolidations built on historic political-spatial forms, and parallel issue-based organisational relationships (Cox, 2010; Townsend, 2012) (Fig. 2.3).

This ongoing contestation and congestion of spatial governance positions space as a framing device for the progression and privileging of specific interests, with state spatial strategy a setting for its mediation via multiple institutions, organisation, and forces (Jessop, 1997). Spatial articulations of the sub-national are therefore shaped through the meeting of inherited geographies, embedded within local scale organisations (Brenner, 2004), and established or emerging policies or strategies vertically developed and applied through the strategic selectivity of the state (Jessop, 1999; Jones, 1997). These spatial articulations emerge in a continued process of renewal as key strategic interests influence

state apparatus and mediate new iterations (Jessop, 1990; 2002b), forming a periodized framework of state spatial strategy through which spatial articulations can be considered in perpetual motion via concurrent phases of structuring, casting and disruption. These phases together respond to, work within, and challenge formal constructions and manifestations of spatial and issue-based policy (Jessop, 1990; Healey, 2006; MacLeod & Goodwin, 1999) (Figure 2.4).

**Figure 2.3: Sources of sub-national contestation / congestion**

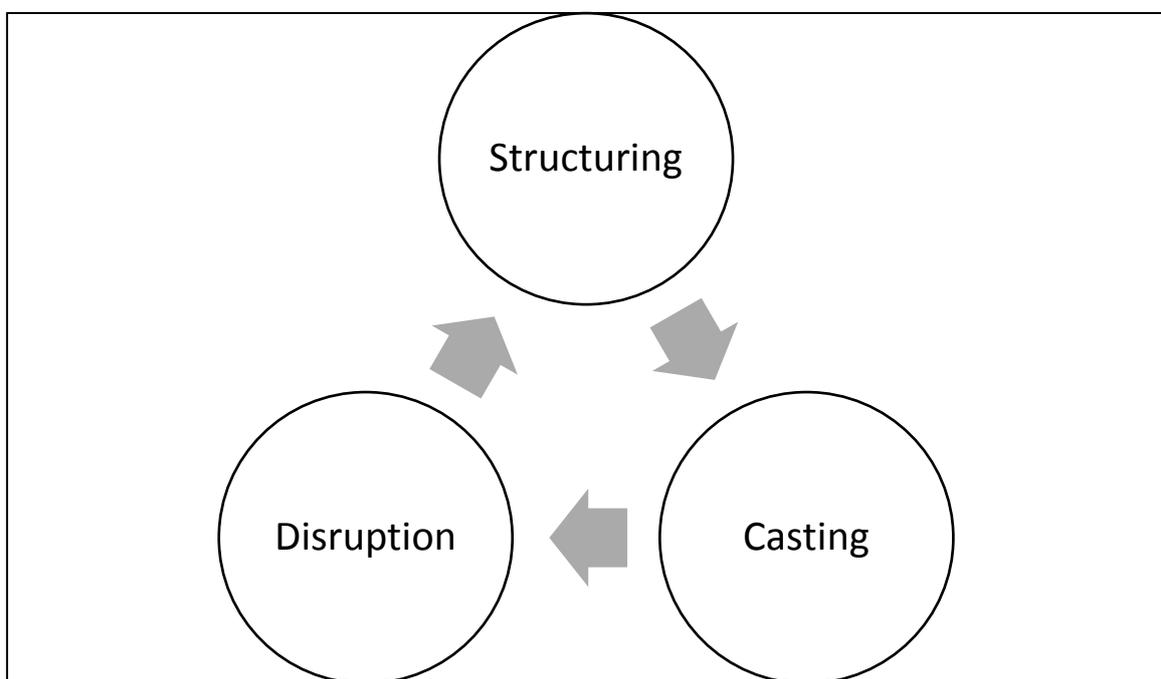


Source: Author

Structuring can be seen through the singular transformation of political-economic spaces, motivated to achieve the most appropriate spatial articulation for the pursuit of policy goals (Jones, 2001). This links episodes through the spatial recreation of the sub-national, influenced by existing political strategy whilst similarly shaping policy refinements (Pemberton & Goodwin, 2010). Beyond this meta-structuring of sub-national units,

objectives and rhetoric are themselves restructured through a shifting set of rules and norms interpreting spatial economy (Healey, 2006) and the reformation of spaces underneath and above meso-level architecture shaping such interpretations (Harrison, 2010a).

**Figure 2.4: Phases in sub-national periodization framework**



Source: Author

This ongoing process of structure and restructuring exposes the sub-national scale and its constituent parts to Casting. As state strategy mobilises activities through the formulation of a common agenda (Brenner, 2004), this links interpretations of spatial economy to prevalent interests of key actors. The result can see a spatial or structural reimagining of sub-national economy through the revision of bounded territorial form (Jonas, 2012) or the

attribution of industrial fetishism or plagiarised strategy (Massey *et al*, 1992; Peck, 1999). A useful tool in understanding casting is the concept of intra-system hierarchies of self-organising systems (Jessop, 2007). Whilst functioning in principle as a single system through a set of mutual dependencies, within these self-organizing systems a single dominant sub-system emerges, creating an intra-system hierarchy. The influence of this sub-system will privilege interests and coalitions through a set of enduring structural interpretations and embedded political-economic interests in established spatial relations (Drier *et al*, 2001; Swanstrom, 2001; Weir *et al*, 2005) or via embedded practices of institutional personnel and legacy (Jones *et al*, 2004). These hierarchies are further reinforced via overarching policy frameworks or ascending market interests offering localities / sub-systems the most effective returns (Cox, 2010; Harrison, 2012; Phelps *et al*, 2010; Tewdr-Jones & Phelps, 2000).

Within the context of changing spatial and strategic frameworks, the influence of structuring and casting on individual spaces causes Disruption. Such spatial systems rarely occur singularly (Agnew, 2013) whilst at the same time representing a legacy of previous structuring and casting phases (Brenner, 2004) creating multiple and over-lain spatial articulations (*ibid*; Kraemer, 2005). Privileging of specific strategic interests (Jones, 1997) rather than eroding embedded organisations, institutions or industries serves to create a set of underlying outsider or insurgent spaces (Jones & MacLeod, 2004). Such spaces occur above and below the regional scale alongside creating their own regional demarcations (Brenner, 2004), and see themselves reinforced through ongoing attempts to disrupt the status quo, critiquing policy and projects alongside the legitimacy of formal territories and representatives. Pursuit of their interests can emerge outside of orthodox regional

articulations, functioning peripheral to sub-national spaces through jumping scale (Smith, 1989) or building extra-territorial alliances (Allen *et al*, 1998). Such disruption represents a critical aspect in the dialogue for restructuring of formal spatial transition (Brenner, 2009; Harrison, 2010a).

In this section I have discussed the changing spatial articulations of state governance and the practices this has incorporated in response to the demands of increasingly networked spaces of production. During a prolonged period of state spatial revision, the sub-national scale has emerged as a dominant theme in attempts to effectively govern spatial economy. This has manifested in a number of conceptual forms, from region to city-region to FEA, in pursuit of an appropriate scalar fix. Whilst representing a periodized model of state spatial strategy, this periodization is itself punctuated by an ongoing set of revisions through the negotiation of multi-scalar and multi-actor governance approaches, manifesting as concurrent phases of structuring, casting and disruption. Spaces of economic governance are thus in continual flux, perpetually revised and repositioned through a process of strategic selectivity, with certain spatial and sectoral interests reinforced by and reinforcing key policy rhetoric. This research will contribute toward debates on the construction and application of spaces of economic governance through an analysis of the transition of sub-national space and its primary aspiration and articulation in relation to this periodized framework, examined through the shift to the FEA and the 'Localist' mode of practice.

## **2.5 Core concepts and analytical framework**

In this literature review I have examined a broad debate around the nature of spatial economy, the emergence of the relational turn, the nature of firm-space dependence, and the form and role of state spatial governance. In this section I translate these literatures into a conceptual and analytical framework through which the research aims of this study will be applied.

Within these literatures I have identified four critical concepts which provide the foundation for the research: these are spatial economy, relationality, embeddedness, and governance. Of these, spatial economy represents the conceptual counterpoint for the thesis. Theories of spatial economy have evolved in three principal ways. First, bounded articulations have progressed to position the sub-national, specifically the region and the city-region, as the most appropriate scale at which spatial economy can be interpreted. Second, this has run alongside a move toward multi-scaled interpretations of spatial economy, positioning the region/city-region as part of a hierarchy. Finally, deregulatory tendencies have seen spatial economy constructed beyond these state spatial demarcations and emerge in highly distinctive patterns; running alongside state-based interpretations are additional sets determined both by industry/sector and by firm. Spatial economy is therefore applied in the context of this study as plural rather than singular and dynamic rather than constant with highly contextual demarcations.

Fundamental to understanding these tendencies in spatial economy is the concept of relationality. The relational turn has positioned notions of spatial economy as a networked

phenomenon as opposed to enduring bounded conceptions, and extended ideas from a multi-scalar phenomenon toward one of multiple connections into multiple spaces (Amin, 2004). The application of a relational framework in understanding spatial economy has presented a binary in determining space: this is conceived as either abstract, dynamic and fluid with limited tangible iterations or manifestations, or as contained within the concentration-agglomeration benefits of the city-region, driven by urban accumulation tendencies. Between these varying iterations exist, rooted in varying historic-geographic forms dependent on conditions and factors for region and industry. This study takes the position that relationality represents a dynamic phenomenon within the context of policy, industry, and firm-based spatial economy; this however remains partially determined through place-based dependencies.

The networked form of the relational spatial economy therefore needs to be analysed alongside notions of embeddedness. Determined in its orthodox capacity as a broad phenomenon, the extent of embeddedness has become increasingly dependent on linking the highly localised to the highly dispersed, and through this to increased variation in inputs (Dicken & Malmberg, 2001; Hess, 2004; Peck, 2005). Whilst this extension of the geography of embeddedness serves to thin out the breadth of localised attachments, it similarly becomes dependent on a narrower set of more deeply embedded factors which underwrite the relational capacity of local firms. This study takes the position that embeddedness is a multi-scalar phenomenon, but is similarly place-based due to dependence on the interaction between critical local infrastructure and locally-based firms and actors to consolidate such networks.

Finally, the governance of spatial economy has seen an ongoing revision to both its spaces and practices. Shifts toward multi-stakeholder approaches have been integral in accommodating broader interests of social and market actors in state policy (Healey, 1997). This has had two major implications as policy spaces have become increasingly congested with diverse interpretations of spatial economy (Harrison, 2010b) whilst revised through periodized policy programmes (Brenner, 2009). Reconfigured spaces of sub-national governance have been positioned, via recent policy shifts, to facilitate a stronger integration into the structure of sub-national economy; this however is subject to inherited and hegemonic iterations and interests (Brenner, 2004; Cox, 2010; Jessop, 2007). Governance therefore, rather than a mechanism through which spatial economy is constructed, becomes as dynamic and relational a factor as the fragmenting industrial networks.

Using these core concepts, this study takes the position spatial economy represents the manifestation of a set of relational and embedded factors determined through processes of governance and regulation within and outside of state spatial strategy. Significant attention has been paid to the relational turn in response to long term changes in the (de)regulation of national economies and practices in communications (Cairncross, 1997; Jessop, 2002a; Jones, 2001; Jones *et al*, 2005). These however are often framed within established state articulations of spatial economy. The binary in relational spaces has suggested both highly abstract and highly defined and bounded articulations, neither of which are adequate in reconciling the relationship between networked practice in transaction and exchange and

place-based understandings of firms and sub-national governance. Furthermore, to extend understanding of the relationship between spaces of economic production and spaces of economic governance within the relational economy, this study commences from a position that both are dynamic constructs. Whilst recent debates have sought to differentiate between the two on the basis of spaces of economic governance constituting a territorial form against the relational form of spaces of economic production (see Jonas, 2012), this analysis recognises both as iterative in spatial articulation and in practice underpinning this articulation.

In this context, state spatiality is considered, rather than a defining agent of spatial economy, a demarcation within which multiple spatial permutations are consolidated through the varying extents of place-based firms. Increasingly extending and loosening their spatial articulations through networked tendencies, firms remain embedded through the presence of critical sub-national infrastructure which serves to facilitate access to networks. The extent and reinforcement of firm integration is therefore as dependent upon the patronage of investment from the state determined via the application of policy within units interpreted as spatial economy. The shape and context of these units however, defined through territorial and policy forms, creates a hierarchy of patronage through which specific spaces, specific industries, and specific interests are privileged via a policy and regulatory environment, in turn prioritising specific forms of network.

The principal aim of this study is to understand how sub-national spatial economy is constructed and interpreted through the interactions of spaces of economic governance and

spaces of economic production. This aim specifically positions spatial economy as a relational and iterative construct, but additionally one forged through the interaction of key spatially-defined and –based agents. To understand this relationship, my analysis applies a networked approach to the construction of spaces of economic production, using as its foundation critical links between firms and their key sources of trade and knowledge. Alongside this it interprets spaces of economic governance as a periodized phenomenon, occurring in both spatial and functional forms. Whilst these spaces are to some extent in continual flux, the relevance of spatially-based agents of both state and market define a clear point of convergence occurring within bounded state spaces, which this study seeks to examine in greater detail.

Part of this is determined by state spatial strategy, and the reformation of spaces and objectives within such strategy. As part of the aim, one of the critical questions is therefore how spaces of economic governance are relationally constructed through state spatial policy and thus interpreted as spatial economy. Such spaces have sought to be reconstructed in line with networked models of the economy and market facilitation or entrepreneurial objectives of the neo-liberal state. Against this scalar rupturing and reweaving has remained continuity through specific units, such as an enduring set of LA areas, concepts, such as the city-region / core-periphery model, and objectives, such as socio-economic amelioration and regional structural transition. My analysis uses this contestation as a framework for positioning and interpreting spatial economy as a policy unit at the sub-national scale.

Alongside this state spatiality, an additional key question runs parallel in how spaces of economic production are relationally constructed via sub-national industrial and structural contexts and network connections. Significant literature has examined the dispersal of production networks as part of a globalisation trend in firm operations, whilst concentration-agglomeration debates have sought to position this within a singular spatial context through embedded externalities. The spatial articulation of industrial geographies are determined through the networks of firms, dispersed via commercial linkages whilst locally embedded through social relations. Spaces of economic production and their local dependence are examined in this study through positioning the firm as the counterpoint in global-local convergence and the extent of relations between their dispersed networks and embedded factors.

These manifestations of spaces of economic governance and economic production are positioned to address the additional question of how, through this relational dynamic, do these different forms of space converge at the sub-national scale. Whilst the geography of variable firm and state interests emerge in multiple forms, the sub-national in both local and regional forms represents a critical juncture at which access to key resources is attained. Conventional schools argue for a clear set of tangible factors, whilst more contemporary debates have used intangible factors as underpinning this link between state and firms spaces. Rather than an 'either-or' approach, this research sees firm-state relations as iterative in line with shifting practices of both groups, shaped by the multi-scalar relations embedded in spatial reproduction. Using this approach, it will examine the factors and practices through which spaces of economic production and economic governance converge.

## **2.6 Conclusion**

In this review I have discussed the transformation of understandings in the creation of spatial economy and organisation of spatial economic governance. Fundamental to this has been the concept of relationality as an approach to understanding attachments between the spatial divisions of the state adopted in applying policy and those of firms and industry emerging through production networks. Alongside the relational turn, the review has focused on three specific perspectives: the articulation of spatial economy and its evolving and multiple manifestations through the application of a relational model, the key factor of embeddedness in a relational spatial economy, and the changing modes of state spatial governance developed in attempts to accommodate this phenomenon. Whilst there has been significant debate in spatial transformation and articulations caused by the relational model, specific gaps in analysis and proposition remain which this study will progress.

The relational turn has presented an interesting lens through which to examine the concept of spatial economy. In place of bounded approaches, this has seen understandings emerge incorporating multiple spaces and multiple scales. The reconciliation of spatial approaches to understanding the economy with this networked phenomenon have seen a binary in emerging interpretations, translated as either an abstract and perpetually shifting phenomenon or defined through the core-periphery model. Whilst evidence of networked tendencies are significant, beyond neo-regionalist interpretations of city-regions and concentration-agglomeration the understanding of spatial economy as an embedded alongside relational phenomenon is more limited.

This study will examine the nature of this relationship between differing forms of spatial economy and between embedded and relational aspects of spatial reproduction. In doing so it aims to reconcile the processes and factors through which spaces of economic governance and spaces of economic production integrate, and how this forms an enduring link between embedded policy units and critical industries and firms found within these. Progressing a principal aim of understanding how sub-national spatial economy is constructed and interpreted through the interactions of spaces of economic governance and spaces of economic production, this is examined through the synthesis of place-based and abstract models. The role of economic governance in relationally constructing spatial economy is considered using neo-regionalist concepts of sub-national articulation, particularly around the city-region, alongside tendencies toward multi-scalar and multi-stakeholder practice. The construction of spaces of economic production is considered through the consolidation of networked interpretations of production territory and critical infrastructure underpinning firm embeddedness. The convergence of these spatial iterations within the sub-national arena is examined through relations and dialogues emerging or embedded in factors of production in the context of firm and state multi-scalar tendencies (Table 2.1)

**Table 2.1: Framework for research analysis**

Overall Research Aim	To understand how sub-national spatial economy is constructed and interpreted through the interactions of spaces of economic governance and spaces of economic production		
Key Research Questions	How are spaces of economic governance relationally constructed through state spatial policy and interpreted as spatial economy?	How are spaces of economic production relationally constructed through sub-national industrial and structural contexts and network connections?	Within this relational dynamic, how do spaces of economic governance and spaces of economic production converge at the subnational scale?
Key themes / theories / concepts	Bounded models of spatial economy through concentration-agglomeration / city-region; State scalar reformation around networked economy; Multi-scalar and multi-stakeholder modes of governance	Networked economy and spatial effect of globalisation / deregulation; Aspatial tendencies in production networks; Factors in embeddedness and firm-space dependence	Periodization of state/market spatial articulations and responses; Selectivity of actors and strategy; Influence of scalar inter-intra-system hierarchies
Gaps or issues	Reconciliation of bounded/territorial theories of spatial economy with dynamic and fragmented understandings; Positioning of non-city spaces as production territories		Function of sub-national spatial economy as a plural concept; Embedding factors in multi-scalar climate
Framework for analysis	Transformation of state spaces and spatial policies and relationship to institutional and market structure	Modes of production practice and spatial iterations of critical networks or infrastructure	Convergence in control or governance of tangible or intangible factors of production; Integration and embedding of collective interests

Source: Author

Changes in production processes for market actors, influenced by increasingly networked models of transaction and exchange, and state institutions, through shifts toward horizontally- and vertically-extended modes of governance, have had significant spatial implications. This has effected the extent to which these differing processes and organisations are integrated or embedded within orthodox notions of spatial economy. Whilst bounded demarcations clearly remain important, providing critical strategic and operational context, such as localised policy units or key infrastructure, this now runs alongside an increasing recognition of spatial economy as a dispersed and plural phenomenon, manifesting with multiple connections into multiple spaces. The relationship between these two dimensions of spatial economy will be examined using the theoretical framework discussed in the context of a sub-region of the West Midlands during and between the regional and the 'Localist' policy periods in English sub-national governance. This approach is discussed in further detail in the next chapter.

## **CHAPTER 3: METHODOLOGY**

### **3.1 Introduction**

In this chapter I outline the research approach adopted in undertaking this study. This builds on the theoretical framework developed in the preceding chapter, and the objectives of the research in examining the relationship between spaces of economic production and economic governance. To understand this relationship, the study will use a mixed methods approach, with particular focus on interview data collected from amongst economic and state actors directly involved in the study area.

This chapter outlines the methodological approach for the study, the research methods adopted, and the data collection and analysis process, providing a rationale for the use of these methods and some discussion on their application. Commencing with an outline of the research design, it progresses with a statement about the researcher and their professional experience relevant to sub-national economic governance. It continues outlining the early stage research and ‘scene-setting’ data collection, moving on to discuss the methods and process of the key qualitative data sources, the interviews with firms and policy makers. It then discusses how I undertook analysis of the collected data. It finishes with statements on the mitigation of ethical issues, particularly considering confidentiality of respondents, and on the in-practice role of the CASE partner.

### **3.2 Research Design**

The study employed a mixed methods approach deployed over two distinct phases. This used a mix of qualitative and quantitative approaches, although the main body of empirical data was collected through a set of structured interviews. Of the two phases, the first was adopted as a form of ‘scene-setting’ to gain a stronger understanding of local economy, local governance relations, and the initial link between these alongside inform the design and development of the key interviews integral to the second phase. This second phase undertook a more detailed collection of data on the nature and influences of these relationships (Table 3.1).

In the first phase the study used a mix of primary and secondary data to develop an understanding of Southern Staffordshire’s economy and the local authorities’ relationship to neighbouring areas both within and outside of the Southern Staffordshire boundary. Data collection for this phase was divided between three distinct sources. Secondary data was collated through both a quantitative analysis using openly available national dataset and a review of policy documents published by tiers of government and their principal organisations. Primary data was obtained through a set of early-stage interviews with members of the Southern Staffordshire Partnership. During the first 8 months of the research structured interviews were undertaken with primary contact personnel within each of the partner local authorities of the SSP. In most cases this was the resident Economic Development Manager, although in one instance also included a Head of Service.

**Table 3.1: Research phases**

		Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13		
<b>Phase One</b>	Quantitative analysis																											
	Early stage interviews																											
	Policy review (local and regional documents)																											
<b>Phase Two</b>	Firm interviews																											
	Policy interviews																											
	Policy discourse analysis (local, regional and national documents)																											

The second phase again used a mix of primary and secondary sources. Secondary data was obtained using a discourse analysis of key policy documents from local, regional and national sources, following the transformation of policy and its spatial implications. This extended historically back to the beginning of the ‘regionalist’ era but also used policy documents and influential reports published during the study period. Primary sources were obtained through two distinct but concurrent activities. One focused on interviews with firms based in Southern Staffordshire and collecting data on their connections, activities and practices to determine how territory was being constructed through these actors. The second was a set of interviews with policy makers and actors involved in the governance of the study area.

### **3.3 About the researcher**

This study represents the continuation of a long term relationship I have had with the discipline of sub-national economic development. The completion of this research will mark just over a decade during which I have been involved in developing policy, delivering projects and interventions, and undertaking economic analysis in local and regional government organisations. My understanding and familiarity with both this discipline and this policy environment extends beyond that found in academic literatures but complements this with a significant level of active field experience.

### 3.3.1 Career and experience

My economic development career has involved working for local authorities, a regional development agency, and a non-government organisation, alongside undertaking additional study to enhance my understanding of this industry. This has allowed me direct experience of practice in the development and delivery of policy and intervention and significant familiarity with the institutional architecture of economic development, alongside the opportunity to observe how these have evolved during and between successive governments and central policy transitions.

Prior to commencing PhD study I accrued 8 years' experience as an economic development officer, including 4 years at senior level. The experience gained through these posts varied dependent on the economic structure of the local area alongside principal community concerns and institutional interpretations of the role of economic development. Pivotal across these roles was a thorough understanding of key policy organisations, streams, vehicles and levers, knowledge of economic development principles and theoretical debates underpinning specific policy direction, and a strong ability in programme, project, and resource management.

### 3.3.2 Connection to Southern Staffordshire

Professional roles during my employment in the economic development industry saw me working in Sussex, Bath & North East Somerset, Bedfordshire, the South East of England region, and Poole. My experience has therefore been confined to the southern half of England, primarily in the South East and South West regions. Prior knowledge and understanding of

the structural issues in the West Midlands and in Southern Staffordshire specifically were therefore limited to the branded economic identity of these places, around the manufacturing heritage of Birmingham and the Black Country and the historic ceramics industry in the Stoke part of Staffordshire. In particular the economic and political geography of the Southern Staffordshire area and its history as a formal territory in the governance landscape of Staffordshire, the Birmingham-Black Country city region, and the West Midlands region were unknown to me at the start of the project.

### **3.4 Setting the Scene: Desk-based Research, Early Stage Interviews, Policy Review**

The initial stages of the study utilised a collection of data sources to provide an overview of the Southern Staffordshire economy and the relationship between its structure and the policy priorities and active partnerships of key governance actors within the area. This focused on using three specific sets of intelligence: quantitative data on the changing and current economic structure of the area, documentary evidence on agreed priorities and set actions through an analysis of relevant policies from different tiers of government, and anecdotal information from early-stage interviews with local policy actors.

The nature of the responsibilities which sit with a number of organisations in monitoring and managing local economy means a wealth of information about localities is both readily available and easily accessible. In terms of quantitative data providing a picture of the industrial structure, employment level, labour market, and sectoral concentration found within both the local and regional administrative area this is accessed through a number of datasets at the Office for National Statistics; for the most part this would be the default source of

quantitative intelligence used by Local Authorities. This intelligence is also often a pivotal source contributing toward various local policy documents, but is additionally enhanced through consultant or expert reports commissioned as part of the policy development process and by local intelligence networks.

Policy documents themselves are accessible via organisation's or department's websites, although tapping into the sources of specific recommendations which have come from commissioned work may be more difficult as this is often not so openly available. Data collected through local intelligence networks may similarly be more difficult to get hold of as this is not usually published in the public domain, and in the case of anecdotal data may sit in an informal capacity with local officers rather than in any published form. The following sections discuss in more detail the methods and sources used in this initial part of the research.

#### 3.4.1 Quantitative analysis

Undertaking a quantitative analysis was considered a fundamental principal task for the research. Using this data would provide a distinctive picture of the local economy, both as a singular unit of Southern Staffordshire and a set of individual localities, to understand the shape and nature of the Southern Staffordshire economy, how this connects its constituent parts, and links them into a wider form of bounded economy.

Whilst a selection of reports were available which highlighted details of the Southern Staffordshire economy and its relationship to surrounding areas (Bryson & Taylor, 2006; SSP, 2006; SCC, 2010) these were either becoming dated or did not offer an analysis of Southern Staffordshire as a singular economic unit. Part of the research therefore became the need to construct a full economic profile for Southern Staffordshire and its five localities. This additionally allowed for a more objective form of analysis and assessment, with previous reports, particularly those drafted by or scoped for political organisations, developed with specific cases in mind driven by local, regional and national aspirations for development or the targeting of specific forms of subsidy.

The economic profile was developed to address four specific questions:

- how is Southern Staffordshire's economy constructed?
- how does this compare to the national or regional picture?
- how does this position its role in a wider economy including surrounding areas?
- how is it aligned with these surrounding areas?

The analysis undertook a thorough review of not only the Southern Staffordshire economy but comparatively those surrounding units, classified as sub-regions, of the designated West Midlands. This helped gain an understanding of the nature of Southern Staffordshire's economic relationship with adjoining territories.

The analysis used seven different datasets across two measures to construct a picture of the economy. The first measure used was employment, with data obtained through four separate Office of National Statistics (ONS) datasets. Labour is an important measure in defining economy through its capacity to articulate spatial economy through its relationship to resident population (Dawkins, 2003). The second measure was business stock, with data obtained from three datasets, two from the ONS, the third from the Bureau Van Dijk FAME database (Table 3.2).

Analysis using the employment data had to consider the two distinct pictures this can illustrate dependent on the use of a resident-based or a workplace-based measure. Each indicate a different form of dependence; employment-based focuses on the migration of population and therefore dependence of residents on internal or external centres or locations to provide key job opportunities. These may be further refined considering the link between employment centres and the form of occupation this dependence satisfies. The workplace-based measure focuses on employers within the area and their reliance on internal or external sources of labour; this may include catchments of industry-critical skills and aptitudes. The study utilised both of these to develop an understanding of industrial and employment dependencies between Southern Staffordshire and its surrounding areas.

Workplace-based data was additionally refined using sectoral analysis to consider the distribution of employment and industry. This used the Standard Industrial Classification (SIC) codes 2007. Initial analysis was based on broad industrial groups, defined using top level SIC sections, to establish sectoral concentrations within Southern Staffordshire and

identify those providing significant levels of employment. Further analysis used a more detailed breakdown of SIC divisions to examine sub-sectoral concentrations of employment.

**Table 3.2: Quantitative Datasets**

Dataset	Source	Measure	Data
Annual Population Survey	Office for National Statistics (ONS)	Employment	Detailed analysis of resident-based employment by spatial unit and industrial sector
Annual Business Inquiry	ONS	Employment	Detailed analysis of workplace-based employment by spatial unit and industrial sector
Job Density	ONS	Employment	Comparative measure for analysis of resident-based employment surplus/deficit across localities
Business Register and Employment Survey	ONS	Employment	Detailed analysis of workplace-based employment by spatial unit and industrial sector
Business Demography	ONS	Business Stock	Business stock by spatial unit
VAT Registrations	ONS	Business stock	Business stock by spatial unit and size band
FAME	Bureau Van Dijk	Business stock	Business stock by spatial unit and industrial sector

Source: Author

#### 3.4.1.1 Spatial Units of Analysis

Data was extracted on the basis of lower tier Local Authority areas, and then consolidated in the absence of a recognised statistical unit designation for Southern Staffordshire. This was then used comparatively, initially against national and regional dataset to identify structural differentiation and secondly against other West Midlands lower tier areas, alongside some from the East Midlands, accounting for Southern Staffordshire's border with this area. This analysis determined similarity and localisation in industrial concentration.

#### 3.4.1.2 Method of Analysis

The comparative analysis between units primarily adopted a proportional approach, looking at the division of employment and stock on the basis of sector to identify structural differentiation. To enhance this, comparison used the Location Quotient (LQ) method to identify the strength of sectoral concentrations, comparing the ratio of local level employment to that of a comparison area. The LQ method is useful for its capacity to highlight two distinct factors: variance - that is the degree of deviation from standardised comparators such as national or regional indicators - and magnitude, representing the extent of localised specificity (Mack & Jacobson, 1996). This analysis defined the extent of industrial concentration by locality on a five-point scale, ranging from no localisation to extreme localisation. Analysis used both the national (England) and the regional (West Midlands) units as reference points; in the first instance it considered sectors within Southern Staffordshire and its individual units to identify broad group concentrations against the national reference. This was extended to look at sectoral and sub-sectoral concentrations against the regional reference point to establish a picture of Southern Staffordshire's role in the regional distribution of industry.

Where concentrations occurred within Southern Staffordshire's localities this regional reference was additionally used to compare these against other sub-units, creating a picture of the location and distribution of key industrial activities in the Midlands and how these concentrations manifested spatially. This formed a set of in-principle clusters, illustrating how Southern Staffordshire localities fit within these permutations of a regional production system. This data was then used to create a set of maps using GIS to provide a visual representation of its distribution (Appendix 1).

#### 3.4.1.3 Data criticisms and weaknesses

The datasets adopted in this approach were used to provide a broad-brush picture of the Southern Staffordshire economy, its key industrial sectors, and its relationship and role as part of the territories of Greater Birmingham and Solihull, Staffordshire, and the West Midlands. This was used to inform the approach taken in the more detailed stages of qualitative analysis rather than as a pivotal source of data through which to analyse and discuss the Southern Staffordshire economy. It does however have notable issues which need to be discussed.

The national datasets in question are constructed using sampling methodologies and are therefore subject to a series of questions over accuracy. Whilst in the production of the dataset contingencies are planned to counteract these anticipated limitations, sampling issues increase the smaller the level of geographical or industrial analysis.

Confidence in the data available is assessed on the basis of a coefficient of variation (CV). This coefficient increases, and therefore confidence in the sample falls, the smaller the sample (Table 3.3). This not only has implications in terms of moving from a national level analysis to a local level one, but also in the validity of comparable data between individual authority areas. Due to the varying size of the localities in Southern Staffordshire the sample used for collecting data was proportional rather than based on a set number; this meant the confidence for units with smaller populations would be lower than for more populous areas. This was also limited by fluctuations in the consistency of the proportional sampling (Table 3.4).

**Table 3.3: Coefficient of Variation (CV) by geographical area**

<u>Area</u>	<u>CV (%)</u>
Great Britain	0.2
West Midlands	1.0
Cannock Chase	2.9
East Staffordshire	1.1
Lichfield	1.6
South Staffordshire	2.6
Tamworth	1.2

Source: ONS Annual Employment Statistic (BRES) 2009

Alongside these statistical issues, datasets are reliant on the accuracy of responses from subjects. Validity concerns therefore arise from issues of compliance with questionnaire requirements and the limitations in detailed knowledge amongst respondents (Markusen, 1994).

**Table 3.4: Population sample by geographical area**

<u>LA Area</u>	<u>Sample Mid-Year 2009</u>	<u>% of population</u>	<u>Sample Mid-Year 2013</u>	<u>% of Population</u>
Cannock Chase	232	0.25%	178	0.19%
East Staffordshire	279	0.26%	199	0.18%
Lichfield	261	0.27%	216	0.22%
South Staffordshire	290	0.27%	198	0.19%
Tamworth	191	0.25%	237	0.31%

Source: ONS Annual Population Survey Jul'12 – Jun'13

#### 3.4.2 Early Stage Interviews

To complement the quantitative picture a set of interviews were undertaken with stakeholders from the CASE partner at an early stage of the research. The purpose of these was to provide an anecdotal picture of the Southern Staffordshire economy to complement the quantitative data alongside gaining insight into policy priorities for different organisations, signposting to key local policy documents, and obtaining information on local firms.

Interview subjects were selected from the five District or Borough Councils which made up the area alongside Staffordshire County Council. For each of these organisations the interview subject was the Economic Development Manager or equivalent where no such direct post was designated, although the interview with the County Council also included the Head of Service with responsibility for Economic Development. Interviews were also conducted with the

Birmingham Chamber of Commerce group through a representative from its head office in Birmingham alongside one for both the Burton and District and the Lichfield and Tamworth branches. Breaking the Southern Staffordshire area up into its contingent localities alongside the principle business support organisation in the area was critical for these interviews to gain an understanding of the different political, economic, and cultural identities and associations between Southern Staffordshire localities and the wider regional landscape.

Interviews were conducted as part of an informal discussion. The same semi-structured approach with a set of 10 questions was used in each interview (Appendix 2), with responses noted during the process. These conversations were however not limited to this set of questions. An element of this exercise was establishing relationships with and getting to know the personnel within the organisation, and building a confidence, legitimacy, and rapport with them in advance of the formal interviews scheduled for phase 2 of the research. This included the opportunity to share experiences of local government economic development and of working in the changing regional governance environment.

Within these early stage interviews consideration had to be taken around the validity of this intelligence and the effect of other influences. In part this may be subject to issues perhaps best described as social desirability bias, with responses determined through a form of ‘impression management’ (Holgraves, 2004) as subjects seek to assert their distinct position and role within both organisation and locality. Additionally these may be shaped by individuals’ compliance with an established or reformed mode of constructing local and regional economy (Jones *et al*, 2004).

### 3.4.3 Policy Review

Economic development policy is defined across a number of documents situated at different scales and within different departments or functions of government. The policy review used a discourse analysis, considering the changing objectives and language of policy to document not only the policy direction but how this defined who were identified as key actors within economic development and how relationships with them were built and maintained.

Regional policy and sub-national development are a fundamental part of national planning and development policies. The concept of the region has however become a more dominant theme since the introduction of the European structural funds and their regional approach to distribution. The English RDAs and the ‘regionalist era’ marks a period from their introduction as formal entities in 1999 to their dissolution in 2011, formally replaced by the LEPs as the new sub-national and, arguably, regional governance vehicle. The policy analysis for this research follows the evolution and development of sub-national policy for economic development and its governance for the period from 1999 up to documents published in 2013.

The UK, and in particular England, represent a highly centralised form of government with limited autonomy and accountability dispersed sub-nationally. Significant authority and control in relation to sub-national planning and intervention is therefore set out in Government white papers and related documents published by different central government departments. Such documents are regularly updated, revised, and replaced as part of an ongoing policy evolution and response from the government to changing regional, national and international conditions (Appendix 3).

Whilst policy documents related to economic development aspirations are required at sub-national level, the detail of these can vary considerably between sub-national institutions. At the regional scale, RDAs had a detailed Regional Economic Strategy (RES) which set the scene for the investment plan and specific spatial and industrial priorities within the region. Following on from these, LEPs similarly have a duty to produce an economic strategy. At the local scale the objectives of these regional plans, alongside a more locally specific articulation of both needs and opportunities based on structural and demographic data, are situated within statutory and non-statutory documents.

As Economic Development is not a statutory service within local government, the Economic Development Strategy is not a statutory document and therefore varies between organisations. Similar inconsistency is displayed in the terminology used to define both the service and functional focus of economic development-related intervention. Economic development is however integrated into the wider organisational fabric incorporated in other key statutory documents and projects; in the Community Strategy as part of the key sub-areas of previous Local Area Agreements frameworks and through the designation of the Local Government Act 2000, in the Core Strategy and Local Development Framework through alignment with demands of the National Planning Policy Framework for “building a strong competitive economy” (CLG, 2012), and in individual organisation’s corporate strategy in keeping with the demands for promoting economic well-being within their area (LG Act, 2000). Economic development aspirations may be articulated through these and a set of related sub-documents

alongside or in place of a single Economic Development Strategy for the organisation (Appendix 4).

### **3.5 Firm Interviews**

This section sets out the approach taken to interviewing the firms of Southern Staffordshire. Firm interviews represent a crucial part of the research as through this intelligence the picture of spatial economy for Southern Staffordshire was constructed. Within this I specifically focus on firms from amongst the key sectors identified as concentrated within Southern Staffordshire. Starting with an outline of the selection and justification of the sample, the section moves on to consider the characteristics of this sample. Following this I discuss the development of the interview question framework, the interview process itself, and reflect on the execution of the interview process.

#### **3.5.1 Sample selection and justification**

During the period of study, Southern Staffordshire had a population of 18,150 VAT registered firms<sup>3</sup>; the number of practising firms will be much higher with an estimated 56% of UK business stock unregistered at the start of 2013 (BIS, 2013). Firms were distributed unevenly across the five constituent LAs, with almost 25% of registered businesses based in Lichfield District, and fewer than 13% in Tamworth Borough (Table 3.5).

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<sup>3</sup> ONS Business Demography 2010

**Table 3.5: Firm distribution in Southern Staffordshire by LA area**

<u>LA Area</u>	<u>Firms</u>	<u>% in Southern Staffordshire</u>
Cannock Chase	3,405	18.8%
East Staffordshire	4,020	22.1%
Lichfield	4,450	24.5%
South Staffordshire	3,990	22%
Tamworth	2,285	12.6%

Source: ONS Business Demography 2010

The number of firms relevant for the study constituted a much smaller group. This was refined on the basis of the identification of key industrial concentrations within Southern Staffordshire using an LQ approach to establish a set of sectors more specific to the area (Mack & Jacobson, 1996). This refined group was made up of three key sectors - manufacturing, wholesale and retail, and construction –representing a much smaller set of around 7,500 VAT registered firms.

Having established the sectoral focus of firms for interview, I next had to identify a sample. Whilst Business Demography data suggested around 7,500 potential firms for interview were based in Southern Staffordshire, this didn't provide details of these firms. Instead a sample was collated using four specific sources. In the first instance, local knowledge of the LAs and their ED personnel was used to identify potential firms. This was supplemented through the acquisition and scrutiny of databases from the Bureau Van Dijk FAME business intelligence system and from the Birmingham Chamber of Commerce, from both membership and non-member survey databases. The number of firms amongst these sources from within the South

Staffordshire District area was limited. In order to supplement this number, South Staffordshire District Council were able to provide information from their Business Rates register. Following this exercise a sample of 171 firms was established, widely distributed between the five Southern Staffordshire LAs, although this was not fully consistent with the distribution of VAT registered firms (Table 3.6)

**Table 3.6: Firm sample by LA area**

<u>LA Area</u>	<u>Firms</u>	<u>% Sample</u>	<u>Comparative %: VAT registrations</u>
Cannock Chase	35	20%	19%
East Staffordshire	31	18%	22%
Lichfield	43	25%	25%
South Staffordshire	24	14%	22%
Tamworth	38	22%	13%

Source: Author

In practice, this sample of 171 translated into a set of 48 respondents. Across the sample a total of 52 firms declined to partake in the research, 71 didn't respond to email and telephone requests for an interview, leaving a respondent total of 48 or 28% of the sample. The distribution within Southern Staffordshire of this respondent group was less evenly dispersed than VAT registered firms and the sample, with higher numbers of respondents from Lichfield and Tamworth in particular (Table 3.7). In order to balance this out, during the

research process firms in areas falling behind in representation of the sample distribution were prioritised. This had only limited success.

**Table 3.7: Firm respondent numbers by LA area**

<u>LA Area</u>	<u>Firms</u>	<u>% Respondents</u>
Cannock Chase	11	23%
East Staffordshire	5	11%
Lichfield	14	30%
South Staffordshire	6	13%
Tamworth	12	26%

Source: Author

### 3.5.2 Firm Characteristics

The interview sample was selected from across a specific set of sectors with identified concentrations in Southern Staffordshire. Whilst the area's economy covers a range of industries, proportionally high representation was identified in manufacturing, construction and distribution industries. Across these sectors however, it can be expected that a number of variances would emerge in terms of size, age, ownership, and industrial classification. This section outlines these differences across the interview respondents.

In terms of sectoral representation 69% of those interviewed were manufacturing firms and 13% in distribution. The remainder were from a cross-section related mostly to manufacturing or construction industry services and support; whilst these were not defined as within the key

sectors on an SIC basis, they were either described as or described themselves as functioning within these industries. The respondent sample also displayed a distribution in terms of their classification in relation to knowledge-based activities. Almost 60% of the sample was identified as amongst designated knowledge intensive sectors, mostly within the medium-high technology manufacturing category.

**Table 3.8: Sample Firm Characteristics**

Firm Size	Micro	7	15%
	Small	14	30%
	Medium	20	42%
	Large	6	13%
Firm Age*	0-10 yrs	2	4%
	11-20yrs	14	31%
	21-30yrs	11	24%
	31-40yrs	7	15%
	41-50yrs	4	9%
	51yrs +	8	17%
Ownership	Owner-Manager	24	50%
	Group (UK)	9	19%
	Group (Overseas)	15	31%
Sector	Manufacturing	33	69%
	Water/Waste Management	1	2%
	Construction	1	2%
	Wholesale and Retail	6	13%
	Transportation and Storage	3	6%
	Professional, Scientific and Technical	3	6%
	Administrative and Support Services	1	2%
Knowledge Intensive Businesses	High Technology Manufacturing	2	4%
	Medium-High Technology Manufacturing	22	47%
	Knowledge Intensive Services	3	6%
	None	20	43%

Source: Author

The respondent sample also represented a mix of sizes, ranging from the smallest with just 4 members of staff to the largest with around 400. Most of the firms were however concentrated within the SME bracket, with 13% employing in excess of 250 staff; comparative to the national profile this represents a high proportion of large firms, and similarly medium-sized firms, with over 99% of the UK business stock recorded as small businesses (BIS, 2013). In terms of the age of the firm, these were mostly mature organisations with only two having started in the past 10 years. Over 60% were more than 20 years old and 40% had been trading for over 30 years. At its most extreme the sample included 3 firms which had started during the inter-war years (1918-1939). Ownership of the sample was 50% owner-managed, the remaining 50% split between UK and Overseas Group ownership. For 5 of the UK Group owned firms, the Group HQ was the same address as the subsidiary (Table 3.8).

### 3.5.3 The interview method and questionnaire design

Research interviews with Southern Staffordshire firms were undertaken using a telephone approach in place of face-to-face (FtF) and online or electronic questionnaire methods. The benefits of the telephone interview as a research method have been increasingly recognised amongst academics in terms of capacity to provide access, maximise resource, and build dialogue (Mitchell & Zmud, 1999; Williams, 1993). The telephone interview was favoured in place of online or electronic questionnaires due to limited sample size, the benefits of this method considered to come from larger groups (Harris & Brown, 2010), whilst an FtF approach was avoided due to resource considerations from both the researchers and the respondents perspective. The principal benefit for the researcher was the extended access to

respondents offered by telephone interviews (Mann & Stewart, 2000), allowing me to commit more time to pursuing, preparing, and analysing interviews in place of travelling between them. It also considered the nature of demands upon respondents; whilst interviews were prearranged I was aware of a reasonable likelihood of appointments being cancelled at short notice. Telephone interviews present limitations in terms of the absence of visual or non-verbal cues (Aquilino, 1994) and the impact on duration of interview (Aday, 1996; Bernard, 2002). Against these limitations was the ability to compensate for the effects of social desirability bias (Holgraves, 2004) and allow respondents to disclose sensitive information more freely (Novick, 2008). The telephone interview approach allowed me to accommodate this risk with limited disruption to the research process.

The telephone interviews used a structured questionnaire designed around obtaining key intelligence from firms on their interaction with markets and the state and the spatial manifestation of these relationships (Appendix 5). The questionnaire was divided into three clear sections: general firm details, trade relations and networks, and public sector engagement. Section 1 was focused on collecting more general firm details alongside unpicking factors relating to their location in and attachment to Southern Staffordshire. This collected key information for firm classification and for understanding the relationship between firm and their locality to determine main factors in embedding (Peck, 1996; Phelps & Alden, 1999; Potter & Moore, 2000). It was also used as a 'soft entry' for respondents in order to build a rapport (Krosnick & Presser, 2010).

Section 2 moved to more specific questioning around the location of their markets and the spatial practise of their business. This followed a technique for mapping firms and their geographical relations through examination of the location of their customers, suppliers and competitors (Markusen, 1994). It extended from a simple understanding of the location of these groups into a more active examination of how firms interact with these groups; to this extent questions about these groups collected information on practise in engagement and knowledge collation alongside simple location and distribution.

Section 3 progressed to collect data on firm relationships with the public sector as a sponsor of the economy and their dependence and engagement with this industry. This incorporated the potential representative bodies through which they indirectly engaged with the state, completing the four sides of Markusen's approach to firm mapping (1994) and identifying the key scales at which state support were considered to emerge.

Within the questionnaire design, questions were written to an open format, avoiding the provision of specific pre-defined options for the selection of answers. This open format was partly to avoid the restrictive framing of questions (Schuman & Scott, 1987). Additionally the determination of pre-conceived scales at which firms functioned- such as the use of generic terms such as Regional, National and International, would restrict the capacity of the information collected to develop a more nuanced articulation of spatial interaction in keeping with those experienced by firms (Hayter *et al*, 1999). Whilst the language of the questionnaire followed design guidance, employing simple words and syntax which could be easily

understood (Krosnick & Presser, 2010), across the broad set of firms interviewed there was some variance in the interpretation of these questions, which I discuss further in 3.5.5.

#### 3.5.4 The interview process

Taking this questionnaire to the interview stage involved a number of different phases. Whilst both firm sample and question framework had been finalised, there was still the requirement of identifying an appropriate candidate to target within firms. Following this there was the matter of making contact with the candidate, gaining their agreement to participate, and then developing and implementing the interview itself.

Selection of a candidate from within the sample firms was integral; the questionnaire focused on a specific set of questions which only a limited number of personnel within any firm would be capable of answering. To address this, candidates at Owner, CEO/MD or Director level were targeted. Prior to contacting firms, an online search was conducted looking at company websites and also using company profile and attached personnel on LinkedIn to identify potential candidates. Where no contact could be identified through this method, companies were directly contacted and potential candidates were assessed in conversation with Reception personnel.

Progressing from identifying a candidate to holding initial conversation with them was conducted through e-mail and telephone contact. In the first instance an e-mail was sent to interview candidates, requesting an interview and outlining the purpose of the research. This

was followed by a telephone call where the researcher took the opportunity to further explain the purpose of the research, outline the potential benefit to the firm of contributing, and arrange an interview appointment with those candidates willing to participate; this was key to avoiding disruption to the interview and allowing for the arrangement of the interviewee's privacy (Opdenakker, 2006). In persuading participation, the policy relevance given to the work through the CASE partner was of significant value, providing a 'so-what' for participation which would be absent as an isolated piece of academic work.

Prior to undertaking the interviews a set of test interviews were conducted with businesses from Tamworth and Lichfield who were part of the Business and Economic Partnership. This helped to refine both the interview process and the structure and wording of questions. As these firms were all from sectors not included amongst the key industries of Southern Staffordshire, this data was discarded once the interview process and questionnaires had been refined.

In conducting the interview a systematic process was deployed covering three stages: pre-interview, interview, and post interview. Pre-interview involved the preparation of material, including a paper copy of the questionnaire on which to take notes alongside a dictaphone to record the interview, which would be conducted by speakerphone. Upon contacting the candidate at the agreed time, before the start of the interview I checked they were still happy to participate, then reiterated the objective of the research and its role influencing the policies of the Southern Staffordshire Partnership. Participants were then asked if they were happy if the interviews were recorded, emphasising this was for transcription purposes alone.

The interview itself was a systematic process of progressing through the questionnaire. In conducting this I tended to note responses at the same time as recording them to both pick up on what appeared to be key points elicited in response to questions and to note points to return to during the interview if considered important. Whilst the interview used a structured set of questions, there was the need for some flexibility in these and the dialogue emerging between researcher and respondent was important. This was partly due to a tendency of respondents to digress during questions, partly the need to further articulate the object of the question, and partly an attempt to elucidate broader response from more taciturn interviewees.

At the close of the interview, respondents were advised the questions were finished and asked if, in view of the questions, there was anything else they would like to add. Once this had been completed the recording was stopped and I reiterated again this was undertaken in confidence, would be used solely by the researcher, that the data would be presented as a consolidated body with other interview responses and therefore suppressed, and where quotes were used these would be anonymous. Respondents were then given a right of withdrawal, asked if they were happy for the data to be used for the purposes of the research, and advised they could exercise this right of withdrawal at any point during the study period.

### 3.5.5 The interview experience

In practice, conducting the interviews was relatively consistent with the planned process. A few diversions from this plan did however emerge which required various forms of alternative

action. Most of these occurred in conducting interviews, although the most significant was around identifying and developing dialogue with potential candidates.

For most firms, identifying a set of appropriate candidates was straightforward, with details of senior management personnel often on company websites and individual presence on business networking platforms such as LinkedIn. Where these could not be found presented some challenges. In such circumstances a key route to identifying candidates was through direct dialogue with firms themselves at the point of entry, specifically personnel operating reception services. As this group could be highly protective of senior management, extracting such details from them was at times difficult. This was made more difficult by certain companies adopting a policy of not giving names out to cold callers.

Where candidates could be identified, getting to speak to them proved highly challenging. It was not unusual to spend two hours calling firms and only get to speak to one candidate. As a result, simply making this initial contact was a laborious and time-consuming exercise.

When I did manage to speak with candidates, whilst arranging an interview time was relatively easy, their keeping to these dates was often inconsistent. With more significant priorities than participating in a research interview, it was not uncommon to call at an arranged time and find the candidate not there or apologising that a conflicting appointment had emerged. Rescheduling these was not hugely disruptive, but where this occurred regularly

– a number of respondents required 3 to 4 appointments before getting the interview – it clearly had an impact on time resource.

A second issue in conducting interviews emerged in a contrary scenario, where I got through to the candidate at first effort and they offered to do the interview there and then. This left limited time for specific firm-based preparation, although to some extent this was easily mitigated by keeping the full telephone interview toolkit – dictaphone, speaker phone, questionnaire and note paper – to hand during all cold calls.

Additionally there was the issue of interview subjects being happy to participate but not happy with their interview being recorded. This presented some problems in the notation of their interviews, particularly keeping up with the speed at which the subject talked and recording their responses verbatim. Whilst alongside the toolkit I kept my laptop to hand with a working draft of the questionnaire open to type into, the biggest obstacle here was the added task of typing whilst interviewing. This problem could have been mitigated by recording the interview regardless of consent, but this was felt to be unethical.

### **3.6 Policy Actor Interviews**

This sections sets out the approach taken to interviewing the policy makers related to Southern Staffordshire. This focused specifically on personnel from within the LAs of Southern Staffordshire and senior members of the GBS and S&S LEPs. The LEP members included representatives of the private sector, from LAs outside of Southern Staffordshire,

and from organisations representing the critical economic development support infrastructure of the area, such as FE colleges and business representation organisations. Interviews with policy makers were integral for the research, allowing me to build an understanding of how these key personnel interpreted spatial economy, how this varied between partners in the governance process, and the effect of spatial revisions in the transition from the regional model to that of 'Localism' on these understandings.

In this section I discuss the approach to undertaking these interviews. It commences with an outline of the selection and justification of the sample. It progresses to discuss the development of the interview question framework, the interview process itself, and reflect on the interview experience and how this went in practice.

### 3.6.1 Selecting the interview sample

This study is undertaken in a highly specific area, and as such the potential candidates for interview were limited. The need for participants who were or had been involved in the sub-national economic governance process dictated a focus on four groups from three specific sets of organisations: Officers and Elected Members from the Southern Staffordshire LAs, LEP Board Members and associated personnel, and the related infrastructure of delivery, support and representation organisations. Collectively these four groups represented a set of personnel totalling around 50 individuals.

The translation of potential candidates into subjects saw a total of 20 individuals interviewed across 16 separate bodies (Table 3.9). The attrition rate was largely due to gaining access to all potential candidates, with a number either declining the invitation to be interviewed or not responding to requests. Additionally with certain organisations, the LEPs in particular, it was considered more efficient to interview only a few representatives, limiting duplication. This freed up time to focus on interviewing a broader set of stakeholders rather than focusing solely on the Southern Staffordshire LAs and the LEPs.

**Table 3.9: Policy interview subjects**

<u>Position</u>	<u>Organisation</u>
Officer, Local Authority	Tamworth District Council
Officer, Local Authority	South Staffordshire District Council
Officer, Local Authority	Staffordshire County Council
Officer, Local Authority	Lichfield District Council
Councillor, Local Authority	East Staffordshire District Council
Councillor, Local Authority	Lichfield District Council
Chief Executive, Local Authority	Staffordshire County Council
Councillor, Local Authority	South Staffordshire District Council
Councillor, Local Authority	Bromsgrove District Council
Councillor, Local Authority	Solihull Borough Council
Board Member, LEP	GBS LEP
Board Member, LEP	GBS LEP
Board Member, LEP	S&S LEP
Officer, Business Representation & Support Organisation	Birmingham Chamber
Chair, Business Representation and Support Organisation	Tamworth & Lichfield BEP
Officer, Business Representation & Support Organisation	UK Trade & Investment
Director, FE College	South Staffordshire College
Director, FE College	Burton College
Director, Business Representation and Support Organisation	EEF
Director, Local Authority	Birmingham City Council

Source: Author

Across the interview sample two key gaps emerged from within Southern Staffordshire. The first was the refusal of Cannock Chase DC to participate in an interview at both officer and elected member level. The second was a similar refusal at officer level from East Staffordshire BC. This occurred in spite of repeated contact and requests both directly and via the principal contact at the SSP.

A key actor within economic governance was the central state as the primary sponsor of the LEPs and architect of the reconfiguration of English sub-national divisions. Civil servants at the national level were however not pursued as interview subjects. This was for two specific reasons. First, given the granular detail required of Southern Staffordshire, its surrounding economy, and the highly localised governance environment it was felt a nationally situated subject would not make a significant contribution. Secondly, in terms of the objectives, rationale and processes in the formation and development of the new sub-national architecture and policy, it was similarly felt they would not provide much additional detail beyond the formal documents and the LEP personnel interviewed.

### 3.6.2 Interview method and questionnaire design

Research interviews with policy actors involved in Southern Staffordshire were undertaken using a face-to-face interview method. Face-to-face (F-t-F) interviews were deemed to be the most appropriate method for this group for two key reasons. Firstly, whilst these interviews may be described as structured, in that a specific set of questions constituted the interview framework, due to the varying nature of the candidates and their role in economic governance

there was the potential these would need to be translated to some extent during the interview process. This was anticipated largely as a result of the varying lexicons between actors, in particular between officers and elected members in LAs and between public sector and private sector representatives of the LEP. The F-t-F process allowed for direct interaction with the subject to mitigate this issue in a way online methods and even telephone interviews may not (Opdenakker, 2006). Related to this, the F-t-F approach allowed a broader opportunity in the interview process to build a rapport with the subject (*Ibid*, 2006). This was considered particularly important given my background within the economic development industry, with the prolonged opportunity in the interview process for pre-interview relationship building as part of a process of eliciting a more detailed and open response. The F-t-F approach however was not always possible, and in a couple of incidences I instead undertook telephone interviews with subjects.

These policy interviews used what I have described as a structured set of four questions. This structured set was designed however to elicit more of a narrative response from subjects. To this extent, the interviews collated rather than hard facts about the local economy and the governance relations, both of which were easily gained from local and sub-national policy documents, information on the experiences of the economy and its governance. To this extent, the four questions covered very specific separate but interlinking areas of the economy, policy, interventions and partnerships, but were phrased in a way to encourage a descriptive answer as opposed to a simple reference to documentary evidence (Table 3.10).

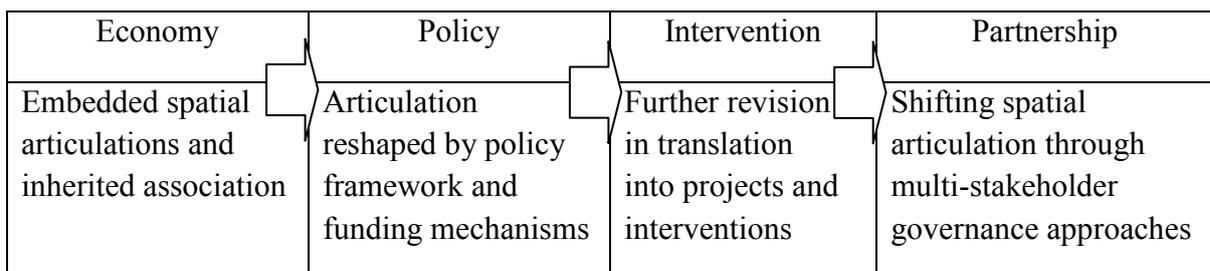
**Table 3.10: Policy Actors Interview Questions**

<u>Theme</u>	<u>Question</u>
Economy	Describe to me the economy of your area and its geography
Policy	What are your key policies and priorities for economic development?
Intervention	What are the current economic development activities and interventions you are involved in?
Partnership	Describe to me your partnerships and other collaborative relations in economic development?

Source: Author

These questions were designed specifically to unpick both the articulations of spatial economy embedded within key governance personnel covering Southern Staffordshire and to interpret the consistency of this identity in terms of key policy objectives, interventions, and partnerships. It considered potential variance which may occur as places were repositioned as part of a process of state spatial restructuring (Brenner, 2009; Harrison, 2010a; 2010b; Jessop, 2007) or refined through the prioritisation and patronage of specific policy objectives (Jessop, 1997; Jones, 1997) (Fig. 3.1).

**Figure 3.1: Policy actor question design and conceptual links**



Source: Author

### 3.6.3 The interview process

Progressing this question framework to the interview, similar to the firm interview process, involved three stages of pre-interview, interview, and post-interview. The pre-interview stage involved firstly contact with the appropriate subject and agreement for their participation; this often included a conversation around the objectives of the study. Candidate selection in this case was mostly predetermined due to the limited personnel involved in strategic economic governance within most organisations. In the case of LAs, both Southern Staffordshire and those as co-members of GBS or S&S LEPs, the number of senior personnel involved in strategic decision making around economic development was very limited; in all cases the Economic Development Manager, or equivalent position, was targeted. The only diversion from this limited selection was in the case of the LEPs, where potentially all Board Members could be a potential candidate; in order to get the broader strategic overview of policies and priorities the Chair or Vice-Chair was targeted. In all cases the involvement of the SSP aided in initial dialogue, although this was not sufficient to encourage all stakeholders to participate.

Conversations with identified targets then progressed to agreeing a convenient time and place for the interview. In most cases this was the subject's office, although in two cases telephone interviews were undertaken due to their limited availability. Closer to the date, the pre-interview preparation involved functional checks around equipment, especially the dictaphone. Pre-interview protocols prior to the start of the interview involved a systematic reprisal of the purpose of the interview alongside outlining how the information would be used, how it would protect their anonymity, and informing them of the right to withdraw from the process at any time, including post-interview. At this stage I also checked consent around recording and general participation.

The interview process replicated that employed for firms (3.5.4), recording whilst also taking notes around points for further elaboration. Closing the interviews similarly followed this process.

#### 3.6.4 The interview experience

Conducting these interviews was consistent with the planned approach. Only two specific issues emerged that required response on a subject-by-subject basis rather than a revision of the process.

The first of these was a tendency for testimonies to occur broadly and incorporate multiple elements of the collective themes of the questions at any one time. This inevitably meant as the interview progressed there was increasing likelihood latter themes would have been covered in previous questions. This presented more of a problem for the analysis than during the interview, and required no specific revision to the interview process beyond the acceptance and acknowledgement subjects may have covered latter questions previously.

The second issue was the need to revise some of the questions dependent on the subject. This was specifically a consideration in interviewing private sector representatives of the LEPs, where understandings around spatial economy and collaborative working were perhaps less established than amongst the public sector subjects, for whom these concepts were well embedded. As these representatives only accounted for three of the twenty subjects interviewed, no major action was taken, but this did require some response during the

interview to convey the importance of the concept. Response amongst this group was very telling on how spatial economy is interpreted by non-state representatives and their dependence on orthodox understandings around the core-periphery model and concentration-based models.

### **3.7 Coding and analysis**

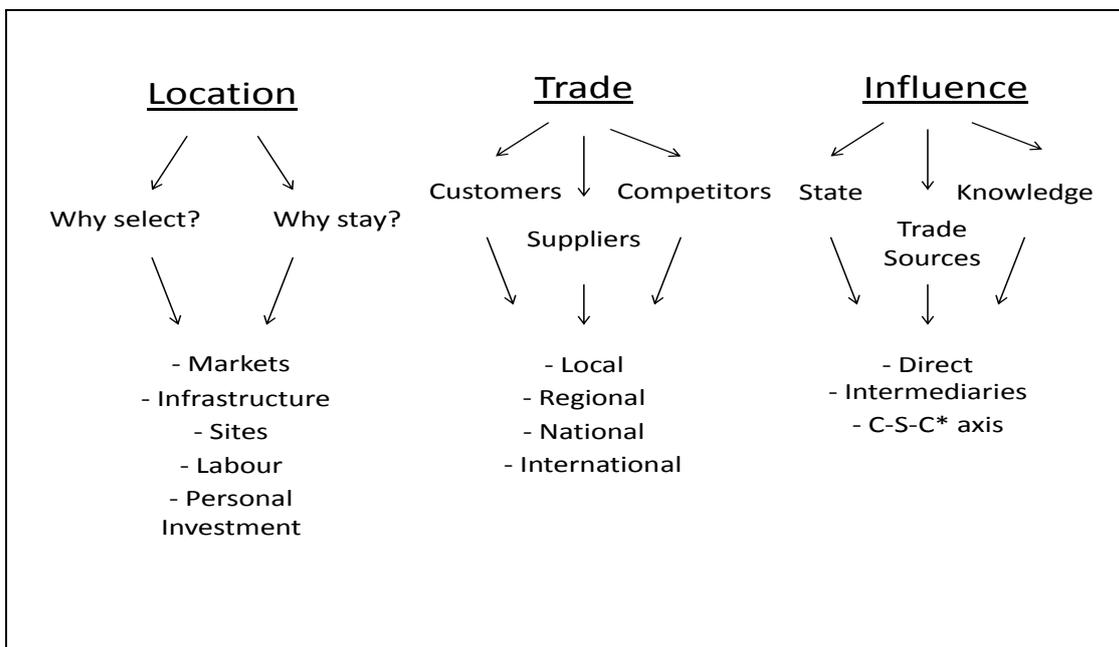
In this section I discuss the approach taken to coding and analysing the data collected within the firm and policy actor interviews. As a qualitative approach was used, and whilst incorporating structured interview questions the data collection relied upon some form of narrative to understand the individual subjects experience in the formation of spatial economy, the analysis employed a thematic approach. This involved attenuating data to understand the key factors underwriting spatial relations.

Whilst the coding was theoretically informed, particular attention had to be paid to the extent of the collective interviews to both uncover the dynamics behind relations and also to identify any factors which sat outside of established theoretical understandings of economic attachment. Such familiarity with the interview data was partly achieved through undertaking all transcriptions personally.

Coding and through this analysis of the firm interviews was linked into established understandings of firm location factors (Clark & Wrigley, 1999b; Jensen, 1993; Peck, 1996; Phelps & Alden, 1999; Potter & Moore, 2000), market distribution (Arndt & Kierzkowski,

2001; Dicken, 2007; Henderson *et al*, 2002; Markusen *et al*, 1999) and regulatory engagement (Asheim *et al*, 2011; Andersson & Karlsson, 2007). This was used to create a thematic framework for the analysis of the space of economic production through the relations of Southern Staffordshire firms (Fig. 3.2)

**Figure 3.2: Firm thematic analysis framework**

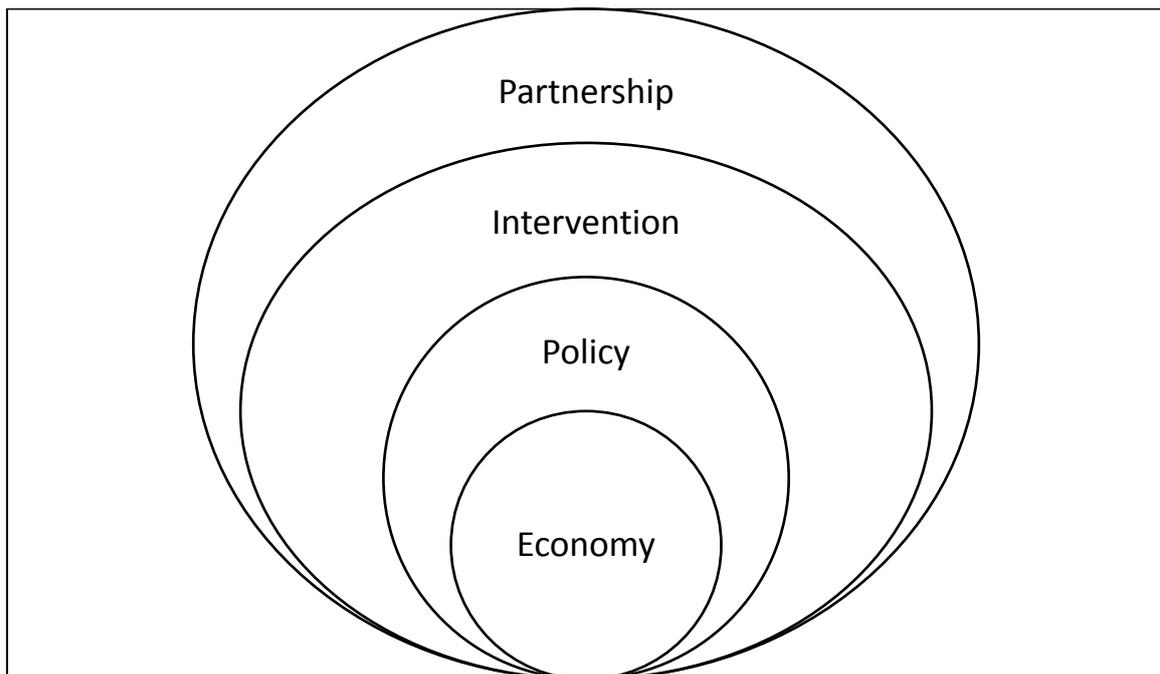


Source: Author (\* Customer–Supplier–Competitor)

For policy actor interviews this was not so linear. Interviews had been conducted under four key themes of economy, policy, intervention and partnership. Whilst structural interpretations of the first theme should inform those following it, these interpretations were influenced by policy, intervention and partnership as part of a horizontally and vertically multi-scalar governance model (Brenner, 2004; Harrison, 2010a). This was similarly influenced by the hierarchical understanding of the sub-national, which represented a number of formal and informal scales between the local and the (former) regional. To address this issue these four

themes were segmented in the analysis and key parts of individual narratives were compared to examine continuity between themes and unpick any source of contestation or form of convergence (Fig. 3.3).

**Figure 3.3: Policy actor thematic framework**



Source: Author

The coding procedures were carried out manually using a set of spreadsheets through which data was thematically attributed and analysed. This was selected over the use of analysis software such as NVivo partly due to the high level of manual organisation in coding and attenuating narratives required prior to software use (Welsh, 2002). Additionally, whilst software is argued to add rigour to the analysis process (Richards & Richards, 1991), this does present certain limitations around the interpretation and understanding of language used by interview subjects (Brown *et al*, 1990). This was considered a critical issue which manual

coding over electronic methods would mitigate considering the broad set of subjects interviewed and the differing lexicons encountered within participants ranging from small independent to medium-sized subsidiary firms and from small Districts to large urban LAs.

### **3.8 Ethical Issues**

The ethical issues arising from this study were relatively minimal. These however still required some careful thought in mitigation. This was particularly relevant considering the expected outcomes of the SSP as the CASE partner. The principal ethical issues which emerged during the research were the confidentiality of data and anonymity of subjects, informed consent for interview subjects, and maintaining subjects right to withdraw their testimony from the process.

The issues of confidentiality and anonymity were controlled with minor management as far as firm interviews were concerned. The interview sample was only known to the researcher, and any data disclosed within this thesis, through reports presented to the SSP, and in other work submitted for publication was ensured confidentiality through the suppression of testimony via absorption in a larger dataset or anonymised quotation. More difficult was the testimony of policy actors. As this was such a small set of organisations and the potential subjects from within the organisations represented such a limited number, it would have been easy within the confines of Southern Staffordshire to identify who had been interviewed. To this extent, the use of quotes as testimony in any document taken to the SSP were sparing and suppressed of context beyond Southern Staffordshire to mitigate the risk of exposing any personnel

within particular LAs. Within academic work such as the thesis and related published work, these testimonies were suppressed or anonymised in a way consistent with the firm subjects.

Ensuring all subjects consented to the interview in full awareness of the purpose of the interview and how the data would be used was important. To address this, a key part of the pre-interview debrief for all subjects was to provide an outline of the purpose of the study and how it would be utilised as part of both academic and policy work. This debrief also included details on how the data would be anonymised to protect disclosure of individuals and individual organisations.

Alongside this, all interview subjects were advised on their right to withdraw their testimony at any time either during the interview or at any point after it had been conducted. This right was stated at the start of each interview and reiterated at the close, which included passing contact details to the subject should they wish to exercise this right.

Two issues also emerged in relation to my background working in local government around the potential for forms of bias within the research process. The first of these emerged around a bias in respect of the role of LAs within sub-national governance. As discussed in the preceding chapter, governance has become fragmented in a spatial and scalar form through a broadening of active stakeholders, with implications for the influence of the local state. LAs however remain a key actor and patron/sponsor for the LEPs. Potential bias toward the role of LAs could have emerged *ex ante*, positioning them as either of greater or lesser significance

founded on previous experience. To mitigate this, the research applied governance and state actors in a broader capacity. This included directing references in firm interviews toward the role of the state as opposed to the role of local government, and interviewing a sample of governance actors from a set of institutions active within the research area rather than focus singularly on local government.

Secondly was the need to account for experience-led presumptions of dominant issues in local level economic governance. This was partially mitigated through my professional background via the range of spatial and institutional settings in which I had practiced ED. This covered five organisations in total including two unitary authorities, one county council, one regional development agency, and one business representation organisation, each with distinctive contextual approaches to ED based around local structure, policy period, and institutional priority. This was further mitigated through the use of a narrative approach to qualitative data collection amongst governance actors.

### **3.9 Role of the CASE partner in practice**

In the Introduction to this thesis I discussed the role of the CASE partner in this study, with significant input expected on the basis of access to both firms and policy actors through the SSP. In practice the role of the SSP as a research partner was very different. Whilst key information sources were forthcoming, these mostly came from Staffordshire County Council - technically not a member of SSP - as the lead organisation in delivering the Local Economic Assessment. SSP's role in accessing interview subjects emerged in a more peripheral manner. This also varied between the two sets of interview subjects.

For the firms we were looking to interview, access through SSP contacts proved to be very limited. The networks both SSP and its core LA members were involved in were limited. This varied between LA. Tamworth and Lichfield displayed some strong relationships with their businesses; these however tended toward business service, leisure and retail SME's they were able to directly assist via support such as place marketing, business-to-business clubs, and facilitation with other Council services. South Staffordshire Council was forthright in the limited level of business engagement they had; this had largely emerged around their contact with personnel in the firms moving onto the i54 site. East Staffordshire and Cannock Chase had their own set of relationships through respectively the Burton Chamber and the Cannock Business Leaders Group. These however failed to produce any direct links into the business community; whether this was a statement of the limited nature of these relationships or of the interest these two LAs had in full engagement with the project is unclear.

Some information on potential subjects was forthcoming from the LA's; at early stage interviews with the EDOs, a list of key firms within each area was established. This was supplemented by South Staffordshire with a list of firms with larger premises in their area taken from their Business Rates register. Fundamentally the LA connection provided only a limited number of firms and had to be significantly supplemented by alternative sources.

For the policy actors interviewed the SSP link again played out in a more limited capacity. Two data collection exercises were planned for the policy actors. The first of these was a Network Questionnaire designed to determine the extent of internal and external Southern

Staffordshire dialogue within business or economic policy-related services of the five Southern Staffordshire Authorities. A sample of 36 officers was identified across the five LA's, and questionnaires e-mailed directly alongside requests to the EDOs/SSP contacts to encourage their response. Considering the five LAs are both project stakeholders and funders, the vested interest in this should have encouraged participation – albeit with a little cajoling – and a response of 60-70% should have been easily achievable. In practice the return from the questionnaire was just 42%, and the extended period of 12 months it took to chase these returns raised questions over how legitimately they could be compared given the implications of working policy networks introduced during this 12 month period.

The second exercise was a set of face-to-face interviews with policy actors. Divided into four categories – LA Officers, Political Leaders, Business Leaders, and Other Stakeholders – the SSP was expected to provide a direct route to these subjects, a number of which were direct SSP members, and the remaining were likely to be partners. This link was again not as effective as had been hoped, and some notable absences were seen in the subjects interviewed including officers and political leaders from within the five Southern Staffordshire authorities.

Aside from these shortcomings, the benefit of the SSP connection came really through the legitimacy it offered the process in persuading subjects to participate in interviews. Whilst this may not have been forthcoming from all SSP members, which was disappointing, this legitimacy did help in making contact and appointments with senior people in both LEPs and in some big local businesses. Being able to say the interview was for research commissioned by the Southern Staffordshire Local Authorities to feed into their policy and investment

decision-making process played a key role in encouraging firms to participate in a way which saying it was for a PhD study alone would not have elicited.

Behind what should be seen as failings on the CASE partner's side regarding support for the research are a number of factors, and it would be difficult to see ways to fully mitigate these. The lead contact within the SSP acts as a point of coordination for Southern Staffordshire partners on both the GBS and the S&S LEPs. As such a large portion of his time is taken up preparing for, attending, and disseminating information from the meetings he's required to attend. Being in two LEPs clearly has implications on time resources, and this runs parallel to a period of both uncertainty and rapid change within the sub-national economic governance environment which has similar time demands. The limited interest in participating from some of the partners may also make a statement of their commitment to and interest in the SSP as an ongoing platform for their interests. This is particularly the case for East Staffordshire, and toward the end of the study period they had announced their withdrawal from the Partnership.

In this chapter I have set out the methodological approach I will adopt in the examination of the relationship between spaces of economic production and economic governance in Southern Staffordshire. In the next chapter I progress this examination, considering first the Functional Economic Area of Southern Staffordshire.

## **CHAPTER 4: DEFINING THE FUNCTIONAL ECONOMIC AREA OF SOUTHERN STAFFORDSHIRE**

### **4.1 Introduction**

Defining spatial economy has come under increasing discussion recently in both academic and policy debates. At the root of this has been the ongoing challenge of the spatial articulation of an increasingly networked economy, defined through a set of flows instead of a singular picture of place. In response to these demands, policy solutions have shifted from a system of centrally-defined administrative regions to a more organic model of sub-national articulation through the application of the Functional Economic Area (FEA). This has explicitly sought to reconfigure spaces of economic governance to facilitate greater integration with those of economic production, making an explicit spatial correlation.

The FEA has been proposed as a new model in the creation of sub-national spatial economy, integrating issues of networks and flows through basing their construction on considered market relations in place of established political space. To this extent it incorporates a distinctly relational approach, shaped by the interactions between key embedded actors and their exogenous counterparts. It however remains highly orthodox in a number of capacities, defining economic space through embedded concepts such as city-regions and measures such as Travel-to-Work areas.

In this chapter I commence my examination of the relationship between spaces of economic governance and those of economic production through consideration of the FEA as a spatial policy unit. This specifically considers its iteration in Southern Staffordshire, how this has been articulated through formal spatial designation, and how consistent this is with core measures of the FEA. Using labour flows and concentrations as primary indicators of local economy, I examine the extent to which FEA designations as applied through spaces of economic governance define the spatial economy of Southern Staffordshire, and how and where alternative spatial articulations emerge within the English Midlands. Commencing with an examination of the FEA positioning of Southern Staffordshire in the wake of the ‘Localist’ shift, it progresses to unpick this positioning through key FEA indicators. It will then examine questions of the singularity of FEA designation for Southern Staffordshire itself through considering localised industrial concentrations and dynamics within the Midlands.

#### **4.2: The FEA as policy unit: new sub-national spaces of ‘Localism’**

The FEA concept was adopted as an explicit spatial policy tool in the wake of the shift from regionalism to the ‘Localist’ era. Accommodating this concept made a clear link between the functioning of spatial economy through its principal market relationships and the demarcation of governance spaces in the management of sub-national economy. In this section I discuss the rationale and application of the FEA concept as a policy tool, and its translation into a unit of sub-national spatial economy. This will specifically consider the positioning and integration of Southern Staffordshire as part of this reformed sub-national space constructed around FEAs.

#### 4.2.1 Defining the Functional Economic Area

The FEA concept (Fox & Kumar, 1994) offers an interpretation of spatial economy bound into a set of active processes rather than simply interpreting it as a passive demarcated phenomenon. It provides a link between economy and wider political interests in three specific forms. First, it makes an explicit link between the economy and social welfare through the defining relationship between economy and labour; labour concentration and flows are the key criteria through which FEA is defined. Secondly, through labour flows it incorporates the principle of spatial integration into spatial economy, recognising it as a dynamic process. Finally, the presence and prosperity of labour markets is fundamentally linked to the growth of indigenous markets through a non-basic or consumer economy (Dawkins, 2003).

The FEA concept was applied as a core policy principle in the wake of the 2010 general election and the introduction of a Conservative-led coalition government in place of the preceding Labour administration. This saw the rejection of the regional model, based upon “artificial representation of functional economies” (HMG, 2010b, p.7) and in its place the introduction of Local Enterprise Partnerships (LEP) which reflect “natural economic geography” and “cover real functional economic and travel to work areas” (HMG, 2010a, p.2). Particular onus within this was given to the role of agglomeration economies and their exploitation through the prioritisation of an urban accumulation model of growth, positioning cities as nexus of the networked economy (Amin, 2004). Explicit in the FEA approach has been the integration of business leaders as key personnel in economic governance, considering them as best placed “to understand and respond to the opportunities and need of their own economies” (HMG, 2010b, p.11).

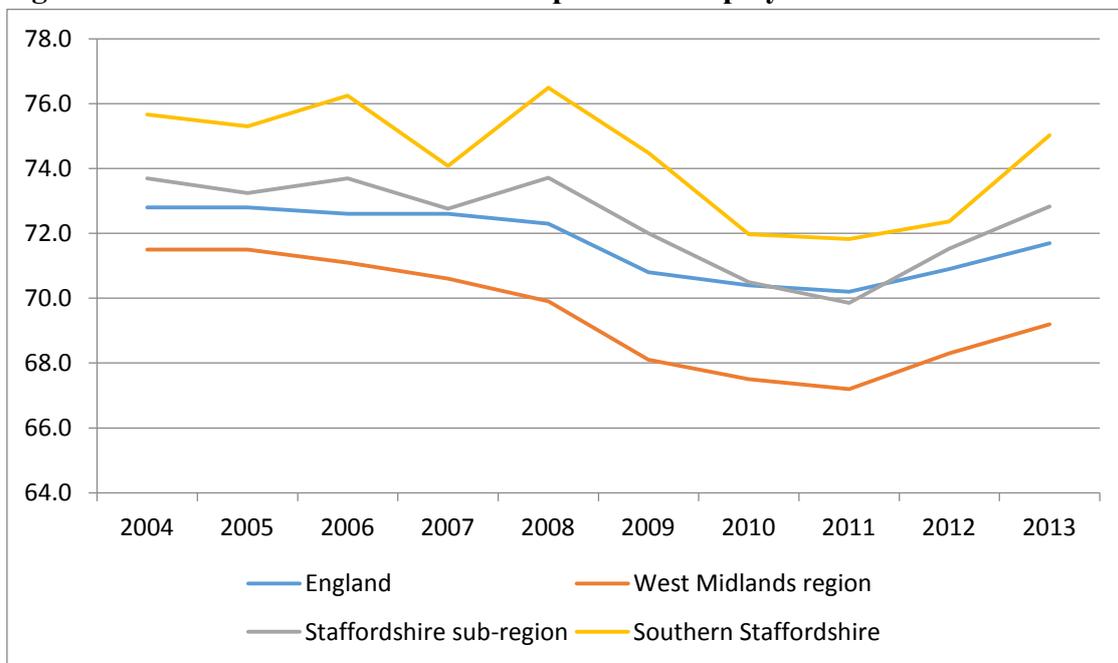
Application of the FEA approach in creating LEPs has seen significant reform in the sub-national spaces of England, with the 9 former regions and their designated Regional Development Agencies (RDA) separated into 39 LEPs. The principle of the organic FEA within this has seen the emergence of new spatial articulations, most specifically with tendencies for overlapping areas emerging and dual-LEP membership for certain localities in recognition of the FEA being an inexact science (Heseltine, 2012) and articulating the patchwork nature of spaces of production (Hayter *et al*, 1999; Hudson, 2004; Kraemer, 2005; Petrov, 2012). This novel reinterpretation of sub-national space has run alongside a contrary tendency to contextualise spatial economy through established administrative relations and articulations (Brenner, 2004; Townsend, 2012). In the next section, I examine the application of the FEA as a policy unit through the repositioning of Southern Staffordshire and its shifting spatial relations.

#### 4.2.2 Repositioning Southern Staffordshire through the FEA rhetoric

The introduction of the FEA policy unit and the spatial reformation which followed had a profound effect on Southern Staffordshire, integrating it in a collection of new spaces of economic governance. Having been previously situated within a sub-region of the West Midlands, an administratively- and statistically-defined level of governance (Stevens, 2004), the adoption of the FEA and its rhetoric of self-determinism presented Southern Staffordshire with the opportunity to pursue spatial relations in a form more concomitant with perceived economic links and internal policy objectives. In this section I examine these manifestations and the rationale behind Southern Staffordshire's integration in more detail.

Southern Staffordshire represents a collection of lower-tier Local Authorities (LAs) situated geographically in the county of Staffordshire but (mostly) contiguous to the West Midlands Conurbation (WMC) area. Whilst these create two strong spatial relationships for Southern Staffordshire, the area’s integration in both geographies has played a pivotal role in the active pursuit of revised sub-national designation. This has been influenced by a perceived lack of interest and investment in the area during the regional era despite a level of both employment and output which positions it as integral to sub-national performance.

**Figure 4.1: Southern Staffordshire Comparative Employment Rate 2004-2013**

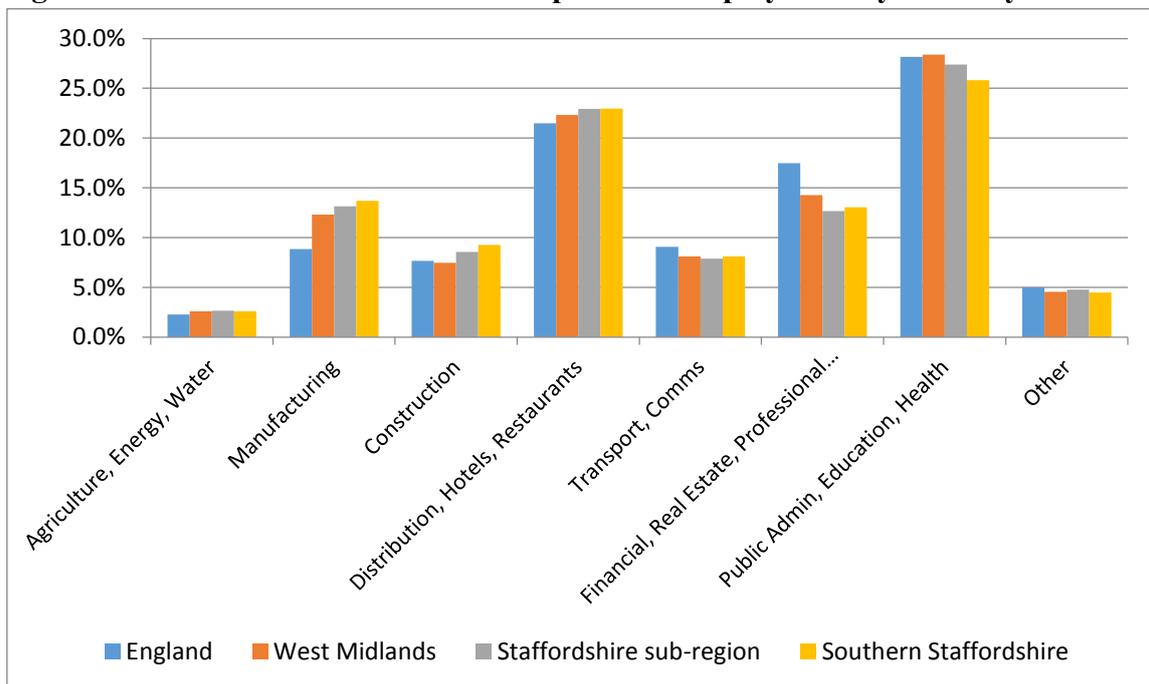


Source: Author, using data from ONS Annual Population Survey

Southern Staffordshire has consistently argued the area makes a significant contribution as part of the West Midlands (WM) region. As part of Staffordshire it generates the second highest GVA within the WM after Birmingham, and displays a consistently high level of employment proportionally in excess of rates found at national (England), regional and sub-

regional (Staffordshire and Stoke) scales (Fig. 4.1). It also plays a critical role in providing amenity for the region, housing key infrastructure alongside the provision of a range of development and expansion opportunities to support both the dispersal of industry and meeting regional housing and WMC population growth targets.

**Figure 4.2: Southern Staffordshire Comparative Employment by Industry 2011**



Source: Author, using data from ONS Census of Population 2011

Of these amenity effects, the distribution of particularly production industry has seen the Southern Staffordshire economy take on a very distinct structure. Whilst the WM is historically a heartland for manufacturing in the UK, within Southern Staffordshire the concentration of this sector is high even by WM standards (Fig. 4.2). Against this the transition toward service-led employment, be this private or public sector, has been much slower than national and regional trends. In spite of this, Southern Staffordshire is identified

as part of an enterprise belt of key industries and skills within the WM (Bryson & Taylor, 2006) whilst the manufacturing base, strong and resilient in employment terms, provides opportunity considering the context of national economic policy post-2010 around sectoral rebalancing of the economy “to one built on investment and exports” (HMT, 2011, p.28).

This argument has been integral to both foundation and focus of the Southern Staffordshire Partnership (SSP). Although an active partnership since 2001, the iteration in place when this study commenced in 2011 had formalised its objectives through a commitment to achieving a vision for the “development of a diverse, dynamic and sustainable economy” (SSP, 2006, p.1). Investment in Southern Staffordshire had however been bypassed in favour of concentrating either side of it, making intervention “difficult...because we didn’t really feature on the RDA radar in terms of their policy instruments. There was a focus on Birmingham and the Black Country, a focus on Stoke-on-Trent” (Officer, LA, 21-9-12). This initiated a polarised response from Southern Staffordshire regarding its governance relations. Whilst a line was taken to pursue stronger links with the WMC - “Southern Staffordshire brought a...attitude to the table of “Birmingham is our regional capital and our economic relationships to it are critical” ” (Officer, BRISO, 20-9-12); “The geography of Staffordshire...the southern towns look to Birmingham” (Officer, LA, 25-9-12) - there was no formal commitment to maintaining or enhancing relationships with North Staffordshire and Stoke-on-Trent; “We’ve been clear to say to Staffordshire we recognise we’re within the local government boundary. In terms of ED we’re working with the GBS LEP” (Cllr, LA, 4-6-13).

In spite of this, the most significant reformation of sub-national spaces in the West Midlands has seen Southern Staffordshire maintain interests in dual areas. Its formal integration with Birmingham, through membership of the Greater Birmingham and Solihull (GBS) LEP, has run alongside a geographically enforced stake in the Stoke & Staffordshire (S&S) LEP, the area also covered by the upper tier Staffordshire County Council (SCC); whilst representatives are adamant “we’re not in two LEPS. (Southern Staffordshire) opted to go with GBS” (Chair, BRSO, 12-11-12), “in a two-tier set-up...it’s important to have a good relationship. The County Council is very much in support of the S&S LEP” (Officer, LA, 4-10-12). The iteration of FEA in GBS and S&S has however had varying impacts for different parts of Southern Staffordshire. This is most significant in the reconfiguration of the WMC into two separate LEPS: GBS and the Black Country. The outcome is a variation in the permutation of Southern Staffordshire integrated with different FEAs, with South Staffordshire absent from the GBS LEP version and East Staffordshire from the S&S LEP version (although integrated in S&S geographically through its incorporation in Staffordshire County).

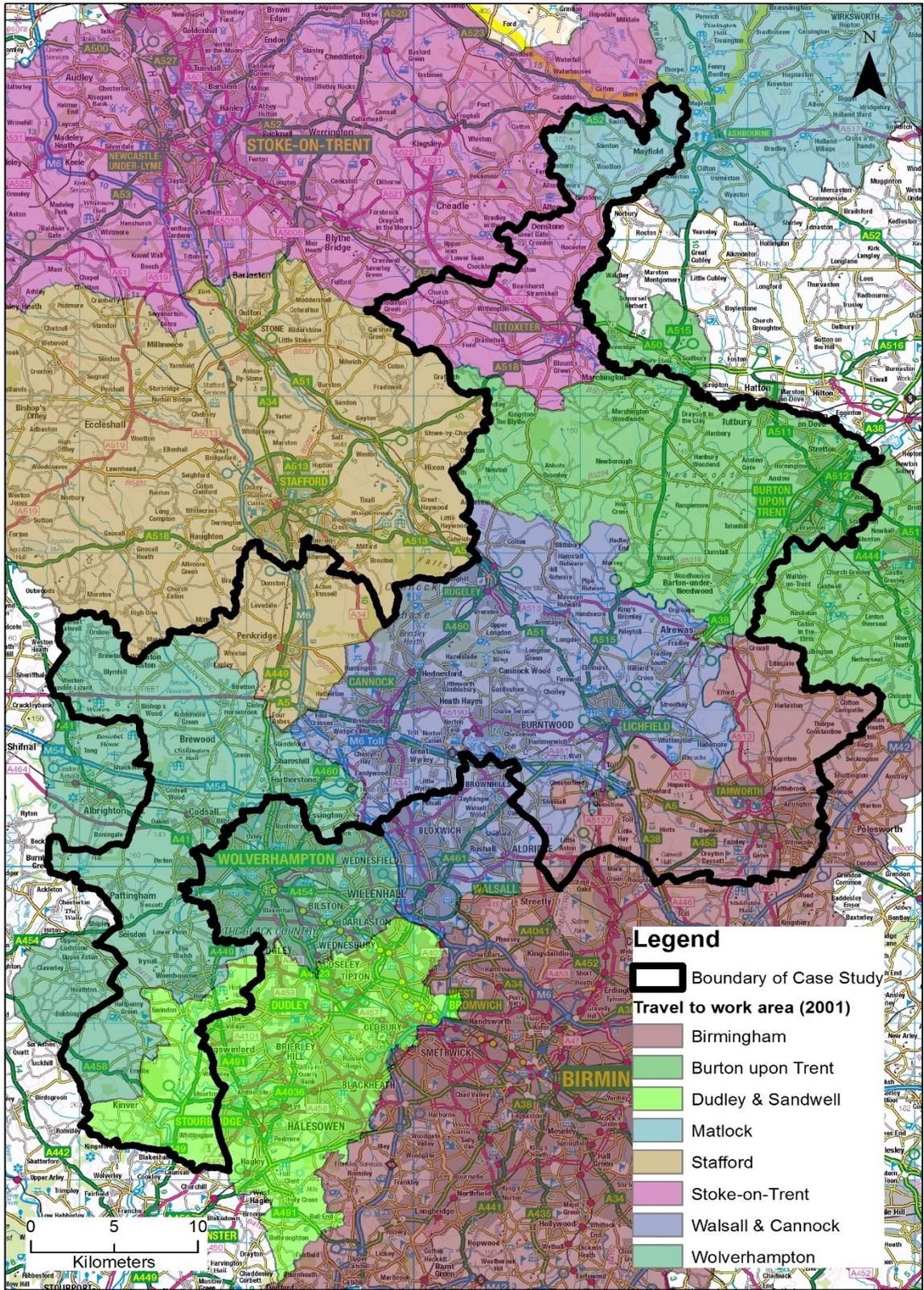
There are different rationales for Southern Staffordshire’s inclusion in two separate FEAs. Spatial integration in the S&S LEP is a result of SCC’s involvement, and whilst four of the five Southern Staffordshire LAs are designated members - three of which hold seats on the Board - this is seen very much as a secondary relationship. Instead, the primary spatial relationship is identified as the GBS LEP, considered to represent the more natural FEA for Southern Staffordshire, particularly around labour flows (Townsend, 2012) and the adoption of the city-region policy rhetoric (Martin & Sunley, 2011) in line with Birmingham’s positioning as a ‘Core City’ prioritised in investment terms. S&S meanwhile represents an

atavism of inherited geographies (Brenner, 2004). Between the two FEAs, the continuity of the relationship to Southern Staffordshire and its localities is uneven.

This continuity is perhaps best illustrated through the use of travel-to-work areas (TTWA) (ONS, 2007). Indicative of a key measure of the FEA, the geographical transfer of labour (Dawkins, 2003), a number of TTWAs cover the five Southern Staffordshire localities, indicating some fragmentation in terms of dependence not only between the formal FEAs but also within Southern Staffordshire. In total, Southern Staffordshire is incorporated into eight separate TTWAs, although these are collectively representative of Staffordshire County and the WMC. It does however indicate some significant separation in terms of labour transfer between parts of Southern Staffordshire and their designated FEA; this is most specific for East Staffordshire, integrated in the GBS FEA but with internal (Burton upon Trent) and north facing (Stoke-on-Trent) TTWAs, and South Staffordshire, integrated in the S&S FEA but with TTWAs looking principally to Wolverhampton and Dudley & Sandwell (Map 4.1).

In this section I have examined the introduction of the FEA concept as a policy unit for spatial economic governance and its manifestation in the context of the Southern Staffordshire area. Whilst seeking to enforce practices representing functional economies informed by market relationships, what is found in Southern Staffordshire indicates a more selective form of FEA motivated by either inherited administrative geographies (Brenner, 2004) or hegemonic spatial policy applications (Martin & Sunley, 2011). A more realistic FEA for Southern Staffordshire instead manifests in a more disparate form, although not fully detached from its

Map 4.1: Southern Staffordshire and Travel-to-Work Areas (2001)



Source: Ordnance Survey

FEA iterations. To examine this further, the next section progresses a more detailed analysis of FEA around Southern Staffordshire using labour flows and employment concentrations.

### **4.3 Unpicking the FEA: employment flows and sectoral concentration**

In the previous section I discussed the introduction of the FEA as a policy unit and how this has been applied in the case of Southern Staffordshire. Although the area has been integrated at least partially into two separate FEAs – GBS and S&S – there is evidence this does not fully represent a wholly organic economic area in line with the expectations of spatial reform set out via the LEP process. Instead, localities are selecting unions influenced as much by inherited relationships and strategic policy positioning as by any functional economic representation.

In this section I examine this further. Using core measures of the FEA, labour flows and employment concentration, I undertake a detailed analysis of the spatial economy of Southern Staffordshire and how FEAs are emerging in and around the area. I first analyse employment flows between Southern Staffordshire and its interpreted principal FEA of GBS. I follow this with consideration of key industrial concentrations within Southern Staffordshire and their replication within a broader Midlands geography.

#### **4.3.1 Employment flows in Southern Staffordshire**

Employment flows represent a key indicator of FEA, forging and reinforcing dependence between spaces of labour demand and supply (Fox & Kumar, 1994). This relationship has

increasingly been articulated through the application of a core-periphery model of spatial economy, interpreting the relationship between centres of economic agglomeration and residential distribution as, if not singular, then dominant in terms of creating sub-national spaces of economic governance (Florida, 2002; 2008; Krugman, 1991a; Storper, 1997). This has arguably been the case in the formation of GBS, with its claim to represent a FEA through city-region rhetoric. This is in spite of it representing a fundamentally different articulation to that of the West Midlands city-region defined during the RDA's tenure.

Considering Southern Staffordshire's interpretation of core-periphery within the context of GBS, potentially significant deficiencies exist. These emerge in particular around the extent of integration between Birmingham and Solihull as the core, the formal periphery of Southern Staffordshire and Northern Worcestershire, the informal periphery created by other contiguous places, and similarly the extent of dependence designated periphery has on the core.

Within Southern Staffordshire the balance of active labour to jobs indicates a net deficit of around 17,000, illustrating the dependence Southern Staffordshire's labour market has beyond its boundaries for employment. Whilst this deficit has fluctuated over time, for the period 2000-2010 dependence on employment from outside the area has remained consistent (Table 4.1). This dependence has reinforced notions of Southern Staffordshire as a dormitory area serving external labour demands, specifically the WMC and more recently GBS.

**Table 4.1: Residential and Workplace-based Employment in Southern Staffordshire**

	<b>Resident-based Employment<sup>4</sup></b>	<b>Workplace-based Employment<sup>5</sup></b>	<b>Balance</b>	<b>External Employment (%)</b>
<b>2000</b>	224,000	206,000	18,000	8%
<b>2001</b>	234,000	204,000	30,000	13%
<b>2002</b>	236,000	213,000	23,000	10%
<b>2003</b>	229,500	219,000	10,500	4.5%
<b>2004</b>	231,200	221,000	10,200	4.5%
<b>2005</b>	232,400	219,000	13,400	6%
<b>2006</b>	235,800	219,000	16,800	7%
<b>2007</b>	230,500	217,000	13,500	6%
<b>2008</b>	235,100	222,000	13,100	5.5%
<b>2009</b>	230,600	219,000	11,600	5%
<b>2010</b>	228,900	212,000	16,900	7.5%

Source: Annual Population Survey and Job Density, ONS

Within GBS, Southern Staffordshire is associated with Birmingham and Solihull, representative of the principal employment centres of the LEP area, and North Worcestershire, considered to hold a similar peripheral position. Analysis of employment flow data for the GBS area reinforces this perspective. North Worcestershire and Southern Staffordshire show a surplus of labour, whilst in Birmingham and Solihull we see a labour deficit. When these areas are consolidated as the GBS FEA the balance between jobs and workforce – or job density – is close to absolute (Table 4.2). This sets a clear statement on the potential for self-containment in the GBS area, but also about the roles played by the different parts, casting the central or core parts of Birmingham and Solihull as economic driver, with peripheral spaces in more of a supplemental role.

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<sup>4</sup> Resident population in employment either within or outside of the area

<sup>5</sup> Area-based workforce jobs filled by resident and non-resident population

**Table 4.2: Job Density in Greater Birmingham and Solihull area**

	<b>Jobs</b>	<b>Workforce</b>	<b>Job Density</b>
Southern Staffordshire	212,000	239,000	0.9
Birmingham	507,000	459,000	1.1
Solihull	102,000	94,000	1.1
North Worcestershire	112,000	135,000	0.8
Greater Birmingham & Solihull	933,000	927,000	1

Source: APS and Job Density 2010, ONS

This interpretation however omits three major considerations in the relationship between constituent parts of GBS. First it considers the internal dynamic of GBS in a singularly one-way capacity, making an explicit link between labour demands of its core and employment demands in the periphery. Secondly, it fails to consider the potential exchanges between spaces which sit beyond the formal and static interpretation of FEA. Finally, it conducts little detailed analysis on the industrial specifics of labour flows, and how dependence emerges on a sectoral basis. This is particularly prevalent for industries such as manufacturing and distribution where location trends have tended toward the edges rather than the core.

To examine these further, an analysis of labour flow on a sectoral basis can be used. This provides a perspective for each of the key issues raised through linking industry employment flow to locality. Whilst Southern Staffordshire shows a net labour surplus of around 17,000, this is only when the labour market is considered in absolute terms. Considered on a sectoral

basis implies the area is a net provider of employment for certain industries such as Distribution and Financial and Business Services (FBS), but reliant on external demand for others, such as Manufacturing and Public Administration. When applied to GBS, rather than a net provider of employment in absolute terms, we again see employment in certain sectors heavily reliant on the provision of jobs in places beyond GBS. If the analysis is further extended to consider GBS and the Black Country together we see a net provision of jobs in the Distribution and FBS sectors alongside a net deficit in the Manufacturing and Construction sectors (Table 4.3). In terms of satisfying job and labour surpluses, the indications are Southern Staffordshire, as both a single policy unit and part of GBS, is tied into a significantly broader territorial picture occurring in multiple forms (Brenner, 2004; Kraemer, 2005), its flow of labour more complex than the singular and simplified interpretation of the GBS core-periphery.

**Table 4.3: Labour In(Out)flow by Sector 2010**

	<b>Southern Staffordshire</b>	<b>GBS</b>	<b>GBS-Black Country</b>
Manufacturing	( 10,500 )	( 55,900 )	( 47,900 )
Construction	( 6,500 )	( 19,500 )	( 25,000 )
Distribution	5,000	47,000	74,500
Transport	-	7,000	500
FBS	1,500	49,000	69,000
Public Admin	( 10,000 )	( 4,500 )	( 10,000 )

Source: ONS Annual Population Survey/Business Register and Employment Survey

This variation in direction of labour flows is replicated considering Southern Staffordshire as five separate localities. As previously discussed, proximity to Birmingham as the defined core within GBS shows significant variation across Southern Staffordshire on the basis of TTWAs.

This has implications for transfer of labour. Whilst surpluses of labour are significant in Cannock Chase, Lichfield and Tamworth, East Staffordshire, and Burton-upon-Trent in particular, represents a net provider of employment; this is particularly relevant for parts of north Staffordshire and Derbyshire. South Staffordshire, which sees a labour migration of around 64% of its active workforce, is fundamentally linked into the employment markets of Wolverhampton and, to a lesser extent, Telford.

The circulation of labour within the designated GBS FEA indicates at an absolute level a considerable relationship with labour demand in Birmingham and Solihull meeting employment demand in Southern Staffordshire and North Worcestershire. This perspective is challenged when considered on a sectoral basis, with indications of more complex in- and outflows of labour between the various parts of GBS and other adjoining localities, specifically the Black Country and north Staffordshire. This fragmented picture created by labour flows can be enhanced through the use of sectoral employment concentrations.

#### 4.3.2 Defining sectoral concentrations in Southern Staffordshire

Alongside labour, another key factor in defining FEA is the concentration of industries which link a set of localities. Using the variety of industries and their concentration within an area focuses analysis of spatial economy on key structural factors, avoiding presumptions of the validity of singular, hierarchical developmental models (Parr, 2001) or focusing on industrial fads (Markusen, 1994). Instead the enduring industrial structure, its connection to the historic development of a regional production system (Hudson, 2004), and relationship with

embedded social-cultural practices (Cooke & Morgan, 1998) create a distinct territorial picture.

Southern Staffordshire and its industrial concentrations are consistent with the cultural-economic identity of the West Midlands as historically a manufacturing-led production system. At the same time the area diverges from this through a stronger representation and arguably a more resilient form of manufacturing, in terms of its comparative concentration and contribution to strong employment levels (see Fig. 4.1 & 4.2). The location and transition of this industry has contributed to repositioning Southern Staffordshire as part of the WM ‘E3i’ belt, with its endowments of high value industry and underlying growth potential (Bryson & Taylor, 2006); the concentration of this industry, as defined by Eurostat (2011), is critical to Southern Staffordshire building a case interpreting their integral role in the GBS economy. Within this concentration is a strong representation of manufacturing-focused knowledge intensive industries; interpreted using the location quotient (LQ) method shows a strong concentration within the Southern Staffordshire area, in keeping with but marginally ahead of that for the WM (Table 4.4).

**Table 4.4: Concentration of Knowledge Intensive Manufacturing (LQ)**

	High & Medium-High Tech Manufacturing
Southern Staffordshire	1.7
Birmingham	1.3
Solihull	1.7
West Midlands	1.6

Source: BRES 2009, using Eurostat Knowledge Intensive Sectors classification

Concentration in both manufacturing and high value manufacturing makes Southern Staffordshire a critical location within GBS and a wider area. The ongoing decline of UK manufacturing and its transition in the face of a mechanised and globalised mode of production had significant effect on the spatial distribution of this industry. This has seen the favouring of places such as Southern Staffordshire to the edge of urban centres, driven by regulatory intervention, market forces, costs benefits, and market proximity (Carr & Yan, 2012; Dicken, 1982; Hall, 2002; Phelps *et al*, 2001). Such distribution tendencies potentially limit the extent of links between Southern Staffordshire and the rest of GBS, instead linking it into an alternative undesignated industrial space constructed of concentrations within similar industries (Henderson *et al*, 2002; Ernst, 2005; Yeung, 2009). This is likely to have various iterations dependent upon the specific sub-sector within this industry (Hayter *et al*, 1999). To examine further the construction of FEA through the concentration of employment in the manufacturing sector, the next section considers the distribution of key sub-sectors from this industry within Southern Staffordshire.

#### 4.3.3 Identifying key sub-sectors within Southern Staffordshire

The manufacturing industry shows a significant concentration within Southern Staffordshire in excess of not only national but regional averages. This concentration is however not uniformly replicated across the localities of Southern Staffordshire. Examined for the area using a LQ method, the data shows a strong concentration scoring 1.6, but at the locality level some variance occurs ranging from Lichfield with a score of 1.4 to East Staffordshire which scores 1.9 (Table 4.5). This variation is replicated across a set of manufacturing sub-sectors.

Made up of 24 individual groups as defined by the Standard Industry Classification (Appendix 6), these range from the production of food and drink to manufacturing of clothes, chemicals, electrical equipment and vehicles. This section will use these sub-sectors to identify the key specialist industrial concentrations found within Southern Staffordshire

**Table 4.5: Manufacturing concentration in Southern Staffordshire (LQ)**

<u>Area</u>	<u>LQ Score</u>
Southern Staffordshire	1.6
Cannock Chase	1.5
East Staffordshire	1.9
Lichfield	1.4
South Staffordshire	1.6
Tamworth	1.5

Source: BRES employment by sector, 2010

Of the manufacturing jobs based in Southern Staffordshire, almost 80% are found in 9 key sub-sectors, each employing in excess of 1,000 within the area. Over half are in just 3 sub-sectors: Manufacture of Fabricated Metal Products, Manufacture of Machinery & Equipment not elsewhere classified, and Manufacture of Food Products (Table 4.6). Of these, it is only the food products sub-sector with an LQ score which doesn't indicate a concentration, although with an LQ of 1.43 this is marginal. Considering the distribution of manufacturing jobs across these key sub-sectors shows consistency with and diversion from the national profile when looking at both WM and Southern Staffordshire. Nationally the highest share of manufacturing employment is found in Food Products, and whilst this industry is still strong

in both WM and Southern Staffordshire, a higher share is found in other sub-sectors. For Southern Staffordshire this is specifically the Manufacture of Fabricated Metals and of Machinery and Equipment (Fig.4.6). These nine key sub-sectors will be used in the analysis of concentration-based FEA for Southern Staffordshire.

**Table 4.6: Key Manufacturing Sub-sectors in Southern Staffordshire**

<u>Sector</u>	<u>Employment</u>	<u>LQ</u>
25 : Manufacture of fabricated metal products, except machinery and equipment	4300	2.13
28 : Manufacture of machinery and equipment n.e.c.	3700	3.01
10 : Manufacture of food products	3200	1.43
29 : Manufacture of motor vehicles, trailers and semi-trailers	1800	2.02
22 : Manufacture of rubber and plastic products	1700	1.69
23 : Manufacture of other non-metallic mineral products	1700	2.95
11 : Manufacture of beverages	1700	8.41
26 : Manufacture of computer, electronic and optical products	1400	1.67
33 : Repair and installation of machinery and equipment	1200	1.60

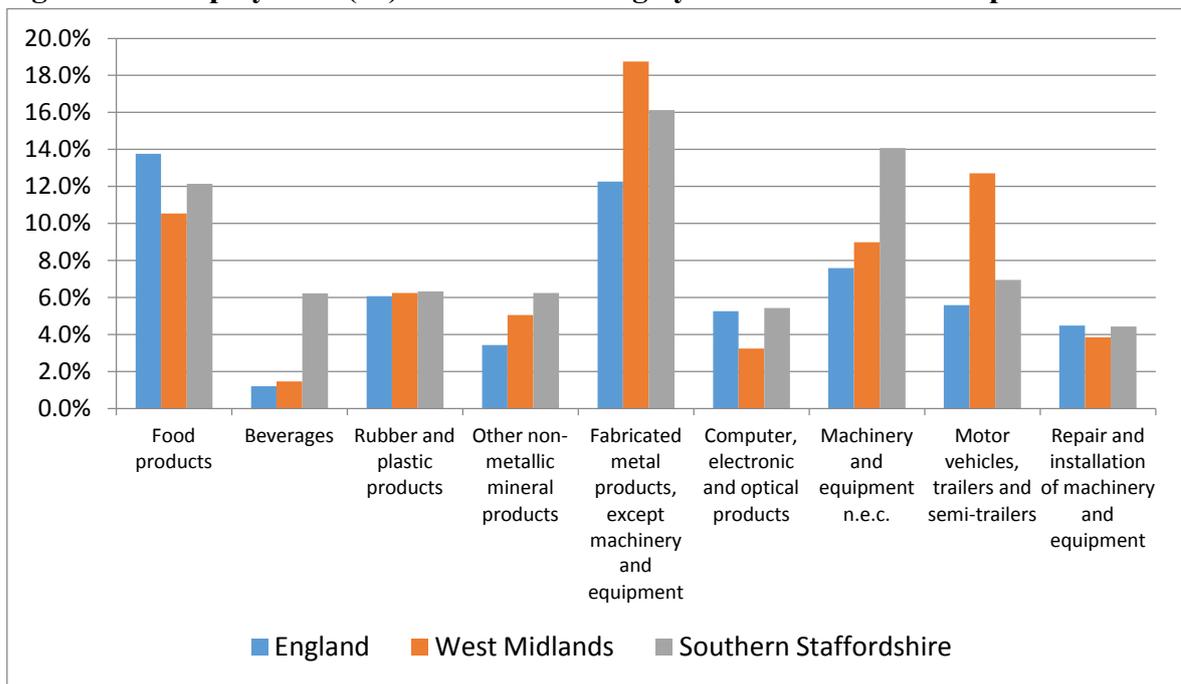
Source: ONS Business Register and Employment Survey 2010

#### 4.3.4 Interpreting the spatial patterning of key sub-sectors

Southern Staffordshire has an identified nine key manufacturing sub-sectors based on the volume of workplace-based employment and through this the LQ-derived concentration. In this section I use these comparatively against national, regional, and a set of local areas extending across the WM and into the East Midlands to build a picture of how concentrations integrate Southern Staffordshire into sub-national FEAs.

In comparison to concentrations of these sub-sectors at the national and regional scale, three specific tendencies can be identified implying either an isolated localisation of industry within the region, an extension of regional concentration making Southern Staffordshire a primary location for the sub-sector, or a retraction from regional concentration suggesting a secondary location in a regional industry. The overall implication of this is of Southern Staffordshire playing a role in more than one distinctive space of economic production (Amin, 2004; Hayter *et al*, 1999; Petrov, 2012), in equal measures regionally peripheral as a secondary location for some sub-sectors, regionally integral as a primary location for others, and regionally detached amongst a third set displaying isolated localisation (Fig. 4.3).

**Figure 4.3: Employment (%) in manufacturing by sub-sector: scale comparison**



Source: Author from ONS / BRES data

To examine this spatial patterning further, the LQ method used to identify Southern Staffordshire's key manufacturing sub-sectors was applied to an expanded regional geography. Applied at lower-tier authority level, this examined the WM area alongside extending into Derbyshire and Leicestershire as areas directly adjoining Southern Staffordshire (Appendix 7).

Mapping sub-sectoral concentrations across this expanded region shows a set of spatial patterns and distributions inferring links between the structural strengths of Southern Staffordshire and localities of the extended region. This relational approach ties Southern Staffordshire into its two designated FEAs of GBS and S&S, although these are rarely absolute. Spatial patterning conforms largely to two forms: sub-regional concentration and regional spread. Where sub-regional concentration occurs we see high levels of concentration in a set of localities in close proximity to one another, often contiguous. For regional spread, this activity is more widely dispersed across the expanded region, including non-adjoining localities. A third form of spatial patterning is also evident in one case - Manufacture of Beverages - representing a specialist node. This is highly concentrated within the East Staffordshire area, although similarly strong concentrations can be identified in North West Leicestershire and Herefordshire.

This spatial patterning occurs in a broader set of spatial distributions around the expanded region. Amongst these two clear relationships emerge. The first, in the case of two of the sub-sectors, shows a regional spread or dispersion where Southern Staffordshire is part of a set of areas with concentrations in these industries forming a wider sub-national space of economic

production. The second shows a more concentrated distribution specifically in the northern part of the WM and linking Southern Staffordshire to North Staffordshire, the Black Country, Derbyshire and Telford, occasionally reaching into Leicestershire and North Warwickshire (Table 4.7; Appendix 1).

**Table 4.7: Spatial Patterning and Distribution by Sub-sector**

<u>Sub-sector</u>	<u>Spatial Patterning</u>	<u>Spatial Distribution</u>
Manufacture of fabricated metal products	Regional Spread	Regional Spread
Manufacture of machinery and equipment n.e.c.	Sub-Regional Concentration	Northern Horizontal
Manufacture of food products	Sub-Regional Concentration	North-East Vertical
Manufacture of motor vehicles	Regional Spread	Regional Spread
Manufacture of rubber and plastic products	Sub-Regional Concentration	Northern Horizontal
Manufacture of other non-metallic mineral products	Sub-Regional Concentration	Northern Horizontal
Manufacture of beverages	Specialist Node	Dispersed
Manufacture of computer, electronic and optical products	Sub-Regional Concentration	North-East Vertical
Repair & Installation of Machinery & Equipment	Sub-Regional Concentration	Northern Vertical

Source: Author

Sub-sectoral concentrations within Southern Staffordshire and extending into a broader regional geography imply the formation of certain spaces of economic production.

Concentrations emerge across the former regional scale linking a number of adjoining or proximate localities; the replication of these patterns is distinctive across each sub-sector

(Amin, 2004; Hayter *et al*, 1999). Against this however certain relationships can be identified,

with concentrations positioning Southern Staffordshire as part of both a WM-spread system of production and a more specific set of localities linking the northern parts of the WM into contiguous localities in the East Midlands, suggesting whilst varying spatial iterations exist these are to some extent historically-geographically embedded (Dicken & Thrift, 1992; Plummer & Taylor, 2001). The spatial-patterning-by-locality approach used in this section also identified a number of differences in the distribution of industries within Southern Staffordshire itself, implying a potentially uneven relationship between individual localities and proposed FEAs. These distinctions and how this positions Southern Staffordshire's localities within sub-national spaces of economic production is discussed in the next section.

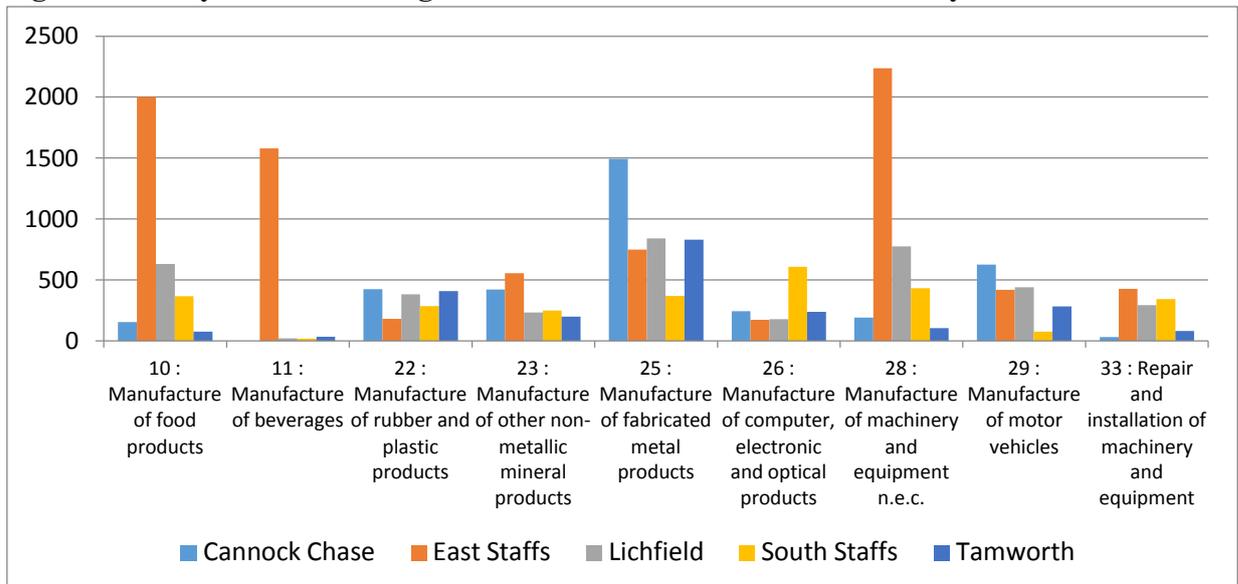
#### **4.4 Local industrial concentration and relational dynamics**

Analysis of the Southern Staffordshire economy using industrial concentration has identified manufacturing as a key sector both within the area and in its role as part of a wider spatial economy. Strong employment, levels of resilience against a macro-level tendency toward declining employment levels, and a transition toward higher value industry has positioned Southern Staffordshire an important sub-national space in pursuing key policy objectives of rebalancing the economy (HMG, 2010b, HMT, 2011). Breaking manufacturing down into a key set of sub-sectors has positioned Southern Staffordshire part of production systems active at sub-regional, regional, and national scales, playing both pivotal and supporting roles. These key sub-sectors are however not evenly distributed across Southern Staffordshire's five localities. Thus, the extent to which they can separately be considered integrated into different iterations of FEA vary. Applying sub-sectoral data at the local level for the five LAs, this section examines where structural similarity is emerging between sub-sectors and how this connects the individual localities of Southern Staffordshire to a broader regional setting.

#### 4.4.1 Sub-sectoral concentration in Southern Staffordshire’s localities

The distribution of key manufacturing sub-sectors within Southern Staffordshire varies significantly on the basis of workplace-based employment. Whilst five of the nine sub-sectors show high levels of employment focused within just one specific locality, the remaining four are more evenly distributed (Fig. 4.4). This provides some inference of the extent of structural integration within Southern Staffordshire. The presence of particularly high levels of employment in East Staffordshire for the three of these sub-sectors less well represented in other parts of Southern Staffordshire implies some structural detachment; East Staffordshire considered more aligned with localities to its north in Staffordshire and east in Derbyshire. It is also indicative of East Staffordshire’s position as an employment centre within Southern Staffordshire; the Borough provides 30% of the areas jobs, and 17,000 more than the next largest contributor, which is Lichfield.

**Figure 4.4: Key Manufacturing Location in Southern Staffordshire by Sub-sector**



Source: Author using ONS / BRES, 2010

Translating these volumes to localisation, the concentration of most key sub-sectors can be seen as more of a dual-local than collective phenomenon, aligning just some of rather than all Southern Staffordshire localities. For seven of the nine sub-sectors, strong localisation is observed in at least three of the five Southern Staffordshire localities. Only in the case of one industry however – Manufacture of Other Non-Metallic Mineral Products – is the concentration consistent across all five localities. Although these sub-sectors, analysed in the Southern Staffordshire context, represent concentrations, this is shaped in a number of cases by a locality-based phenomenon the strength of which statistically skews the picture of Southern Staffordshire. This is most significant in the case of Manufacture of Beverages; whilst showing an extreme concentration in Southern Staffordshire, this is solely based on an even more extreme localisation in East Staffordshire with very limited representation in the other four localities. (Table 4.8).

If these concentrations are used as a proxy for attachment, the integration of Southern Staffordshire as a spatial economy occurs through one critical point. Using shared sub-sectoral concentrations as an indicator for attachment, the strongest locality-to-locality connection is between Cannock Chase and Tamworth, sharing mutual concentrations in five sub-sectors. The most commonly occurring link however is found with Lichfield, sharing four common sub-sectors with each of the other four Southern Staffordshire localities. The lowest level of commonality is found between East Staffordshire and Cannock Chase and also East Staffordshire and Tamworth, although the East Staffordshire-Cannock Chase connection does share one sub-sector – Manufacture of Other Non-Metallic Mineral Products - with a strong concentration occurring in both areas (Table 4.9).

**Table 4.8: Sub-sectoral Localisation (LQ) by District**

	<u>Cannock Chase</u>	<u>East Staffs</u>	<u>Lichfield</u>	<u>South Staffs</u>	<u>Tamworth</u>
10 : Manufacture of food products	0.4	<b>3.0</b>	1.3	1.0	0.2
11 : Manufacture of beverages	0.0	<b>27.1</b>	0.5	0.6	1.2
22 : Manufacture of rubber and plastic products	<b>2.3</b>	0.6	<b>1.8</b>	<b>1.8</b>	<b>2.8</b>
23 : Manufacture of other non-metallic mineral products	<b>4.1</b>	<b>3.3</b>	<b>2.0</b>	<b>2.8</b>	<b>2.4</b>
25 : Manufacture of fabricated metal products	<b>4.0</b>	1.3	<b>2.0</b>	1.2	<b>2.8</b>
26 : Manufacture of computer, electronic and optical products	<b>1.5</b>	0.7	1.0	<b>4.4</b>	<b>1.9</b>
28 : Manufacture of machinery and equipment n.e.c.	0.8	<b>6.1</b>	<b>2.9</b>	<b>2.2</b>	0.6
29 : Manufacture of motor vehicles	<b>3.7</b>	<b>1.6</b>	<b>2.3</b>	0.5	<b>2.1</b>
33 : Repair and installation of machinery and equipment	0.2	<b>2.0</b>	<b>1.9</b>	<b>2.9</b>	0.8

Source: Author using ONS / BRES data 2010

**Table 4.9: Internal ‘Connectedness’ by Key Manufacturing Sub-sector**

	Cannock Chase	East Staffordshire	Lichfield	South Staffordshire	Tamworth
Cannock Chase	-	2	<b>4</b>	3	<b>5</b>
East Staffordshire	2	-	<b>4</b>	3	2
Lichfield	<b>4</b>	<b>4</b>	-	<b>4</b>	<b>4</b>
South Staffordshire	3	3	<b>4</b>	-	3
Tamworth	<b>5</b>	2	<b>4</b>	3	-

Source: Author’s own, based on no. of mutual sub-sectoral concentrations (LQ) from 9 key industries

Concentration of sub-sectors across Southern Staffordshire suggests when deconstructed, the relationship between the five localities emerges in quite different forms. Rather than a single homogenised structural integration, key industries for the area emerge and consolidate at different points, replicating the multiple models of FEA proposed around Southern Staffordshire. As a result, certain localities within Southern Staffordshire are more closely related in structural terms than others. These localities may similarly have a stronger synergy in terms of concentration of key sectors with other external localities within the expanded region.

#### 4.4.2 Defining relational FEAs through localised concentrations

As outlined in Table 4.7 and Appendix 1, the sub-sectoral concentration of key manufacturing industries identified in Southern Staffordshire are not exclusive to the area, instead creating a set of overlapping spaces into which Southern Staffordshire is integrated by varying degrees (Amin, 2004; Brenner, 2004; Kraemer, 2005). Differentiation in sub-sectoral concentration between the localities of Southern Staffordshire outlined in the previous section similarly implies varying levels of structural integration within and outside of Southern Staffordshire. It is therefore probable that Southern Staffordshire's five localities link into different spaces of economic production within the expanded WM area rather than singularly and homogeneously into one FEA. To examine where and how these relationships emerge and their spatial articulation, the LQ scores for the expanded WM localities were analysed collectively measuring an inferred structural similarity with Southern Staffordshire's localities on the basis of mutual sub-sectoral concentration; this used an accumulating scoring system awarding of 1 for a localisation ( $\Rightarrow 1.5$ ), 2 for a strong localisation ( $\Rightarrow 3$ ) and 3 for an extreme

(=>6). This measure offers a picture of the related variety Southern Staffordshire's localities have against one another alongside those from the expanded region.

The spatial manifestation of this related variety emerged in three particular forms. In the case of Cannock Chase and South Staffordshire it showed a set of nodal connections; for Cannock these were widely spread across the region whilst South Staffordshire's were with localities more focused in the north of the region, although in most cases not adjoining the locality. Both East Staffordshire and Lichfield show more contiguous attachments; East Staffordshire aligned to Northern Staffordshire, Derbyshire, and Leicestershire whilst Lichfield's were within or on the immediate edge of Southern Staffordshire. Tamworth showed signs of both nodal and adjoining relationships (Table 4.10).

Analysis also indicates fragmentation within Southern Staffordshire itself. There is evidence of structural similarity between Cannock Chase, Lichfield and Tamworth; this attachment is particularly focused around four key sub-sectors – Rubber and Plastics, Other Non-Metallic Minerals, Fabricated Metal Products, and Motor Vehicles. This similarity links them into a patterning of key strategic industries focused around the fringes of the WMC (Bryson & Taylor, 2006). Whilst concentrations in some of these industries can be found in both South and East Staffordshire, structurally they have a closer alignment with the northern part of the Midlands, incorporating Telford and Shropshire, Derbyshire, and northern Staffordshire.

**Table 4.10: Locality-based related variety: spatial forms and peers**

<u>District</u>	<u>Spatial Form</u>	<u>Peers</u>
Cannock Chase	Nodal	Redditch, South Derbyshire, North Warwickshire, Telford & Wrekin, Sandwell, Erewash, Amber Valley
East Staffordshire	Contiguous	NW Leicestershire, South Derbyshire, Staffordshire Moorlands, Telford & Wrekin, Sandwell, Amber Valley, Rugby
Lichfield	Contiguous	Telford & Wrekin, Sandwell, Cannock Chase, East Staffordshire, North Warwickshire, Staffordshire Moorlands, Dudley, Redditch
South Staffordshire	Nodal	Telford, Stoke, East Staffordshire, Amber Valley, Staffordshire Moorlands, Hinkley & Bosworth
Tamworth	Contiguous/Nodal	Cannock Chase, South Derbyshire, North Warwickshire, Redditch, Sandwell, Telford, Amber Valley

Source: Author

Southern Staffordshire's key sub-sectoral concentrations suggest the area is integrated into a set of spaces of economic production focused in a dispersed form across the WM and more concentrated in the northern WM and eastern East Midlands. This integration is however not uniform for the whole of Southern Staffordshire, with different localities integrated to

differing degrees through sector-specific spatial patterning (Hayter et al, 1999, Hudson, 2004). The variation in sub-sector concentration between the five localities serves to fragment Southern Staffordshire whilst binding it into a varying set of spatial economies at the sub-national scale (Amin, 2004). This has the effect of setting out a conceptual core and periphery within Southern Staffordshire, separating Cannock Chase, Lichfield and Tamworth as the core from East and South Staffordshire as more peripheral parts. It similarly integrates via a related variety the localities of Southern Staffordshire into some quite distinctively separate versions of spatial economy.

#### **4.5 Conclusion**

In this chapter I have examined the FEA as a spatial policy unit using Southern Staffordshire as a case study. Using the core measures of the FEA, labour flows and industrial concentration, I have analysed the extent of integration between Southern Staffordshire and its defined FEAs of GBS and S&S. Progressing from this, I have used labour concentration as a tool to identify the continuity of established FEAs, and examine potential alternative forms of relationship between Southern Staffordshire and its contiguous and proximate regional spaces. This analysis has been extended to examine Southern Staffordshire itself as an economic unit and unpick its internal and external relationships.

The introduction of the FEA concept to the formation of spaces of economic governance has sought to reform the sub-national map of England through the introduction of a new set of spatial economies based on market interaction in place of political administration (HMG, 2010b). Despite rhetoric of self-determination and shaping spatial economy through stronger

firm integration, the manifestation of these new spaces in the context of Southern Staffordshire has been influenced most prominently by policy relationships over economic ones (Townsend, 2012) driven specifically by presumptions of the core-periphery model of spatial economy (Martin & Sunley, 2011) alongside the continued patronage of embedded state institutions (Brenner, 2004).

The positioning of Southern Staffordshire within two formal FEAs is representative of the plurality of spaces of economic production (Agnew, 2013; Amin, 2004; *ibid*). The extent to which these alignments are representative of the critical concentrations used to determine FEA can however be challenged. Whilst singular analysis of labour flows suggest some continuity, when considered on the basis of individual sectors the picture of exchange and dependency is more complex, proposing multiple iterations of competing spaces of economic production (Petrov, 2012).

The potential plurality of Southern Staffordshire's integration in spatial economy is further illustrated in the analysis of key sub-sector concentration. This suggests a further shift away from formal FEAs of core-periphery or embedded institutions toward a set of relationships manifesting in multiple forms concurrently, divided between spaces of isolated concentration and of primary and secondary regional concentration. To this extent established articulations of FEA can be considered only a partial representation of spatial economy, itself emerging as a patchwork structure (Kraemer, 2005) and a multi-scalar phenomenon (Brenner, 2004; Hayter *et al*, 2003) manifesting in not only multiple regional spaces but integrated at varying scales from localised to extra-regional. Whilst this phenomenon destabilises concepts of

formal FEA, it similarly destabilises other embedded notions of spatial economy; variation in sub-sectoral concentration between the localities of Southern Staffordshire suggests significant underlying differences which serve to fragment not only singular concepts of FEA but singular notions of Southern Staffordshire itself, recreating spatial economy as a result of industry networks (Henderson et al, 2002; Piccaluga, 2004) and distribution (Gereffi *et al*, 2005; Parr, 2001) over any form of spatial distinction (Andersson & Karlsson, 2007; Sturgeon *et al*, 2008).

This chapter has proposed limitations to the understanding of spatial economy created through the application of the FEA as a policy unit. Fundamental to this has been a consideration of relational attachment through the analysis of labour flows and concentrations. These however represent only one measure of spatial economy, and one which is rooted in a concept of spatial boundaries. With growing interest in a more networked model of economy, the role of firms and their relationship to critical counterpoints in spaces of production is considered of increasing importance in determining spatial economy. In the next chapter I turn my attention to this approach.

## CHAPTER 5: FIRM EXCHANGES AND SPATIAL DETERMINANTS

### 5.1 Introduction

In this chapter I discuss how spatial economy is being constructed through the practices and networks of firms. Using the firms in Southern Staffordshire as a platform through which spaces of economic production are forged, I examine how their varying commercial and operational relationships create spatial economy and its concomitance with orthodox understandings presented through the established and designated area of Southern Staffordshire alongside its sub-national articulations.

Fundamental to this understanding is the dynamic concept of spatial economy and its transition toward a networked phenomenon through deregulation and globalisation trends, the growing efficacy of this networked economy approach underwritten by the mobility of labour, finance, and information, alongside a related shift in approaches to sub-national policy. As political organisations have sought to define this approach through direct synergy with shifting regulatory spaces, reinforcing their validity through a rhetoric of innovation potential built largely around applications of the core-periphery model (Harrison, 2010b; Martin & Sunley, 2011), the relational turn (Jones, 2009; Jonas, 2012) presents the concept of spatial economy as dispersed and transitory, built around networks and flows. Spatial implications of this relational approach are a broadening dispersal of spaces of economic production, increasingly bound into a global system of transaction and knowledge exchange (Arndt & Kierzkowski, 2001; Henderson *et al*, 2002; Dicken, 2007; Markusen *et al*, 1999) as

embeddedness at the sub-national scale becomes situated around more specific enabling factors both physical and intangible (Hall & Soskice, 2001; McCann, 2007; Shearmur, 2011).

Critically such spaces of economic production manifest via firms and their complex circuitry of historic-geographic flows (Hudson, 2004), rarely conforming to political spaces (Piccaluga, 2004). Firms provide a critical link between the local and global (Swyngedouw, 1997), their relationships transcending orthodox spatial articulation via loose networks (Granovetter *et al*, 2000), non-spatial proximities (Boschma, 2005), and trade dialogue (Nooteboom, 2000) occurring at multiple scales (Bathelt *et al*, 2004; Torre, 2008). Alongside this however a clear relationship exists with forms of administrative demarcation through the resource limitations of historic-geographic choices (Cyert & March, 1992), spatially-embedded interpretations of industry (Johnson & Hoopes, 2003), and similarly embedded professional and personal interests (Clark & Wrigley, 1997a; Jensen, 1993).

In Chapter 4 I discussed how the Southern Staffordshire economy and its sub-national articulations may be challenged through the highly dispersed geography of labour concentration, linking to spaces beyond those formalised through governance relationships whilst fragmenting Southern Staffordshire itself. In this Chapter I extend this analysis considering in more detail the firms functioning within Southern Staffordshire, how their practices correspond with or create forms of spatial economy, and how through these sub-national relationships are constructed.

Following trade and knowledge exchanges, this Chapter examines the space and scale at which these emerge for Southern Staffordshire firms. Using interview data from 48 firms within the study area, it discusses where these exchanges occur and considers the key factors within the area contributing to their formation and continuity. Commencing with a discussion on the role of sub-national infrastructure in firms embedding, it progresses to consider the nature and extent of firms' integration into sub-national economic space through an examination of transactional and knowledge networks. It concludes discussing the spatiality of these exchanges, what they mean for bounded concepts of spatial economy, and how this relational manifestation may be spatially conceptualised.

## **5.2 Foundations of local attachment: firm location and embedding**

This section focuses on understanding why firms in Southern Staffordshire selected this area as a location and how resources within the area have served to embed them. In an economy where production networks can be both concentrated and dispersed (Gereffi *et al*, 2005), understanding the attachment between firm and locality has become more refined. This has progressed from simple proximity to core marketplaces by incorporating a broader understanding linking prosaic factors of service and amenity (Molotch & Logan, 1987; Shearmur, 2011) to their effective utilisation through a set of tangible and intangible exchanges, specifically around knowledge (Andersson & Karlsson, 2007; Bathelt *et al*, 2004; Maskell & Malmberg, 2007; Storper, 1997). Critical to this has emerged the phenomenon of firms becoming both locally embedded and globally connected (Swyngedouw, 1997), bound into a reinforcing and evolving set of exchanges underwritten by the manifestation of key supporting factors accessible to the firm.

The manifestation of embeddedness across firms provides a key indicator of how they are bound into a local or regional form of spatial economy. The emergence and transition of what are considered critical factors, be they physical infrastructure via road and rail or sites and premises, embedded aptitude in skilled labour, or more ephemeral networks binding local to global (MacKinnon *et al*, 2002; Peck, 1996; Phelps & Alden, 1999, Potter & Moore, 2000, Swyngedouw, 1997) vary between firms, consolidating and transforming through the demands of changing markets and products with their own set of spatial and functional implications. To examine how this critical infrastructure emerges within Southern Staffordshire, this section focuses on the two key questions of location and embeddedness. Taking these individually, it progresses to consider how critical factors also emerge in a plural capacity and the relationship between location and embedding.

#### 5.2.1 Firm location: initial selections

The initial selection of present sites for trading and production in Southern Staffordshire has been influenced by various factors. For the most part these were consistent with orthodox location factors (see Peck, 1996; Phelps & Alden, 1999; Potter & Moore, 2000). None however occurred with uniform regularity across the sample, instead representing a mix of anticipated and more specific principal factors dependent on firm needs and priorities.

Of primary importance was availability of sites and premises, cited by 56% (27) of firms interviewed. Second was the more personally-rooted proximity to owners or senior managers' homes, accounting for 35% (17) of the sample. The presence of a good transport infrastructure, incorporating road, rail and air networks, was cited by 29% (14) of firms.

Following these, consolidation or expansion opportunities for firms was important for 23% (11), and both cost and an established local presence for 19% (9) (Table 5.1).

Common across these factors was their servicing of firms' distinct needs. In the provision of sites, flexibility and variation offered multiple options attracting firms from across segments of the sector with different requirements. The availability of designated but previously undeveloped land in a prestige location and at a prestige position offered some firms the opportunity to secure premium sites or invest in bespoke buildings, in certain instances linking with other similar industries to build a highly localised signature cluster. This provision of 'status' sites ran alongside more prosaic, cost-based considerations, determined by land value and a broadly available purchase option. This was enforced by a perception of limited options outside of Southern Staffordshire.

**Table 5.1: Principal factors in initial firm location**

<u>Factor</u>	<u>Firms</u>	<u>% Firms</u>
Site/Premises Availability	27	56%
Close to Home	17	35%
Transport Infrastructure	14	29%
Consolidation/ expansion	11	23%
Cost	9	19%
Established Local Presence	9	19%
Central Location of area	7	15%
Local Workforce	6	13%
Acquisition	6	13%
Skills availability	4	8%
Industry Specialism	4	8%
Relocation	4	8%
Investment	3	6%

Source: Author

Site potential was not solely about sites themselves but also about complementary historically-rooted developments in three distinct places: within the firm itself, across their sector more generally, and through state intervention. Firstly, with 75% of firms relocating from within the Midlands, including Southern Staffordshire, pivotal for any new location was personal proximity for both the convenience of senior management and the retention of key employees, thereby offering productivity gains and maintaining critical knowledge inputs (Clark & Wrigley, 1997b). Second, a legacy of sector-based investment from the former regional production system and the location of key aptitudes amongst the workforce influenced site selection (Henry & Pinch, 2000; Marshall, 1890). Finally, industrial relocation or brownfield-led urban regeneration policies encouraged relocation outside urban core areas (Dicken, 1982; Hall, 2002; Tallon, 2013); this was supplemented by a flexible land-use offer and accumulated infrastructural benefits, specifically through a broad motorway network.

Firm location within Southern Staffordshire is consistent with orthodox locational factors, emerging particularly around sites and premises and access to transport networks alongside more personal inputs or sunk costs. Whilst frequently recurring, these principal factors manifest in varying ways between firms and the function of location motivated by a convergence of investments applied by the firm itself, their industrial sector in proximity to their location, and investment by the state.

### 5.2.2 Firm locations: embedding investment and interest

Whilst critical in firm location, factors encouraging this are not static. Instead, their interpretation and integration with firm interests is transitional as firms progress from location

phase to the period of embedding themselves within this location. This embeddedness, serving to maintain firm operations within Southern Staffordshire, was principally underpinned through the important role of local workforce, cited by 44% (21) of subjects. This was followed by investment the firm had made within the area for 40% (19), and access to what was considered a high quality transport infrastructure in 38% (18) of cases. Of lesser importance, although commonly cited, was the geographical position of Southern Staffordshire within the UK and the cost of production and operations within the area, cited by 25% (12) and 21% (10) of firms respectively (Table 5.2).

**Table 5.2: Principle factors in retaining firm location**

Factor	Firms	% Firms
Local workforce	21	44%
Investment	19	40%
Transport Infrastructure	18	38%
Central Location	12	25%
Cost	10	21%
Close to Home	9	19%
Industry Specialism	8	17%
Skills Availability	8	17%
Status	2	4%
Consolidation/Expansion	1	2%

Source: Author

A number of embedding factors are themselves historically embedded within Southern Staffordshire through state and firm-led investments. Key workforce skills are bound into a legacy of the Midlands as a manufacturing hub, embedded through a skills base in ready supply and high level of service-years within firms; the latter represented an embedding across firms, with technical capacity at shop floor level as significant as senior personnel

(Henry & Pinch, 2000). Relocation outside of the local would compromise this resource, essentially locking firms into their location.

These firm or state investments were however contextual to geographical and market positioning. Southern Staffordshire holds a strong central position in the UK with good road and rail links. The value of both geographic position and infrastructure are dependent on the link between firms and their client base (Peck, 1996), manifesting in a variety of hub-and-spoke style networks (Markusen *et al*, 1999). Benefits of this connected centrality included strategic engagement with customers across the UK, functional distribution of goods and services across a UK-wide market, and access to key air and seaports for firms in international production chains. Whilst difficult to separate place from resource, the functionality of the location was only achieved through such connectivity; as one participant commented, their location was “nothing to do with (Southern Staffordshire), it’s to do with the transport links” (CEO, Manufacturing Firm, 16-4-13). Such historical influences translated into certain firms through significant site investment. This partially yielded the orthodox set of sunk costs (Clark & Wrigley, 1997a), but additionally future investment for relocation was a factor; this incorporated the unknown costs of relocation, the cost of production line downtime, and institutional memory of trouble with previous relocations.

Firm embeddedness within Southern Staffordshire is dependent on three principal factors of local workforce, sunk firm investments, and transport infrastructure. This embedding however needs to be reinforced through continued direct and indirect investment in such critical factors, for which state and sectoral investment provide significant inputs alongside individual

firms. Fundamental to these investments is maintaining proximity to key markets and clients through localised industrial aptitude or milieu.

### 5.2.3 Factor transition and firm enabling

The form and extent of integration between firm and locality is an ongoing and dynamic process, locational factors evolving as firms embed within the area and utilise endowments to their evolving needs. As a result, the link between factor and firm is itself in ongoing transition, dependent on factor application through firm strategy and practice, and upkeep through broader infrastructural investment (Peck, 1996). Alongside this dynamic reinterpretation, embedding factors are rarely singular instead occurring through a number of interdependent relationships.

In locational considerations, 77% of firms cited at least two principal factors, most specifically around the role of sites & premises, transport infrastructure, cost and the central location of the area. This plurality was replicated amongst embedding factors, with 81% of firms citing two or more in maintaining investment. Here the key factors were the transport network, the areas' central position, and the value and replacement cost or impact of workforce skills. Transition between these two considerations showed some natural genesis, with factors such as sunk costs an outcome of site investment. Alongside this however runs the relational capacity of these factors and their ability to service demands placed on firms emerging from the shifting spatial patterns and production practices of their industry (Amin, 2004; Dicken, 2007; Hayter *et al*, 1999). In responding to these demands, factors such as the

provision of niche industrial aptitudes embedded via a production heritage or infrastructure providing easy access to peripatetic markets offered a critical intersection.

The location and embedding of firms within Southern Staffordshire is dependent on multiple factors conforming to orthodox understandings such as physical endowments alongside the accumulation of industrial resource specifically around key knowledge inputs. Although no single factor or set of factors offers an understanding of location and embedding, commonly cited and critical for firms is the convergence of investment opportunities in the shape of employment sites, communications infrastructure offering access to markets, and an appropriate skills base to interpret and respond to the needs of these markets. Against these, one presumed factor in location and embeddedness absent across firms interviewed was immediate geographical proximity to markets in the form of customers and suppliers, and in particular their presence at the sub-national scale. The location of these markets will be examined in the next section.

### **5.3 Trade exchanges: territories of transaction-based interaction**

The role of sub-national space and its capacity to support and reinforce production systems has been increasingly seen as fundamental (Storper, 1997; Florida, 2008). Whilst spatial distinctions have evolved – from neo-regionalism to core-periphery or urban-accumulation models – the concept of a bounded and reinforcing sub-national manifestation has been somewhat consistent across this debate, making the link between spaces of economic production and spaces of economic governance explicit. This has run parallel to increasing tendencies toward fragmented interpretations of production systems, argued to position firms

in spaces as likely geographically dispersed as concentrated (Gereffi *et al*, 2005) and therefore functioning at more diverse scales.

Fundamental to understanding these spatial manifestations are the geographical location of firms' forward and backward linkages (Henderson *et al*, 2002). The transactions which occur within these chains create a distinct set of production systems, and therefore production spaces, through varying spatial articulations of firm networks (Hayter *et al*, 1999). A key part of this is the location of firms' customers and suppliers, representing direct transactions alongside acting as a conduit into broader production chains.

In this section I examine the construction of spaces of economic production in and around Southern Staffordshire using firm interaction as the critical component, and through this consider the key modes of attachment emerging for firms within Southern Staffordshire. This focuses specifically on the location of firms' customers and suppliers. Commencing with customers before moving on to suppliers, I will discuss the location of these organisations and how this constructs a picture of spatial economy for Southern Staffordshire through its firms.

#### 5.3.1: Customers

The distribution of customers amongst Southern Staffordshire firms suggests they are highly dependent on a set of clients located outside Southern Staffordshire and the West Midlands. Across the sample only 15% (7) identified regional customers, and this translated into a solely region-specific focus for just two of these; one the regional branch of an international logistics

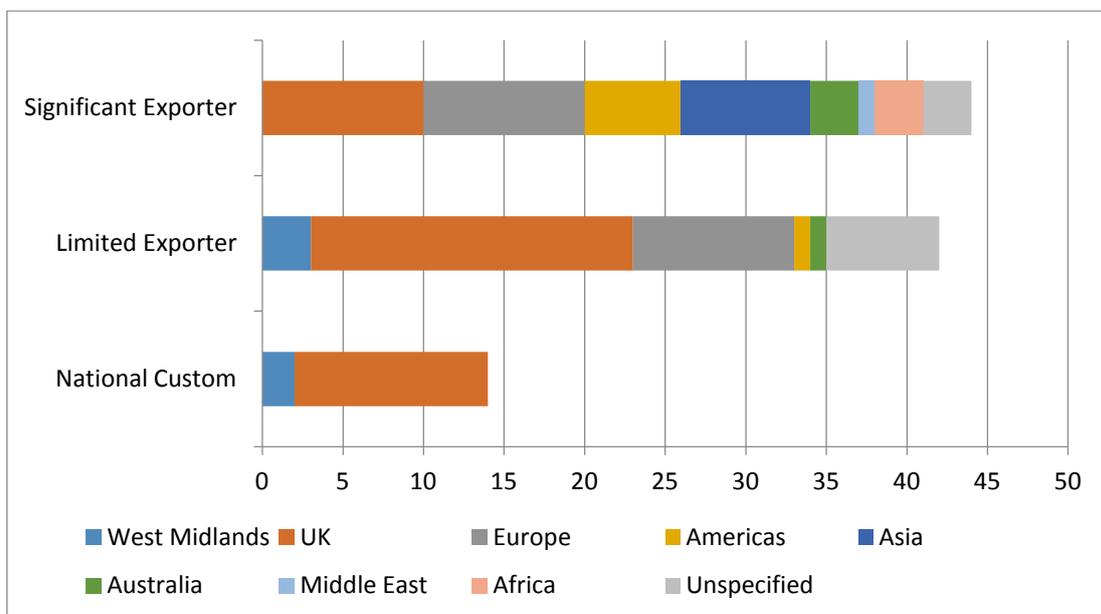
company, the second a manufacturing facility solely supplying their parent company based in Leicestershire. Beyond this, regional custom emerged as part of a set of more widely dispersed clients. The concept of the local – either in direct translation as Southern Staffordshire or as a more generic term – did not feature in any response, indicating little reliance on any internal commercial space amongst firms.

For 96% of the sample, customers were primarily located outside sub-national boundaries, moving into national or international scales. Within this, three distinct groups were identified: the first, representing 28% (13) of the sample, focused almost solely on a domestic market. The second, 38% (19) of the sample were limited exporters who traded nationally and internationally with exports representing less than 25% of their turnover. Finally, 30% (13) were more significant exporters for whom exporting was a principal part of their business interlaced with supplying domestic markets. Within those firms exporting, the location of customers became more varied the higher their reliance on the export market. For those exporting limited amounts, the export destination was Europe in over 50% of cited destinations. For significant exporters, Europe accounted for only 30% of destinations, with a number also exporting to Asia and the Americas (Fig. 5.1).

Whilst focused at different scales, these were neither singular nor absolute for firms. Against an orthodox hierarchical structuring of regional-national-international spatial scales and the segmentation of firm-market spatial integration (Taylor & Thrift, 1983), a number of firms were operating between these simultaneously. Functioning at each of these scales presented a continually changing spatial articulation of customers. This iterative mode did however

position firms within specific confines on the basis of the extent of their markets and market spaces, determining the broad ‘field of potential’ within which they functioned (Andersson & Karlsson, 2004). Whilst in extent and manifestation these were to some degree internally defined through intra-firm bounded rationality (Johnson & Hoopes, 2003), an additional influence is the spatial patterning and distribution of customers shaping market scales and segments (Hayter *et al*, 1999) alongside the application of ‘search and adapt’ tactics (Taylor & Thrift, 1983) against the transition of traditional markets . On the basis of customer location and distribution, this could be refined to three distinct groupings: extensive spaces, where firms functioned within an industry representing high and even levels of spatial distribution; nodal spaces, where markets were widely but more unevenly distributed; and public sector markets, accommodating both extensive and nodal forms but confined within the national scale via a focus on UK state institutions.

**Figure 5.1: Location of customers by firm type (no.)**



Source: Author

Extensive spaces represented 30% (14) of the sample and showed a tendency toward firms providing more generalist, mass-produced goods or services, even if these were for specialist markets. Within the identified spatial scales at which these firms functioned, these were broad in terms of market penetration, with products widely available and used/stocked by customers with limited changes in specification. The tendency was for them to be UK-focused with extensive provision within this; as one firm described it “From Land’s End to John O’Groats...every single postcode in the UK has a customer” (Cannock #11, 16-4-13). The extensive reach in 3 cases however was global, although for much smaller markets. The value of the sub-national for this group was utility, with endowment of affordable land and access via transport links key in positioning Southern Staffordshire as a premium location. This extended beyond sales distribution to wider access issues such as client engagement but also, in certain cases, embedded skills, offering a set of conditions “very difficult to replicate” elsewhere (East Staffs #2, 16-11-12).

Nodal spaces represented 52% (25) of the sample, with a greater emphasis on export markets. Over 80% of this group exported, and 40% were highly dependent on international markets. Within this group, Micro and Small businesses were as likely to be exporting as Large firms. The high level of exporting was indicative of a structural transition away from manufacturing (Dicken, 1982; Hudson, 2010) leading to a dispersal of markets, with firms pursuing opportunities outside of the sub-national area;

“In terms of factory output our biggest base is commercial vehicle customers and none of them are in the UK. Which might sound a bit strange but it’s historic. We used

to deal a lot with Leyland Trucks etc, but none of those companies exist in the UK anymore”

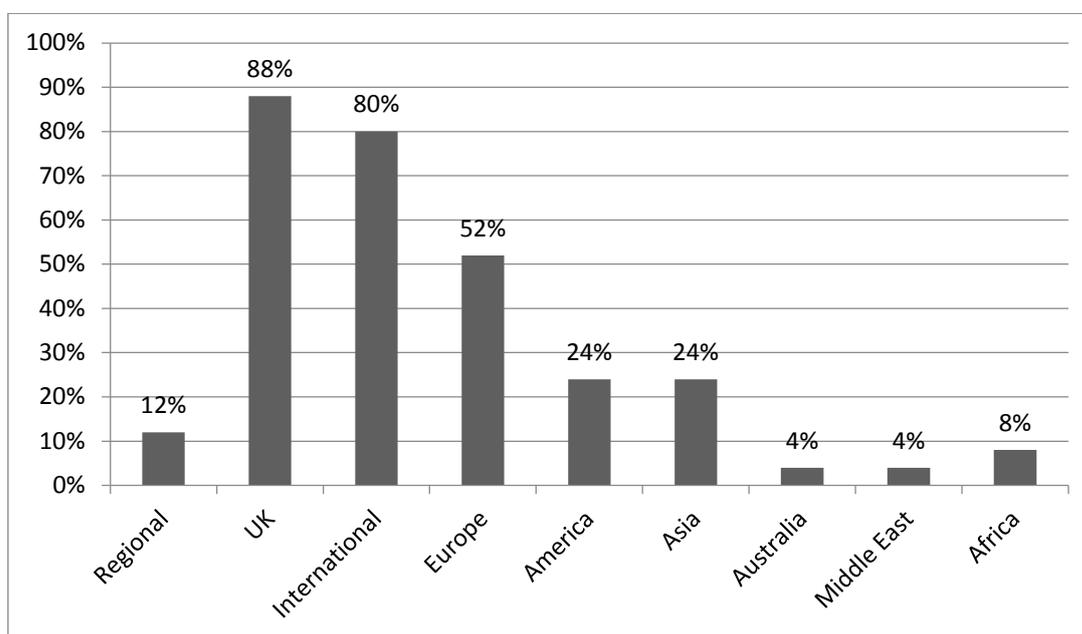
Lichfield #14, 1-3-13

“Much of our work traditionally would have been with the kilns in Stoke-on-Trent, but with the decline of this industry we’re looking further afield at a worldwide market”

Cannock #9, 7-2-13

Nodal firms were therefore more likely to have clients in Europe, Asia or America than in Southern Staffordshire and the West Midlands (Fig. 5.2). This international distribution represented firm-to-firm nodes; rather than catering to a wide international market the majority of firms had a small set of customers located across different countries. Key resource at the sub-national scale in maintaining clients was specialist industrial aptitude, embedded around Southern Staffordshire and the West Midlands as “the initiator of it all” for certain industries (Tamworth #2, 18-10-12). High levels of investment and commitment to product development and diversification were evident to maintain their specialist position; at its most extreme they considered the market as “not a ‘their’ industry, it’s an ‘our’ industry. We are at the leading edge” (Lichfield #5, 22-10-12). With the focus predominantly on skills as the added value of the sub-national, the efficacy of this resource was in question, with the ageing indigenous resource and limited replacement specialism meaning increased dependence on recruitment from a widening catchment.

**Figure 5.2: Location of customers amongst firms with nodal territories**



Source: Author

Public Sector markets represented 17% (8) of the sample. These customers were UK-focused and UK-spread rather than either localised or nationally extensive. Initial entry to their industry had for many come through local markets, but these had since expanded, partially through growth and diversification but also partially driven by changing processes of public sector commissioning. Whilst the use of their products may have been in close proximity to firms, the transaction often occurred at a separate scale, principally through centralised procurement departments. Gains from their location showed little clear manifestation, embedded in a more personal or professional sunk cost.

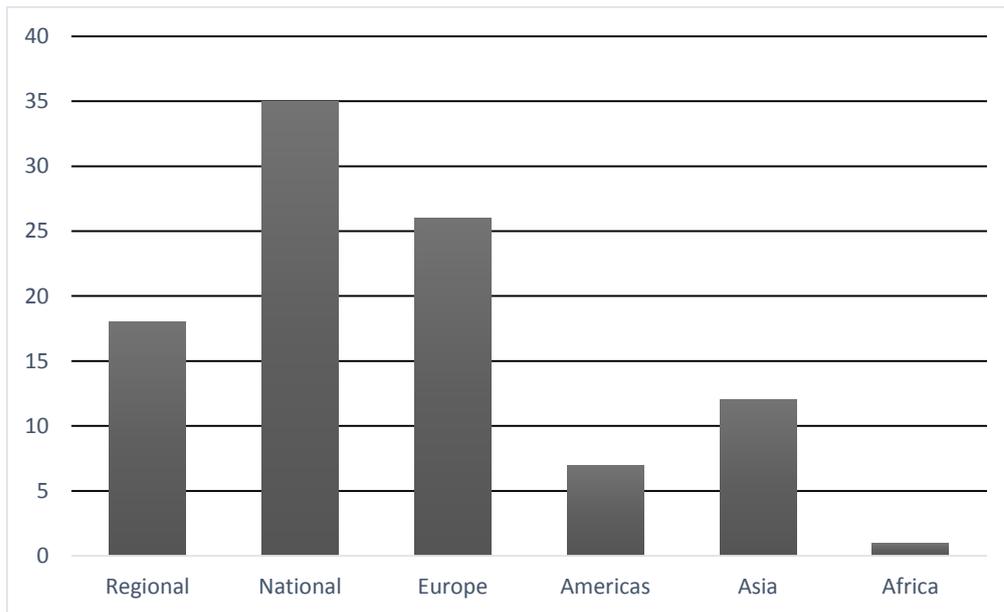
Customer location for Southern Staffordshire firms rather than focused at the sub-national scale occurs primarily in a broader territory situated at the national scale and above. In a

number of cases this sees them sub-nationally active, but this is as part of a nationally or internationally distributed set of customers. Considering the scales at which customers are distributed, these are neither singular nor absolute; 72% (35) functioned at multiple scales (Amin, 2004), or perhaps more accurately incorporated sub-national markets within the national or international, integrated as part of this rather than representing a separate market. Across the sample, customer spaces could be classified in three distinct forms: extensive spaces of broad market penetration and integration, nodal spaces representative of firm-to-firm rather than firm-to-space interaction, and public sectors markets, representing spaces bound by the jurisdiction of the target industry but similarly nodal through the point of client access and distribution.

### 5.3.2 Suppliers

Supplier location for Southern Staffordshire firms, similar to customer locations, is dispersed across a number of scales. Locally- or regionally-situated suppliers were more significant, with just under 40% (18) of the sample using suppliers in close proximity. Only 3 however relied singularly on this group. Almost 90% cited suppliers located at either the national or international scale, firms showing greater dependence on European suppliers than those within their regional geography (Fig. 5.3). What constituted local or regional varied in interpretation, with terms such as 'Midlands' or 'West Midlands' commonly used. Understanding of these terms, in comparison to administrative iterations, was fluid and varied between subjects (Hudson, 2004), with in two separate cases firms citing Leicestershire as either local or in the West Midlands.

**Figure 5.3: Location of suppliers amongst Southern Staffordshire firms**



Source: Author

Although a higher number of firms used sub-national suppliers than customers, the extent to which these were critical to firms was limited. Products purchased were often sourced from outside of sub-national boundaries, either additionally as part of a dual-sourcing strategy or indirectly through a sub-nationally-based stockist or distributor. Of the 40% of firms using sub-national suppliers, this fell to 15% when removing firms who were equally or more reliant on external sources. This attrition continued when considering firms whose sub-national sources were themselves importers - “our suppliers are based locally...which is probably a slight misnomer as...the retailer may be close by, it’s probably made in Germany” (Tamworth #2, 18-10-12) - or had moved toward dual- or alternative sourcing as they evolve both products and suppliers; “We’ve got one (supplier) in Leicestershire...the others are kind of West Midlands. We have new suppliers we’re doing work with...one in Finland, one in Turkey. They’re of increasing importance to us” (East Staffs #5, 17-4-13).

The importance of sub-national suppliers was most prominent through the benefits of proximity or a consistency with corporate social responsibility objectives. Proximity added value for firms through direct face-to-face communication on commissions, it being “easier to pop round there, show them the part you want...rather than drawing it all out.” (Cannock #4, 12-11-12), and access to materials for fast turnaround jobs; “A local supplier’s worth far more to me...they will have bits and pieces on stock, which means I can get...bits quickly” (Lichfield #1, 15-10-12). This extended to a ‘buy-local’ ethos through, for some, a “company philosophy...that we hire local and that we buy local” (South Staffs #6, 25-2-13).

The location of suppliers, similar to that of customers, presents a highly dispersed picture with 90% sourcing at the national scale or above. Whilst sub-national scales were more important amongst suppliers, its critical nature was limited and where this occurred the supplier was either part of a set of scales engaged in multiple-sourcing strategies or underwritten through locally-situated importers of key materials produced elsewhere; in both cases this represents efforts to network locally-embedded functions into broader spaces of production (Arndt & Kierzkowski, 2001; Henderson *et al*, 2002). Where sub-national suppliers were considered critical was principally through strategic benefits of proximity.

### 5.3.3 Axis of traded dependencies: location tendencies in customers and suppliers

In the previous sections I have outlined the location of customers and suppliers for Southern Staffordshire firms. This has suggested a highly dispersed tendency, with little dependence on any sub-nationally integrated set of forward or backward linkages. This phenomenon is

almost absolute, with fewer than 15% of firms dependent principally on sub-national suppliers and 4% on sub-national custom. This separation occurs in firms regardless of size; the notion of market segmentation dependent on firm size (Taylor & Thrift, 1983) is largely dismissed in this case, with Small and Micro firms as likely to have forward and backward linkages at national and international scales as Medium and Large firms (Table 5.3).

**Table 5.3: Location of customers and suppliers by firm size**

<b>Customers</b>					
	<u>Micro</u>	<u>Small</u>	<u>Medium</u>	<u>Large</u>	<u>All</u>
Regional	0	3	3	0	6
National	7	13	17	5	42
International	1	12	11	4	28
Regional	0%	21%	14%	0%	13%
National	100%	93%	81%	83%	88%
International	14%	86%	52%	67%	58%
<b>Suppliers</b>					
	<u>Micro</u>	<u>Small</u>	<u>Medium</u>	<u>Large</u>	<u>All</u>
Regional	3	6	9	0	18
National	4	10	15	6	35
International	2	7	13	4	26
Regional	43%	43%	43%	0%	38%
National	57%	71%	71%	100%	73%
International	29%	50%	62%	67%	54%

Source: Author

When forward and backward linkages were considered alongside one another, over 80% of firms had concentrations fall within the national-international axis. The limited sub-national activity showed no sign of consolidating to create a small coterie of firms integrated into a sub-national forward and backward dependence (Table 5.4).

**Table 5.4: Distribution of firms by customer/supplier location (no.)**

		<b>Suppliers</b>			
		<u>Regional</u>	<u>National</u>	<u>Limited Import</u>	<u>Significant Import</u>
<b>Customers</b>	Regional	1	1	-	-
	National	2	2	3	5
	Limited Export	2	4	3	11
	Significant Export	3	3	-	7

Source: Author

This section has discussed the location of customers and suppliers for Southern Staffordshire firms, examining how their positioning constructs a picture of spatial economy. In doing so it argues what may be defined as the transactional space of firms extends beyond notions of any formal sub-national spatial economic designation (Gereffi *et al*, 2005). Instead of conforming to any notion of geographically-bound spatial economy either by administrative or core-periphery designation, it is bound into a set of spaces extending nationally and internationally in highly distinctive and individual ways (Amin, 2004; Hayter *et al*, 1999). Additionally, it has found this phenomenon is highly consistent across firms; in terms of customers there is little evidence of increased likelihood for sub-national focus as the size of firm, in employment terms, decreases. The use of sub-national suppliers is higher than that found for customers, although still lower than dependence on national and international scales; where this occurs it is based around a selectivity employed by the firm rather than any embedded mutual dependence, often as part of a strategy of extended networks through either dual-sourcing or supplier network strategy. In relation to both, customers and suppliers, transactional space is identified in two principal forms; as extensive space and a set of dispersed nodes.

This picture of the location of transactional exchanges illustrates the spatial extent of Southern Staffordshire firms' immediate forward and backward linkages. The customer/supplier relationship is however not the only influence for firms in maintaining their position; this is also dependent upon an understanding of how their industry is evolving. To achieve this, firms are reliant on a set of knowledge inputs; these emerge in dialogue with customers and suppliers, but extend further along these forward and backward linkages alongside broadening to accommodate the role of other influences, such as competitors, regulators, and trade bodies (Markusen, 1994). The next section will discuss the spatial occurrence of these knowledge networks.

#### **5.4 Knowledge exchanges: peer dialogue, regulation and industry development**

The important role of knowledge and its transference via firm networks has been well documented in academic debates. Critical to this are three distinct factors: a spatial dimension of concentration-agglomeration (Jacobs, 1969; Florida, 2002, Shearmur, 2011), behavioural institutions of knowledge seeking and sharing (Asheim *et al*, 2011; Cooke & Morgan, 1998), and a form of path dependence reinforcing active pursuit of product, market or organisational improvement (Martin & Sunley, 2006; Nelson & Winter, 1982). Whilst interpreted as a sub-national phenomenon forging 'untraded interdependencies' (Storper, 1997), such inputs are reliant on broader spatial networks (MacKinnon *et al*, 2002). Such networks are formed through the distinctive iterations of space created by firm interactions (Hayter, *et al*, 1999; Hudson, 2004) enhanced via ongoing transitions of and responses to production practices (Bathelt *et al*, 2004; Hudson, 2010) and related modes of industrial dialogue (Boschma, 2005; Torre, 2008).

From the perspective of commercial transactions, firms in Southern Staffordshire operate spatially outside of sub-national distinctions. In place of these has emerged a spatial economy with nationally-internationally integrated firms embedded in Southern Staffordshire through spatially-bound amenities or benefits, historically embedded (Plummer & Taylor, 2001) and linked to orthodox locational factors (Peck, 1996; Phelps & Alden, 1999; Potter & Moore, 2000). In this section I build on this understanding through the knowledge-based interactions of firms, considering how these align with formal spatial articulations, the location of catalysts in knowledge production or consolidation, and the role Southern Staffordshire as a location has in enabling and exploiting these networks. Commencing with knowledge exchanges within transactional relationship – those with their customers and suppliers – it progresses to consider other key industry knowledge sources in the form of interaction with competitors and with industry lobbyists and regulators.

#### 5.4.1 Knowledge exchange in traded dependencies

The transactional relationship between firms and their customers and suppliers is broader than simply goods or service exchange. It represents a critical strategic relationship for understanding changing customer demands and collecting intelligence on supplier developments to forward plan products. Practice in forging and maintaining these dialogues has a spatial manifestation, occurring physically through one-to-one or collective engagement in a singular or selection of locations, or remotely as firms utilise ICT advancements; each of these practices represents a different mode of forming proximity (Boschma, 2005). Whilst the location of suppliers and customers is for Southern Staffordshire firms widely dispersed, the manifestation of knowledge networks can be spatially articulated through refining into three distinctive approaches: organisation-based, where knowledge is attained through direct

communication with organisations on a one-to-one or collective basis as part of a production chain, investment-based, where knowledge is acquired through a commissioning process engaging with third-party operators, and network-based, where it is disseminated via an industry-related medium (Table 5.5).

**Table 5.5: Firm practices in knowledge collection: customers and suppliers**

	<u>Organisation-based</u>	<u>Investment</u>	<u>Network</u>
Customers	Customers; Suppliers; Supply Chain; Competitors; Parent Company	R&D; Market Research; Recruitment	Industry Press; Industry Events; Regulatory/Trade Bodies;
Suppliers	Customers; Suppliers; Supply Chain; Parent Company	R&D; Market Research; Specialist Consultancy	Industry Events; Industry Literature

Source: Author

Amongst these the primary approach was organisation-based, representing the foundation of inter-firm networking practice (Sturgeon *et al*, 2008). Each firm interviewed was involved in knowledge acquisition via practices commencing with direct customer or supplier contact and progressing to dialogue with organisations such as competitors, parent company, or firms further up or down the production chain. Whilst representing a broad spatial network, in line with the location of customers and suppliers discussed, the spatial articulation to some extent limited firms to established and embedded relationships. Traditional face-to-face modes of

engagement had progressed in line with advancements in communication technology and the formalisation of networking through trade fairs and industry meetings. As a result this interaction had become both aspatial, as a virtual phenomenon, and spatially-bounded, through standardised collaborative events and network population.

The secondary approach was investment, with firms looking to enhance internal resource through the acquisition of new forms of knowledge and expertise (Agrawal & Cockburn, 2003; Huggins & Kitagawa, 2012; Youtie & Shapira, 2008). Involving specialist commissioning or recruitment strategies, the most significant approach was R&D investment, building on organisation-based interaction and complementing embedded technical specialism through in some cases spending a “disproportionate amount on R&D” (Cannock 9, 7-2-13). Such investment provided a critical input allowing firms to be “constantly looking for new products or materials. Otherwise...our customers are driving us all the time” (Cannock 6, 20-11-12) or positioning themselves a key contributor “involved in the design process of our supplier’s products” (Cannock 4, 12-11-12).

Firms also adopted networked-based approaches. This approach primarily involved building their knowledge base through a broader network of industry intelligence, representing a looser form of interaction than those of their organisation-based practices (Granovetter *et al*, 2000). Included in this was remote access via industry relevant literature or direct access through attending industry events and the formal and informal transfer of information this enabled.

Across customers and suppliers, Southern Staffordshire firms show evidence of the exploitation of this relationship to maintain integral industry knowledge. This interaction occurs pre- and post-transaction, often running parallel to these through a long term dialogue in building commercial relationships. This organisation-based approach occurs principally between two specific nodes – the firm and their customer/supplier – but is enhanced through additional inputs involving dialogue with an extended set of organisations alongside investment and networking strategies. The axis of these inputs varies significantly, representing fixed spatial manifestations in enduring relationships with intelligence sources whilst also becoming both more ephemeral and virtual, although operating principally within the confines of an embedded population. This is enhanced through the use of supplemental strategies in knowledge acquisition via direct commissioning and the loose ties of industry networks. Amongst these enduring relationships is the dialogue firms hold with organisations peripheral to their transactions, including competitors and trade networks. I examine these in the following sections.

#### 5.4.2 Competitor networks

Competitors represent part of a network through which firms extend their knowledge collection and collation activities (Markusen, 1994); creating a dialogue with these competitors is a key supplementary part of knowledge creation activities. The location of competitors will, similar to customers and suppliers, determine firms' approach to forming their networks. For Southern Staffordshire firms, competitor location showed a similarly dispersed picture to that of customers and suppliers, with only 30% (14) of the sample identifying any at the sub-national scale. Instead the location was focused again at the national-international axis (Table 5.6). The extent to which this group were engaged with and

seen as pivotal to knowledge networks was however much lower; whilst the use of customer and supplier networks was universal for firms, 20% of the sample had no formal or informal relationship with their competitors.

**Table 5.6: Location of Customers, Suppliers and Competitors**

	<u>Local</u>	<u>Regional</u>	<u>National</u>	<u>International</u>
Customers	9%	13%	89%	70%
Suppliers	15%	31%	73%	79%
Competitor	13%	30%	64%	53%

Source: Author

Of those who did have a dialogue, 58% (28) used multiple practices, categorised again as organisation-based, investment-based, or network-based relations (Table 5.7). Of these, most important here were networked relations cited by 68% (33) of firms. Whilst including formal interactions through structured industry mediums such as trade shows, industry press, and representation groups, most significant was inter-company trading. To some extent a customer-supplier form of relationship, this had created a network of mutual referrals and promotions - "If...a job comes to us that isn't our cup of tea we will point it to them and vice versa"(Cannock #6, 20-11-12) – extending into the pursuit of larger contracts where “collaboration has become more important” (South Staffs #1, 23-10-12) as “on big schemes you'll normally find 2 or 3 contractors" (South Staffs #6, 25-2-13). Within these inter-company trading networks, only 25% were underpinned by a group of sub-nationally located firms, instead representing broader extra-regional or national/international collaborations.

**Table 5.7: Firm practices in knowledge collection: competitors**

<u>Organisation-based</u>	<u>Investment</u>	<u>Networked</u>
Competitors; Customers; Supply Chain; Parent Company	Research	Industry Events; Regulatory/Trade Body; Industry Press; Inter-company Trading; Procurement Processes; Concentration-Agglomeration; Industry Grapevine

Source: Author

#### 5.4.3 Industry and Regulatory networks

Industry and regulatory networks play a key role for firms in maintaining an understanding of developments within their industry, promoting interests through a consolidated voice, and building dialogue with other firms (Bennett & Ramsden, 2007; Clark, 2014; Maennig & Olschlager, 2011). The manifestation of these networks however can take a number of forms linked to primary firm interests and the spatial regulation of industry, which sees such networks form and function at numerous scales, from localised support delivery to European regulatory influence. Within these networks, formal representation organisations play a critical role. These are however not always industry specific, and firms can also be active in representation organisations spatially-focused or issue-based.

Involvement with formal representation organisations as the conduit to regulatory networks was generally strong for Southern Staffordshire firms. Some 64% (31) were affiliated to an industry-focused body such as a trade association and 57% (27) involved with a spatially-focused support body like the Chamber of Commerce. The role perceived of these organisations was however distinctly different. Spatially-focused networks such as Chambers were principally used for specific functional services, such as export documentation, and a route to general intelligence about state-led support schemes. Industry-focused networks were used to represent collective interests to regulatory bodies such as central government, and complementing this as a further source of up-to-date industry intelligence. Industry-focused networks therefore operated on a much broader scale, corresponding with a national or international membership catchment whilst maintaining dialogue with regulators at a variety of scales; the extent to which they were active at the sub-national scale was largely limited to membership recruitment and the development of accessible services to improve retention rather than contribute toward market-led knowledge bases.

The inputs from industry-focused networks were however integral to firms developing products in line with or ahead of changing regulations. Across the sample whilst 88% (42) of firms had seen significant product development during the past 10 years, for 47% (23) this was attributed to demand driven by shifting regulations affecting their activities directly or those of their forward linkages. In particular this related to increasing health & safety regulation, environmental policies, and demands on quality or efficiency, each shaped by demands from organisations in the public sector or public service providers for this market. Forces shaping these regulatory shifts mostly occurred at the national-international scale, but even for those administered at a sub-national scale, such as building regulations or planning

policies, key changes tended to be nationally imposed rather than locally specific. Because these changes occurred outside the sub-national, industry-focused networks played a significant role for firms in evolving their services; this ranged from simple information on new regulations to active support in updating processes and procedures.

With this dependence on the industry network, the role and expectations of the spatial network showed signs of displacement or erosion. Firm involvement in spatial networks tended to be more responsive rather than their active position in industry networks.

Displacement of spatial networks role occurred where firms were no longer reliant on them to access intelligence, instead subscribing to industry-focused forms. Erosion occurred where utilisation of or involvement in spatial networks focused on functional services, specifically export services, or highly localised economic development issues, motivated by seemingly contradicting interests of greater civic engagement and expanding spatial market integration. The value of spatial networks to the firms was fundamentally tied into their provision of services with tangible value rather than any form of speculative lobbying.

In this section I have discussed the location of knowledge exchanges for Southern Staffordshire firms and the principal ways these emerge. In building knowledge networks, firms utilise a number of sources emerging from transactional contacts alongside competitors and industry regulatory organisations and pathways. The spatial articulation of these exchanges follows the trend identified in transactional exchanges, moving away from any singular spatial articulation of the sub-national (Gereffi *et al*, 2005; Sturgeon *et al*, 2008) and a singular dependence on spatial proximity (Boschma, 2005). In its place has emerged

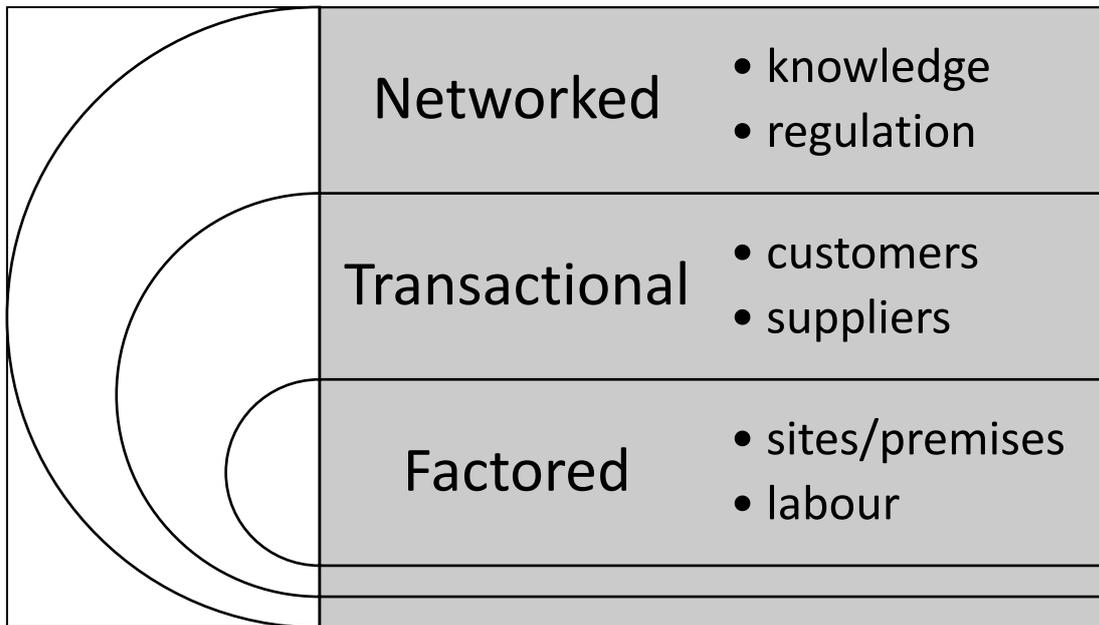
interaction at higher scales for both the source of and conduit to knowledge, accessed via one-to-one organisational dialogue with spatially dispersed customers and suppliers, internal and external investments to apply this intelligence, and involvement in collective or collaborative networks converging beyond sub-national geographies. Within broader spatial demarcations, the emerging tendency is for ephemeral and, increasingly, virtual models of engagement, with advancements in technology and associated practices shifting interpretations of accessibility and proximity (Andersson & Karlsson, 2004; Bathelt *et al*, 2004). The limited capacity of singularly sub-national spatial networks to tap into this mode of knowledge transfer has seen industry networks favoured as a knowledge conduit, reducing spatial networks to a more functional and marginal role.

### **5.5 Scaled spaces of economic production in Southern Staffordshire firms**

Across commercial and knowledge exchanges, Southern Staffordshire firms create a highly fragmented picture of spatial economy. Rather than conforming to any singularity, this has illustrated multi-layered dependencies partially represented across a range of spatial scales (Amin, 2004). These distinctions run parallel to the form of spatial economy proposed through formal administrative articulations, be these localities, regions, city-regions or FEAs. Detachment from politically-constructed forms of spatial economy has however extended further, with evidence of limited reliance on spatially proximate exchanges, proximity instead manifesting in alternative forms (Boschma, 2005). In its place has emerged a continuing theme of spatial economy constructed relationally on both a spatial-functional and a temporal basis (Gereffi *et al*, 2005; Hudson, 2004; Sturgeon *et al*, 2008; Plummer & Taylor, 2001).

This spatial-functional form shows a number of variations in the spatial location of exchanges. These however can be classified in three distinctive scalar forms to create a picture of current and dynamic territory as created by firm interaction. First, firms function on a factored scale (Porter, 1998) bound into critical operational dimensions including connectivity, sites, labour, and environment (Peck, 1996; Phelps & Alden, 1999; Potter & Moore, 2000). This represents a resource-based understanding of the construction of spatial economy, providing an integral link through which iterations of other scales are pursued (Christopherson *et al*, 2010; Hudson, 1999; Storper, 1997). Second, they function on a transactional scale, represented by immediate forward and backward linkages (Johnson & Hoopes, 2003). Spatial integration of these transactions via geographic-regulatory distinctions (Lefebvre, 1970) have been eroded through a process of hollowing out the regulatory role of sub-national scales (Bentley *et al*, 2010; Byrne, 1994; Jeffery, 2006); as a result whilst spatially rooted, these extend and evolve beyond orthodox administrative boundaries (Henderson *et al*, 2002; Piccaluga, 2004). Finally, they function on a networked scale extending beyond direct market transactions into those of broader interaction along their forward and backward production chains alongside competitor, regulatory, and industry networks (Markusen, 1994). Transitions in transaction practice alongside developing communications tools have seen networks transformed to incorporate a wider but looser field of inputs (Granovetter *et al*, 2000) alongside a more patchwork or ephemeral spatial manifestation (Kraemer, 2005; Torre, 2008) interacting with not only more fluid scales of transaction but also a multi-scalar model of industry regulation (Fig. 5.4).

**Figure 5.4: Spatial scales of firm activity: Factored-Transactional-Networked model**



Source: Author

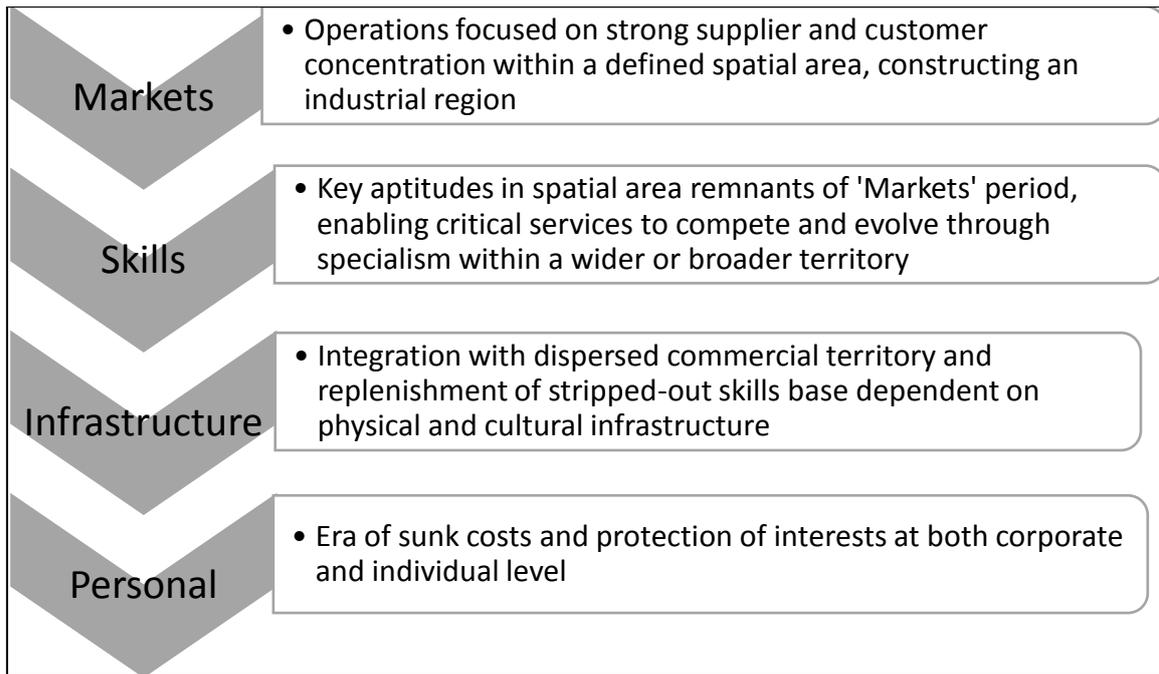
Whilst these scales are not mutually exclusive, and can converge or correspond around comparable spaces, evidence from Southern Staffordshire suggests they are increasingly detached from the sub-national. They are however similarly detached from one another, intertwined but not fully overlain (Brenner, 2004); even when extending to national or international scales, these are more commonly a set of nodal archipelago or trans-local relationships (Sassen, 2004; Veltz, 2000), creating territories of distinction based around non-geographic forms of proximity (Boschma, 2005). They are similarly dynamic and transitional (Allen & Cochrane, 2007) as ongoing changes to industry and production impact spatial distribution and production processes through global commodity chains and production networks (Henderson *et al*, 2002; Gereffi *et al*, 2005; Sturgeon *et al*, 2008).

This ongoing re-creation of spatial scales and detachment from articulations of the sub-national runs parallel to an embedded industrial aptitude or acumen occurring sub-nationally (Capello, 1999; Cooke & Morgan, 1998). Emerging through the repositioning of specific skills within or between industries and the exploitation of critical industry know-how in diversification and development (Henry & Pinch, 2000), such skills become integral to ongoing processes of spatial re-creation and through this integration of the sub-national, reinforcing its continuity as a space. This however has a temporal dimension, and its efficacy to bind together the sub-national is time-bound, representing part of a slow stripping out of embedding factors for firms in Southern Staffordshire.

With the almost absolute erosion of markets as a foundation for spatial economy, instead localised iterations are rooted in the provision of key industrial factors (Peck, 1996; Phelps & Alden, 1999; Potter & Moore, 2000). These however are also showing signs of erosion, gradually thinning out through structural shifts in the economy (Goos & Manning, 2003). The high quality skills considered difficult to replicate outside of Southern Staffordshire, fundamental in the structural resilience of its manufacturing industry, have been eroded through an increasingly ageing workforce set for retirement and a limited replacement pool in both number and quality. This has seen firms look to attract external sources of labour to maintain this critical factor (Youtie & Shapira, 2008). In achieving this we see a broadening of interpretations of infrastructure conditions, linking basic factors of road, rail, sites and premises with a cultural infrastructure (Florida, 2002) seen as fundamental to Southern Staffordshire's role in both maintaining its indigenous economy alongside contributing toward the wider city-region. These conditions provide the basis for a more personal form of integration, with interests translating as the protection and continuation of private investments

in not only financial but emotional terms through firm sunk costs and the collective interests of principal personnel (Jensen, 1993; Clark & Wrigley, 1997b) (Fig. 5.5).

**Figure 5.5: Temporal scales of firm activity: erosion of embedding factors**



Source: Author

The spatial distribution of key relationships for Southern Staffordshire firms suggests these occur beyond any clear or linear articulation of spatial economy (Henderson *et al*, 2002; Piccaluga, 2004). Whilst this is most prominent at the sub-national scale, a similar phenomenon can be identified at higher scales with firms instead interned in a set of nodal archipelago or trans-local relationships (Sassen, 2004; Veltz, 2000). In place of specific physical geographies, these spatial relations can be identified as taking two specific forms: one spatial-functional, the other temporal. This spatial-functional form sees firm relationships

manifest at three specific scales: factored, representing key tangible dependencies, transactional, linked to immediate forward and backward linkages, and networked, formed around the collation of knowledge inputs. Alongside this a temporal form runs, bound into stages and periods of structural evolution and (de)industrialisation at the sub-national scale.

## **5.6 Conclusion**

This chapter has examined the picture of spaces of economic production as created through firm-based exchanges. Using a set of key firms from within a defined spatial boundary, it has examined where and how their important exchanges are occurring and how these are integrated at the sub-national scale. In doing so it has argued the spatial integration of firms, rather than singular and embedded within any designated form of political unit, is constructed of multiple layers of individual firm exchanges which consolidate to form a constantly renewing set of bespoke spaces (Hayter *et al*, 1999).

Whilst the picture of spatial economy created is consistent with relational concepts of multi-layered, dynamic or ‘phasing’ space (Allen *et al*, 1998; Brenner, 2004; Jones, 2009), still a number of structuring elements can be identified which allow us to understand the relationships between firm and space. It also enables us to interpret what may manifest as critical junctures through which the bounded space of political administration meets the networked space of firm exchange.

First, whilst the space of firm exchanges is presented as divergent to the spatial structuring of political units (Henderson *et al*, 2002; Piccaluga, 2004), certain tendencies are evident which serve to consolidate these concepts of relationally dispersed and territorially bound. The concept of nodal or trans-local relationships (Sassen, 2004; Veltz, 2000) – a set of enduring exchanges between specific non-contiguous industrial spaces – implies whilst spatial economy transcends sub-national articulations, it has limitations and adheres to specific forms of demarcation, albeit through a set of remote specialist production archipelagos. Alongside these node-to-node patterns we also see the occurrence of extensive spaces, particularly at the national scale in line with the traditional division of commercial markets. These indicate firms operate within spatial parameters as defined by political units, but at a broader scale and more explicit to regulatory roles.

Second, interpreting how firms interact with and create individual spaces of economic production can be understood considering three distinct spatial-functional scales: Factored, Transactional and Networked. These FTN scales present different spatial permutations for firms extending from international dependencies down to the most localised. Whilst dynamic and therefore fluid in form (Allen *et al*, 1998; Jones, 2009), their dependencies imply specific spatial iterations evolving in line with shifting practices in production, regulation, and communication (Arndt & Kierzkowski, 2001; Cairncross, 1997; Dicken, 2007; Jones *et al*, 2005; Markusen *et al*, 1999). The abstraction of such spatial articulation presents a distinct shift away from orthodox understandings of the sub-national presented through regional or city-regional concepts (Florida, 2008; Hall, 2003; Storper, 1997) and toward more diverse demarcations (Amin, 2004; Brenner, 2004; Kraemer, 2005).

Finally, the nature of these FTN scales is influenced by a temporal dimension determining the extent to which they are sub-nationally integrated via endowments of resource. Such resource is an active part of sub-national spatial economy, representing a transition as stages of industrial development progress and sub-national spatial economy and its needs are re-articulated (Cox, 2010; Jones, 1997; Lundvall, 2005; Parr, 2001). This transition is integral to the extent which sub-national spaces are able to integrate economic actors through a changing temporal dynamic of embedding factors. The erosion of these factors at the sub-national scale, via industrial restructuring and political reformation (Bentley *et al*, 2010; Byrne, 1994; Hudson, 2010; Jeffery, 2006) means integration is a periodic phenomenon as firms' modes of practice and basis for embedding is in transition. As a result, as spaces of economic production created through firm exchanges are in perpetual flux, similarly the form of integration at the sub-national scale between space and firm is evolving. To address this, new approaches to governance have been adapted in recognition of this periodized and networked model of spatial economy. In the next chapter, I turn my attention to understanding the critical factors in creating spatial economy amongst spaces of economic governance.

# CHAPTER 6: SPACES OF ECONOMIC GOVERNANCE IN SOUTHERN STAFFORDSHIRE: RELATIONAL PHASES OF STRUCTURING, CASTING AND DISRUPTION

## 6.1 Introduction

In the preceding chapters I examined the spatial economy of Southern Staffordshire using first the Functional Economic Area (FEA) concept through employment concentration and secondly the exchanges of locally based firms. The picture and permutations of spaces of production incorporating Southern Staffordshire show a highly varied set of spatial articulations (Hayter *et al*, 1999). In place of any singular sub-national attachment, firm exchanges suggest these relations and proximities are highly fragmented, supporting a relational picture proposing integration into myriad layered spaces of economic production (Amin, 2004; Brenner, 2004; Gereffi *et al*, 2005).

In this chapter I extend this understanding of Southern Staffordshire's relational construction focusing on the role and relationships of political actors and their partnerships in forming spaces of economic governance. Transition from the regional mode of governance toward the relational FEA of the 'Localist' era has reformed political-administrative distinctions across England (Bentley *et al*, 2010; Townsend, 2012), seeking to explicitly incorporate sub-national markets as a determinant of spatial economy in line with the regionalist / city-regionalist rhetoric (Storper, 1997; Florida, 2008; Martin & Sunley, 2011). These new working relationships however sit alongside historic, established, and embedded practices, each of which support different permutations of spatial and economic interests (Brenner, 2004; Cooke

& Morgan, 1998; Putnam, 1991). In pursuit of the appropriate scalar fix (Brenner, 1998), this reformation of sub-national space may be fundamentally reconstructing and realigning interpretations of role, interests, influences, and policy priorities for localities as part of a periodization (Brenner, 2009) of sub-national modes of spatial economic governance.

Such periodization occurs as part of an ongoing process of reformation involving historically embedded and multi-scalar state relationships rather than as a singular and isolated phenomenon. Despite formal periods of spatial reformation, the sub-national is subject to an ongoing process of congestion, via an increasing cast of stakeholders (Harrison, 2010b) and contestation, through stakeholder challenges to both new and embedded spatial articulations (Brenner, 2004). As a result the sub-national becomes a scale not only of policy application but of debate around policy approaches and their related spatial iteration. This can be conceptualised as incorporating phases of structuring, through the transformation and embedding of new spatial articulations (Jones, 2001); casting, through the designation of systems, inter-system hierarchies, and cultural-economic identity (Cooke & Morgan, 1998; Jessop, 2007; Putnam, 1991); and disruption, through a set of ongoing challenges to incumbent and emerging sub-national spaces (Brenner, 2009; Harrison, 2010a, MacLeod & Goodwin, 1999).

Using this periodized framework and its phases of structuring, casting and disruption, I examine the evolving spaces of economic governance of Southern Staffordshire and its spatial permutations, focusing on changes seen moving into, during the regionalist era, and progressing through to the 'Localist' period. Through evidence collected in the analysis of

policy documents and the interview of a range of stakeholders involved in sub-national economic governance in Southern Staffordshire, I identify the political partnerships active in the area and consider how these shape interpretations and understandings of the area's role within its spatial economy. Based on this discussion I provide an understanding of how Southern Staffordshire's space of economic governance is being constructed and reconstructed through evolving spatial policy frameworks and the sub-national and local response to these changes.

## **6.2 Structuring phases in Southern Staffordshire**

The transformation of the sub-national scale following the 2010 election marked a major structuring event for the English regions. This however represented the latest round in an ongoing revision of sub-national governance spaces, mechanisms and related practices.

Whilst re-creating a set of sub-national spaces, the structuring of this period also presented a set of institutional changes in terms of support and delivery, funding, and collaborative personnel through internal state dialogues and inter-sector partnerships.

Here I examine this structuring in relation to Southern Staffordshire and its form during fixed periods of sub-national (re)articulation. I argue whilst these structuring phases conclude in prominent spatial and practice transformations, this is not a singular event but a dynamic response between embedded and emerging sub-national interests alongside the inter-term revision of support architecture, funding regimes, and key policy rhetoric (Healey, 2006). I progress this through consideration of Southern Staffordshire and its governance positioning and relationships during the two preceding and current period of sub-national articulation.

### 6.2.1 Southern Staffordshire in the pre-regional period (pre-1997)

Sub-national state architecture prior to the introduction of formal sub-national agencies in 1999 was situated across a set of central government departments. These operated at the sub-national scale through specific local delivery arrangements. Training & Enterprise Councils (TEC) were introduced in 1988 with a responsibility for youth and adult training, small business development, and encouraging self-employment. Formed as private sector companies, TECs worked directly under contract to changing central government departments, although part-way through their life accountability was transferred to the Government Offices for the Regions (HMG, 1996).

Spatially, TEC's conformed largely to established Local Authority boundaries, but with some variation; the Staffordshire TEC covered most of Southern Staffordshire, but certain localities were partially represented by adjoining TECs in Dudley and Wolverhampton (Lourie, 1997). This territorialisation of economic development became integrated into a regional architecture, pre-dating the RDAs, through the introduction of the GORs in 1994, creating a set of formal regional units (Stevens, 2004). This positioned Southern Staffordshire as part of the Stoke & Staffordshire sub-region of the West Midlands region.

### 6.2.2 Southern Staffordshire in the Regional period (1997-2010)

The regional period (1999-2010) was to be defining for Southern Staffordshire, providing the catalyst for its formal conception. Prior to this, Southern Staffordshire had been a set of Districts and Boroughs within Staffordshire County and its sub-region of Stoke and

Staffordshire with no formal activation. The emergence of Southern Staffordshire, creating an additional scale between designated local and sub-regional, whilst representing some enduring collaborative relationships between LAs was an indirect result of policy objectives implemented by the regional development agency (RDA) (SSP, 2006).

Introduced in 1999, RDA's conformed to the functional geographies of the GOR. Within the West Midlands region, Stoke & Staffordshire bordered the North West and the East Midlands regions; this connection had strong spatial economic implications around relationships with Manchester/Cheshire and Derby/Derbyshire. Although such exchanges were identified in state spatial concepts such as the Travel-To-Work Areas (TTWA), these were not considered within spatial strategy with regional borders interpreted as watertight. As a result, parts of Staffordshire were constrained from building formal relationships with these neighbours as "historically...we wouldn't have necessarily talked to Derbyshire. They're part of a different region, why would we talk to them?" (CEX, LA, 11-3-13). This tendency was echoed at the local scale, designated spatial relations often contrary to historically embedded policy relationships, such as the A5 corridor study group incorporating LAs from Rugby to Cannock Chase, or those sponsored by parallel organisations, such as a Lichfield, Tamworth, and North Warwickshire planning compact supported through the Government Office for the West Midlands (GOWM).

Through the regional period a set of state interventions and funding streams were provided in an enhanced architecture of state support, such as Business Link, Manufacturing Advisory Service and UKTI, managed by RDAs and reinforcing, via delivery, the regional and sub-

regional structure. Rationalisation of these services during the regional era however saw an ongoing revision of this structure, through both spatial delivery models and intervention rationale. Whilst this approach saw resource allocated in proximity to Southern Staffordshire, this mostly bypassed the area, falling either side of it in the West Midlands Conurbation (WMC) and the North Staffordshire Regeneration Zone.

Alongside spatial revisions, the structuring of policy practice saw the involvement of wider actors; initially community-based through the Local Strategic Partnership (LSP) but incorporating market actors through RDA Board positions (HMG, 1997), local and sub-regional Local- and Multi-Area Agreements (CLG, 2006; HMT, 2007), and as an integrated provider of state services (Hefetz & Warner, 2004; Murphy, 2011). Structuring these within regional and sub-regional spaces ran parallel to organisational forms found within Southern Staffordshire's partners; local economic partnerships whilst sub-regionally situated functioned beyond this boundary through institutional alliances, some local Chambers being part of the Birmingham Chamber group, market interests, with collaborating Small and Micro Firms interested in tapping into the WMC market, or uneven territorial designation, such as Burton & South Derbyshire College crossing the East-West Midlands divide.

The regional period played a pivotal role in the formation of Southern Staffordshire. Whilst more broadly formalising the area within a sub-regional designation, it was integral in creating the conditions which formed the need for an SSP. These conditions were created through structuring the area within a spatial articulation contradicting established, organic,

and parallel state relations alongside those of critical non-governmental partners and excluding it from a set of prominent interventions.

### 6.2.3 Southern Staffordshire in the 'Localist' period (2010 on)

Whilst Southern Staffordshire emerged during the regional period, the structuring of the 'Localist' period enabled it to take a more formal position. The rhetoric of the FEA and freedom of self-determination offered by the Coalition (HMG, 2010a) enabled Southern Staffordshire to detach itself from an established sub-national setting and build on a policy rhetoric of stronger integration with the WMC (SSP, 2006). This transition has however seen inconsistencies emerge as adjoining areas also restructured in this period. As part of Greater Birmingham and Solihull (GBS), Southern Staffordshire has only partially achieved its aimed territorial and governance alliances as a result of the division of the WMC between Birmingham and Solihull and the Black Country.

Responding to this division, several permutations of Southern Staffordshire emerge. The formal partnership of five LAs within the SSP is not represented in GBS membership, South Staffordshire (SSDC) electing to join the Stoke & Staffordshire (S&S) LEP instead; high employment transfer between South Staffordshire and adjoining Wolverhampton and Telford meant Birmingham and Solihull were not seen as "massively in our sphere of influence" (Officer, LA, 2-10-12). SSDC is joined by 3 of the other 4 SSP members (excluding East Staffordshire) in the S&S LEP. Inconsistencies in 'Localist' structuring represent a policy acceptance no universal approach exists to defining FEAs, with "a city's labour market area...unlikely to have similar boundaries as key supply chains" (Heseltine, 2012; p.30). This

rhetoric has given way to areas of territorial overlap, enhancing formal congestion of interests in a plural-horizontal form at the sub-national scale (Harrison, 2010b).

This shift in sub-national structuring implies a move toward more integrated forms of spatial management responsive to multiple spatial distinctions created by the shape and structure of local economy (Amin, 2004; Hayter *et al*, 1999). In practice however, this relationality is motivated by the formation of strategic coalitions to build state recognition via LEPs whilst not burning bridges with previous partners, particularly where dependence still exists. SSP's broader S&S membership was facilitated by SSDC, who gave up their Board seat to "bring (other Southern Staffordshire LAs) into the party really" (Cllr, LA, 23-10-12), but this runs contrary to interpretations of spatial economy focused south (WMC) and east (Derbyshire) of Southern Staffordshire. Participation in S&S is reduced to that of a secondary partnership shaped by limited breadth of partners – "S&S...feels more public sector driven. There aren't many of the bigger businesses" (Cllr, LA, 4-6-13); within the (S&S) LEP...it is County and Stoke driven. I don't think as Districts we've been massively included" (Officer, LA, 2-10-12) – and focused principally on maintaining good relations as "all our infrastructure...is under the County Council" (Chair, BRSO, 12-11-12).

Localism's more permissive spatial response to the regional period's constraint runs alongside elements of this structuring phase. This includes a climate of public sector financial austerity, substantial changes to state support architecture, broader integration of actors in economic development, and a shift in sectoral priorities to 'rebalance the economy'. Through these,

interpretation of the Southern Staffordshire spatial economy has undergone significant evolution.

In financial terms, ongoing settlement reductions and centrally enforced local tax freezes for LAs have placed pressure on local services. Southern Staffordshire's repositioning for greater funding access has focused on where finance from new growth initiatives will materialise, getting "crumbs from a bigger cake" (Director, FEI, 21-3-13). Joining GBS is more strategic than functional, with Birmingham's designation as a core city and policy priority area enforcing ideas "whilst we're part of Staffordshire...Birmingham is the area that's going to see the biggest growth. If we were to get scraps...we'd be pleased with that" (Cllr, LA, 21-3-13) and "GBS has got...an Enterprise Zone...a City Deal...the enterprise doughnut...which is going to give this area a lot of benefit the S&S LEP wouldn't" (Cllr, LA, 4-6-13).

Austerity measures have reduced support architecture, and in its place LAs have picked up certain support roles, in particular for LEPs, to deliver functions or specialism embedded in RDAs. These pressures influence the shape of regions as LAs seek access to greater returns against forced borrowing "in the hope it will get paid back...in the future from land sales, rental income, enterprise zones receipts and various other things" (Officer, LA, 11-3-13) or aligning themselves with partners offering "vast range of knowledge and experience of areas of work we've never traditionally got involved in" (Officer, LA, 21-9-12).

This also manifests selectively around private sector engagement. As a pivotal delivery agent for 'Localism', the private sector is seen as providing detailed understanding of local economy to appropriately shape policy. Within LEPs however, this is seen as the role of LAs and their embedded understanding of "what's happening in their area, what the obstacles to growth are, and...engaging with businesses" (Board Member, LEP, 21-3-13); instead the private sector are sought for advocacy and profile, capitalising on established connections with central government and "greater connectivity to...businesses outside of the LEP area" (Cllr, LA, 4-6-13). To achieve this, the type of firm engaged falls within a "sort of core number...of business people" (Officer, LA, 21-9-12).

Sub-national structuring phases in and around Southern Staffordshire have thus served to both integrate and detach the area from its former regional articulation. This has occurred in two specific ways. First, Southern Staffordshire has moved from being part of Staffordshire to part of GBS in line with the FEA rhetoric. This has marked a major, albeit partial, structural shift. Secondly, sub-national restructuring has had implications for the extent to which Southern Staffordshire is singularly coherent. The impact of restructuring spaces and practices has enabled or enforced multiple dependencies and relations through conflicting policy initiatives, constituting sub-phases of periodic structuring. The inconsistent temporal extent of these initiatives serves to perpetually restructure sub-national spaces, forming an ongoing set of dynamic spatial permutations continually phasing (Jones, 2009) (Fig. 6.1 & Fig. 6.2).

**Figure 6.1: Sub-national spatial policy transition and transformation: structuring phases and sub-phases**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Period</b>	<b>Regional Development Agencies</b>								<b>Local Enterprise Partnerships</b>				
<b>Spatial Policy</b>	<b>Regions</b>												
					<b>Core Cities</b>								
						<b>City Regions</b>							
<b>Actor Policy</b>	<b>Private Sector: regional steering</b>												
					<b>Private Sector: Delivery</b>								
									<b>Private Sector: Ownership</b>				
<b>Architecture Policy</b>	<b>Sub-regional system</b>												
	<b>Regional system</b>												
										<b>National system</b>			
<b>Fiscal Policy</b>	<b>Regional funding mechanisms and area-based initiatives</b>												
										<b>Central mechanisms and growth incentives</b>			
<b>Sector Policy</b>	<b>Service transition and post-industrial growth</b>												
								<b>High Value Manufacturing and export-based growth</b>					

**Figure 6.2: Sub-national spatial policy transition and transformation: phase manifestation in Southern Staffordshire/West Midlands**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Period</b>	<b>Regional Development Agencies</b>								<b>Local Enterprise Partnerships</b>				
<b>Spatial Outcome</b>	<b>West Midlands region</b>												
					<b>Birmingham core city</b>								
						<b>WMC City Region</b>							
									<b>GBS City Region</b>				
									<b>S&amp;S City Region</b>				
<b>Actor Outcome</b>	<b>State-led Stoke &amp; Staffordshire Partnership</b>												
	<b>State-led Southern Staffordshire Partnership</b>												
					<b>Private-Public Local Partnership</b>								
									<b>Public-Private GBS Partnership</b>				
<b>Sector Outcome</b>	<b>Service industry-led transformation</b>												
					<b>Innovation belt</b>								
									<b>Leisure &amp; Tourism: 'Mercian Trail'</b>				

The implementation of these structuring phases and sub-phases creates a distinct friction within and between sub-national spaces, positioned and repositioned through their transforming and transitional dynamics. Within these spaces, this has implications for local spatial economies in the interpretation of how they contribute toward the policy objectives of a broader space and how they cast their policy duties and responsibilities. In the next section I focus on this casting dynamic.

### **6.3 Casting episodes in Southern Staffordshire**

Casting episodes in sub-national economies can be defined as an outcome of specific spatial and spatially-applied policies in positioning or determining the role of sub-systems, or in this case localities, within their system, or sub-national spatial arrangements (Brenner, 2004; Jessop, 2007; Harrison, 2010b). Since the formalisation of a UK regional geography, structuring of spaces and associated policy has recast both sub-national spaces, as integral part of a national growth plan, and the localities constructing these spaces, as contributors toward sub-national objectives. This casting process has seen sub-national hierarchies evolve to reinterpret the role of individual localities and, through this, privilege specific spaces, spatial actors and their interests (Jessop, 2007; Jones, 1997). It has also enabled places to cast themselves as part of a new or emerging system to alleviate perceived deficiencies.

In this section I examine the manifestation of this casting dynamic and how it shapes the interpretation, positioning, and integration of sub-national and local spaces. This commences considering the casting role of national policies on sub-national spaces,

moving on to the sub-national dynamic and how this casts localities. It finishes with the case study of a Southern Staffordshire LA.

### 6.3.1 National economic policy and the casting of sub-national spatial hierarchies

Structuring of policy is pivotal in the casting of sub-national spaces. This is achieved through policy objectives and rhetoric determined and designated via the national scale, incorporating the objectives of multi-scalar stakeholders including supra-national and market interests (Charbit, 2011; Gomart & Hajer, 2003; Jones *et al*, 2004; Murphy, 2011). The implementation of these objectives at sub-national scale not only sees conformity to dominant growth aspirations but sets a framework through which constituent localities of sub-national spaces are understood and positioned.

Through this nationally determined and sub-nationally implemented rhetoric of growth, Southern Staffordshire has sought to reinterpret its economic role and contribution. Driven by overriding policy objectives for “sustainable growth... rising prosperity and a better quality of life” (HMT, 2007; p.13) and more recently “strong, sustainable and balanced growth of income and employment” (HMG, 2010b; p.9), the West Midlands (WM) interpretation of “a world class region...increasingly successful in creating wealth to benefit all people” (AWM, 2007; p.15) is replicated within Southern Staffordshire’s strategic plan for “the development of a diverse, dynamic, and sustainable low carbon economy that underpins an excellent quality of life” (SSP, 2006; p.1). Casting Southern Staffordshire’s economy in this role is supported through regional research identifying a

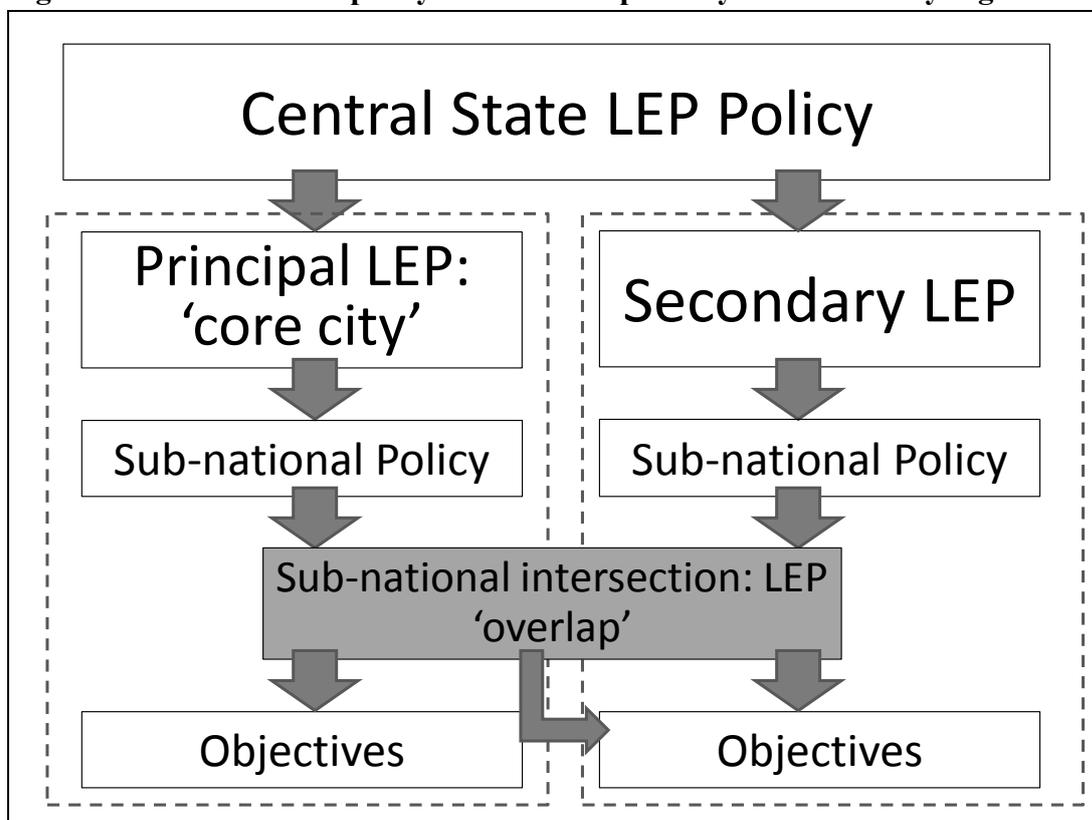
conceptual enterprise and innovation belt incorporating parts of the area and positioning it as potential driver for WM development aspirations (Bryson & Taylor, 2006).

Although linked to Southern Staffordshire's potential, this concept is also motivated by the areas previous exclusion from support via the structuring of intervention during the regional period. This has created an increased desire for getting "on the radar in terms of policy instruments" (Officer, LA, 21-9-12). The economic scaling narrative for the current period became about countermanding this through greater understanding of the value of areas such as Southern Staffordshire, particularly following the explicit introduction of core cities policy (HMG, 2011; ODPM, 2006). This however runs alongside SSP building a relationship with the WMC in recognition of this policy. As new sub-national spaces are configured reinforcing these dynamics moving from RDAs to LEPs, this has cast an uneven set of spaces which localities have sought to exploit in pursuit of localised agendas (Allen *et al*, 1999; Cox, 2010).

Distinctive for Southern Staffordshire, but echoed in localities for over 50% of LEPs, is its dual affiliation. Southern Staffordshire is involved in two LEPs simultaneously, GBS and S&S. This positions Southern Staffordshire's economy as pluralistic and open to interpretation dependent upon separate contexts. Motivations behind this dual affiliation are however significantly different, driven by the uneven central state designation of LEP policy. Variation in the extent and timing of 'city deal' offers has placed GBS a higher priority than S&S. This casts a clear distinction between a set of primary (core cities) and secondary sub-national spaces without the benefit of such national policy patronage,

articulated in the practice of Southern Staffordshire with GBS offering greater access to resource. Rather than separating these two LEP areas, reinforcing Southern Staffordshire’s previous positioning as a peripheral part of two separate sub-regions, this instead intertwines them as the GBS city-region offers “potentially greater access to money and bringing in additional money to Staffordshire through the GBS LEP” (Cllr, LA, 4-6-13). Casting for sub-national space is fundamentally rooted in the investment and autonomy passed down by national policy; this is however supplemented by localities forming LEP intersections for investment and objective. The hierarchical casting of sub-national spaces through national policy is a route to not only reinforcing orthodox roles in perpetuity, but utilising overlapping localities as an intersection to extend primacy of this rhetoric in the strategic plans of secondary spaces (Fig. 6.3).

**Figure 6.3: Sub-national policy intersection: primary and secondary regions**



Source: Author

National scale policy objectives not only structure regional systems, but play a pivotal role in casting them, defining critical concepts and measures through which sub-national economy is both understood and sponsored (Jones, 1997; Jessop, 2007). Rather than creating a horizontal landscape of sub-national spaces, this reinforces a highly uneven regional hierarchy (Harrison, 2010a), with funding and regulatory mechanisms privileging certain sub-national spaces over others through favoured developmental concepts (Jessop, 1999; Jones, 1997). This unevenness is further reinforced by a dependency between sub-national spaces and localities in associating themselves with prioritised initiatives such as city-region/core-periphery models; this runs parallel to the affiliation of localities with secondary sub-national spaces (Brenner, 2004), providing an intersection through which to further reinforce policy casting. As this inter-scale casting occurs, a similar process of intra-scale casting is functional in determining the role and dynamics of localities.

### 6.3.2 Intra-scale casting: interpreting localities

I have argued that the structuring of spaces and policies via national scale mechanisms has a fundamental effect in allocating resource between sub-national spaces as a result of casting specific roles (Jessop, 2007; Harrison, 2010a). A similar dynamic is however at play within designated sub-national spaces, as the form of policy objectives and mechanisms determines structural roles through which localities position themselves for greatest benefit (Cox, 2010). Formation of these new spaces has an impact in how localities are themselves cast within their sub-national spaces, determined by an economic structure contextualised through nationally determined intervention and revised through a fluid cast of partners.

This dynamic process of intra-scale casting has served to both disrupt and reinforce conventional hierarchical models (Townsend, 2012). Underpinned by the core cities rhetoric of central policy, the democratic field of localities within the LEP has been translated into a hierarchy between central and supplemental – or core and peripheral - places. In line with the dominant core-periphery rhetoric (Lovering, 1999; Martin & Sunley, 2011) Birmingham is embraced as the “regional capital” delivering critical economic relationships to peripheral localities (Officer, BRSO, 20-9-12). Southern Staffordshire instead provides the “green lungs” (Officer, LA, 2-12-0-12) and the “backdrop to the city” (Officer, LA, 21-9-12) to supplement urban vibrancy. Whilst reciprocal, this relationality remains highly uneven, the area polarised between Birmingham and Solihull as economic locus with the remaining GBS localities benefitting from their patronage in the role of the “additional partners” (CIlr, LA, 1-3-13) required to create a formal Birmingham-Solihull policy unit.

Reformation of the sub-national has presented SSP with a primary concern of utilising emerging spatial policy to establish a stronger recognition for first its incorporation within GBS and, second, its privileging. Free of WMC tensions with the Black Country, ‘Greater Birmingham’ has emerged as a formal term for the wider area of GBS, creating an identity to raise Birmingham’s profile and, by association, Southern Staffordshire’s in their push for public subsidy and private investment (Harrison, 2012; Tewdwr-Jones & Phelps, 2000). This association has allowed Southern Staffordshire greater involvement in and access to policy makers and funders through either direct contact with central government or vicariously via the LEP Board, allowing the area to ‘jump scales’ (Smith, 1989) previously enforced by the RDA and maintained via the city-region policy model.

Southern Staffordshire's policy objectives have similarly jumped scale, its dynamic growth objective more broadly dispersed in core interventions. The push for investment and progression of the dynamic growth objective has become the key remit of the LEP, in keeping with central government's growth criteria (HMG, 2010b; HMT, 2011); meanwhile localised intervention for Southern Staffordshire actors is limited to delivering amenity sites, town centre renewals, place-marketing, and SME/start-up support. These areas are concomitant with the orthodox core-periphery interpretation, but also within the limited remit of LAs. For Southern Staffordshire, growth aspirations are considered in the context of the new regional territory and the development opportunities offered through complimentary infrastructure, amenity demand, and potentially capturing the "brain power (that) effectively leaves...on a daily basis and goes elsewhere" (Officer, LA, 4-10-12) to reinforce its productive economy argument (SSP, 2006).

Whilst pursued via future planning policy for high value sector-specific developments, direct intervention is reduced to Southern Staffordshire's supporting role within the region, provision planning for expansion and amenity whilst building on lifestyle potential of tourism, leisure and retail sectors through the umbrella term 'the Mercian Trail' (Officer, LA, 4-10-12), itself bound into historic interpretations through embedded or associated assets (Lichfield Cathedral, Tamworth Castle, the Staffordshire Hoard). This servicing of both functional and aesthetic demands, situated in the urban core's interpretation of Southern Staffordshire, illustrates a policy tension, where policy direction identified as of

strategic importance at local and sub-national scales are contested as part of a compromise to support defined core area growth as determined through national instruments.

Policy interpretation plays a significant role in intra-scale casting of localities within sub-national spatial economy. Within GBS, aspirations for the Southern Staffordshire economy have been repositioned to conform with a nationally-determined policy framework offering alternative gains, effectively reshaping understandings of its structure via the application of orthodox and uniformly-applied concepts (Peck, 1999). The dilution of a locally distinctive policy approach and its absorption at a higher scale is part of an ongoing dependence on an urban accumulation model of growth (Lovering, 1999; Martin & Sunley, 2011), the push for external ‘patronage’ and investment a critical factor in forming intra-system hierarchies and casting sub-system roles to ensure continuity with primary sponsors and alignment with privileged spaces (Jones, 1997; Jessop, 2007). Alongside this, casting at the singular scale has impacted the evolving practices of regional governance and the strategic selection of partners.

### 6.3.3 Intra-system casting: evolving practices of public-private partnership

The sub-national need to pursue patronage from central sponsors has recast a distinct set of actors in local governance. Repositioning both private sector and local state under the ‘Localist’ agenda (Shutt *et al*, 2012; Pugalis & Townsend, 2012), this is further refined as profile-raising concerns in pursuit of patronage recast actors and their roles. Integrating private sector actors as agents of the state has been fundamental to the ‘Localist’ shift; this marks the LEP economic strategy as “everybody’s strategy” which “only works if the

businesses which are going to be most affected by this are buying into it” (Board Member, LEP, 14-12-12). Whilst forged around a universal principle of collective policy ownership (Healey, 1997), a fundamental of the ‘Localist’ rhetoric (HMG, 2010a), this implies a selectivity of private sector actors to provide credible ratification for sub-national policy aspirations with the central state as LEP sponsor. Thus, whilst a “core number of businesses and business people...are fully engaged (with the LEP)...when you talk to the small business community there’s very little understanding” (Officer, LA, 21-9-12).

This selectivity amongst firms as agents of sub-national strategy is replicated within state actors. The removal of the RDAs has reinvigorated the local state through a key role in LEPs, albeit centrally designated. Previously marginalised to roles in SME support, as strategic businesses were looked after primarily by AWM, LA’s as economic governance agents are now considered “the people...to help deliver on the wider agenda” (CEX, LA, 11-3-13). Council’s capacity to deliver however remains uneven, with resource allocation and policy levers focused via sub-national continuity with key growth objectives (Bentley *et al*, 2010; LGA, 2014). For Southern Staffordshire LAs, working closely with Birmingham City Council in the absence of the RDA is a route to “power, money, and influence” (Cllr, LA, 21-3-13) through the “only game in town” (Officer, LA, 4-10-12). The extent of this dependence is operationally one-way. Southern Staffordshire relies on the influence and experience of, in particular, Birmingham, but this is reciprocated solely on their complicity creating the quantum of local units to define an FEA/LEP. Additionally, private sector-local state integration via LEPs is not so democratically distributed across locally-situated state actors, with the opportunity to provide insight into

strategic decision making and planning limited as organisations are cast into specific delivery roles and only partially integrated in the governance process.

The local state's role has also been about the facilitation of the private sector into the governance environment and integrating them in a "democratically accountable way" (Director, LA, 11-12-12). Whilst reconnecting private sector with economic policy, their involvement has provided a "fantastic foil for politicians in the sense of making difficult decisions" (Director, LA, 11-12-12). In place of democratic accountability, the private sector input allows politicians to be shielded behind LEPs and their decisions, protecting them from effective scrutiny and de-spatializing decisions through rhetoric of efficiency and performance within a singular and bounded area.

Accommodation of this market interest further reinforces the casting within both GBS and Southern Staffordshire. The singularity of core-periphery is deeply engrained through GBS Board member organisations - "People migrate to Birmingham and that means a high reliance on activities in this area (Board Member, LEP, 5-11-12); "The main focus is Birmingham and it will stay as Birmingham" (Cllr, LA, 4-12-12); "we do look more towards the (WM) conurbation" (Officer, LA, 4-10-12); "whatever is going to be the economy of the UK in 2030, the pathway...will be built in the big cities. Believe anything else and it isn't going to happen" (Director, LA, 11-12-12) - creating a narrative not only enforcing orthodox understanding of the Birmingham-Southern Staffordshire dynamic but (re)casting the localities of Southern Staffordshire to establish its own form of core-periphery. Integration in terms of TTWA show clear disparities between Lichfield or

Tamworth and South Staffordshire or East Staffordshire. This displays a form of distance decay in the way localities cast themselves as part of the GBS growth model. Policy priorities in Lichfield and Tamworth emerge highly focused on lifestyle; this in spite of Tamworth's heritage as a manufacturing overspill town for Birmingham and Lichfield's purported strength as an advanced manufacturing area; "we've got certain sort of niche specialisms...we've got electric vehicle technology which is being developed, there's specialist automotive technologies" (Officer, LA, 21-9-12). For East and South Staffordshire these are less singular, local identity equally defined through its production heritage with strategically important concentrations in brewing and aerospace respectively. South Staffordshire, whilst spatially detached from both GBS, is strategically significant due to the i54 site and JLR investment, reinforcing its aerospace cluster relationship with Wolverhampton. East Staffordshire (see 6.4.4), again spatially detached, has intentionally sought to reinforce its identity as part of GBS, in doing so moving away from Southern Staffordshire.

Against this selective coupling, the role of partnership has been re-evaluated within and outside of Southern Staffordshire. Initially cast as part of a state response to demands for efficiency through collaborative working, ranging from procurement consortia to multi-area agreements (Hefetz & Warner, 2004; Murphy, 2011; Shutt *et al*, 2012), partnerships have been recast to focus on issues of austerity, specifically around financial management and ongoing settlement reductions from central government. GBS involvement for Southern Staffordshire has in principle been determined by the FEA concept, but parallel to this runs the need to "make sure you line yourselves up with the right Authorities...to bring the biggest payback" (Cllr, LA, 21-3-13). Alongside its influence on regional

partnership, this determines how relationships with established partners evolve; ‘strategic coupling’ is motivated as much by organisational interests as by structural economic alignment (Cox, 2010). Partnership for Southern Staffordshire LAs is seen as a route to financial efficiency, managing internal resource through techniques such as shared services with consolidation in a space offering best returns for the opportunity to “put things in place that...grow the economy...through increasing our business rates” (Cllr, LA, 21-3-13). This makes the link between organisational needs and economic policy explicit.

Changes in partnership practice in Southern Staffordshire through the transition to LEPs and move to GBS has been a highly selective process. In aligning with both private sector and other LAs, a key influence has been its positioning to acquire additional subsidies or efficiencies to compensate for public sector cuts (Cox, 2010). As a result, LAs have pursued spatial and functional partnerships which, contrary to the ‘Localist’ ethos, have pulled them further from both local electorate and local economy. This in particular can be argued in the case of the most functionally detached part of both Southern Staffordshire and GBS, East Staffordshire.

#### 6.3.4 Case Study: East Staffordshire: the territorial upstart

Of casting episodes occurring within Southern Staffordshire, perhaps most significant has been the efforts of East Staffordshire (ESBC) to recast itself as both part of GBS and as separate from S&S. ESBC’s involvement in the GBS LEP raised questions over the validity of the FEA adopted for GBS. Whilst functional connections are limited, running parallel are similarly weak cultural and political connections, although ESBC has actively

sought to construct these. The localities involvement in GBS is something of an accident of necessity, yet through this the interpretation of its economic territory has been fundamentally recast. During LEP formation, discussions were ongoing with three areas; S&S recognising the Staffordshire relationship, GBS through ESBC's involvement in the SSP, and also with neighbouring Derby and Derbyshire. The formation of the D2N2 LEP (Derby, Derbyshire, Nottingham and Nottinghamshire) saw ESBC excluded from pursuing this latter relationship, and the decision was taken to join GBS based on government advice;

“Three things the government told us; don't think in terms of traditional local government boundaries, be in one LEP, and go with what your businesses tell you. And our businesses told us Birmingham.”

Cllr, LA, 4-6-13

ESBC's decision not to align with S&S is contested as politically motivated by tensions between SCC and ESBC; once the preferred Derbyshire option was withdrawn this made the choice of GBS more palatable; “Burton, who don't get on with us, went with Birmingham” (Officer, LA, 25-9-12). This is in spite of some structural issues in major parts of East Staffordshire arguably closer to those experienced in north Staffordshire than amongst Southern Staffordshire peers.

Political motivations have also focused on the access to and influence over more significant projects and investments when aligned with GBS. This represents the fruition of a spatial transition pursued through SSP; in 2013 ESBC withdrew from the partnership, its objective of building stronger links with the WMC city region fulfilled. The presence of ESBC within GBS however challenges embedded scalar relationships; whilst part of Staffordshire since its formation, East Staffordshire, or Burton and its surrounds in particular, have historically looked to Derby and Derbyshire for work. Whilst no formal arrangements exist, ESBC and South Derbyshire Council collaborate on certain planning issues. ESBC's involvement in GBS has actively disrupted these working patterns through a new set of alliances challenging established political relations through a process of exclusion both enforced (D2N2) and self-imposed (S&S). This recasting has constructed an artificial manifestation of spatial economy ESBC now seeks ways to reinforce; "our TTWA is really to Derby" but "from an economic geography point of view we're in one area, that's the GBS area" (Cllr, LA, 4-6-13).

In this section I have examined the manifestation of casting as part of the process of governance reformation in the shift from the regionalist to the 'Localist' era. Linked to the structuring of state spatial governance, casting occurs at a number of scales in this reformation as both individual organisations and coalitions seek to revise structural articulations and interpretations in order to attain maximum returns (Cox, 2010). Critical in this casting are the foundations of spatial economy set out through central government in their role ratifying and sponsoring the sub-national; this is reinforced through a series of parallel policy instruments setting out financial and operational constraints for principal governance organisations, specifically LAs, via rhetoric of austerity and favouring the

market as a delivery agent (Bentley *et al*, 2010; Murphy, 2011). As a result, certain localities have been privileged through their concomitance with the narrative of sub-national development (Jessop, 2007), in this case specific to the city-region / core-periphery model (Martin & Sunley, 2011), whilst others have been structurally reimagined, detaching spatial from structural economy whilst recasting the position / role to facilitate organisational over structural exposures. As this casting progresses, a key output is a disruption to embedded and emerging practices and interests.

#### **6.4 Disruption episodes in Southern Staffordshire**

As structuring and casting phases progress, sub-national actors reappraise existing and adapt new understandings of place and position relative to other actors. The creation of new sub-national spaces and the development and application of new policy frameworks and priorities challenges localities to revise operational practices through the accommodation of new partners, in line with the emerging spatial fix, and privilege specific interests (Jessop, 2007; Jones, 1997). These new formations rather than occurring on a blank slate are lain over a set of established and embedded political geographies, relationships, and practices (Brenner, 2004). The resulting disruption is a critical part of sub-national periodization.

Such disruption has significant implications for historically embedded alliances forged as part of previous restructuring rounds. Rhetoric of regional and metropolitan competitiveness (Bristow, 2010; Harrison, 2013; Harvey, 1989) constructed around models of urban accumulation (Amin, 2004; Martin & Sunley, 2011) play a fundamental

role in spatial economic realignment. This creates a dominant concept of spatial economy and intervention practice (Peck, 1999; Lovering, 1999, Agnew, 2013) interpreted through the application of institutional and organisational interests around growth and returns (Cox, 2010); this occurs at the marginalisation of established spatial and partnership relations (Bentley *et al*, 2010; Jones, 1997; Pugalís & Townsend, 2012) .

This structure-enforced disruption runs parallel to another form seeking to challenge new articulations. The introduction of new spatial and functional policies, in challenging established practices and relationships, runs a risk of policy resistance (Healey, 1997). This emerges in established collaborations and their collective institutionalism (Healey, 2006), in core personnel with differing philosophies and interpretations (Jones *et al*, 2004), and in inherited political geographies (Brenner, 2004) creating at any single point an insurgent regionalism (Jones & MacLeod, 2004). This section examines how and where structure-enforced and structure-challenging disruption occurs within Southern Staffordshire.

#### 6.4.1 Structure-enforced disruption

The initiation of the ‘Localist’ episode and its accompanying shift in spatial, sectoral, and partnership policy has seen significant transitions in relationships and practices adopted by Southern Staffordshire. This has implication for the form of both the place itself and its wider sub-national geography. Most significant has been formal integration into the GBS area and interpretation of this as its primary geography, repositioning partnership dependencies in line with dominant core-periphery interpretations of spatial economy (Amin, 2004; Martin & Sunley, 2011). Manifestation of this interpretation has emerged

selectively; whilst a relationship with the WMC was seen as mutually applicable for Southern Staffordshire localities, its separation into GBS and the Black Country compromises this with different localities of Southern Staffordshire unevenly integrated.

This separation also emerges through the scale at which key objectives are applied. Whilst building a case for their economic role through the application of the 'E3i belt' concept, the 'dynamic growth' objectives of Southern Staffordshire 'jump scale' (Smith, 1989) applied to the whole of GBS but privileging Birmingham, driven by dominant policy rhetoric of cities as engines of the economy (HMG, 2011). Delivery on these policy objectives can be scaled up and passed out to those parts of GBS concomitant with the urban accumulation rhetoric of sub-national spatial policy without compromising local commitment.

The need to incorporate the private sector, including local firms, as key stakeholders and leaders within LEPs has in principle created a greater integration with and understanding of sub-national economy at the cost of political union and administrative boundaries. The acceptance of LEPs as economic areas has however been dependent upon patronage at the national scale (Bentley *et al*, 2010; Pugalis, 2012), with ongoing sponsorship similarly dependent on central government providing critical financial resource. In recognition of this, a pivotal motivation in recruiting private sector representatives is their credibility with central government to secure this patronage and empower the LEPs; "you've got high profile people...who could...get through to senior members of Government (Officer, LA, 21-9-12); "Some of the business board members are making really good connections with

Government” (Board Member, LEP, 21-3-13); “The LEP doesn’t have any particular powers. It has authority and credibility through the quality of the Board” (Officer, LA, 25-9-12). This is progressed at the cost of integrating local firms, marginalising established localised economic development partnerships, predetermining who representatives should be through the need for such credibility, and even prioritising firms and representatives outside sub-national space over resident interests; “LEPs are very high level...and there is still a disconnect between the understanding of local business” (Officer, LA, 4-10-12); “If they get a big business MD...I’m going to be listened to far more than (someone) who’s got a little business” (Chair, BRSO, 12-11-12); “This is one of the reasons we joined the GBS LEP...there aren’t many of the bigger businesses on the S&S LEP” (Cllr, LA, 4-6-13).

Perhaps of greatest significance has been the disruption between place and organisation at the local scale. Alongside the capacity for scaling up policy aspirations GBS offers Southern Staffordshire (Smith, 1989), the core political organisations leading the growth agenda are similarly effected by a major drive for austerity with settlement reductions for LAs running to 2018. Continued budget reductions alongside the exhaustion of efficiencies (LGA, 2014) puts pressure on LAs to identify alternative funding and capitalise on the limited growth incentives defined nationally; “We know that home building is a priority of the government’s...because income from the New Homes Bonus is going to be one of the other strands that allows us to continue” (Cllr, LA, 21-3-13). The need to incorporate such non-statutory receipts into the design of local strategy has not only seen Southern Staffordshire position itself to best access additional resource (Cox, 2010), but also detach economic development from local economy in pursuit of organisational gains. This

disruption through the application of national policy, forged in the structuring and casting of sub-national units and constituent localities, has stimulated a set of further disruptions to the new spatial policy.

#### 6.4.2 Structure-challenging disruption

The selectivity of structure-enforced disruption both privileges and marginalises specific interests through conformity with dominant policy and practices (Jessop, 2007). Where marginalisation occurs, excluding specific sets of businesses or specific spaces and enforcing specific roles, it creates or reinforces relationships which look to challenge the dominant spatial forms and policy priorities of such periods (MacLeod & Goodwin, 1999).

Looking back to the regional period, Southern Staffordshire is a spatial response which challenges sub-regional affiliation and the validity of sub-national structuring regarding spatial economy. The deliberate pursuit of a relationship with the WMC ran contrary to both historical and sub-regional administrative designation as part of Staffordshire County and Stoke & Staffordshire sub-region respectively. New sub-national designation in GBS has been prioritised for the lower-tier authorities of Southern Staffordshire, disrupting via policy enforcement its historic structuring. This new spatial articulation is however not singular, and runs alongside additional parallel interpretations of spaces of economic governance (Brenner, 2004).

Of these, most significant is the continued Stoke & Staffordshire relationship. Whilst not encompassing all of the Southern Staffordshire Authorities, S&S's spatial incorporation through the lead of Staffordshire County Council (SCC) is absolute and, with reformation to local-level administrative units unlikely to be progressed in the short term (HMT, 2013), enduring. This presents a significant disruption to the pursuit of the city-region hegemony (Martin & Sunley, 2011) as a principal delivery agency responsible for Southern Staffordshire maintains its position within the sub-regional geography of the regionalist era. The legacy of the region is however in greater evidence within the West Midlands. Issues of overlapping LEPs may cause tension, specifically around the acquisition and application of resource – “Government have found difficulty in administering...local transport funding for example...(giving) the money that was allocated to East Staffordshire for transportation to Stoke & Staffordshire” (Cllr, LA, 4-6-13) - but it also encourages collaboration through a localised network with the six West Midlands LEP Chairs meeting on a quarterly basis. Although representative of the ‘Localist’ period, the spatial articulation of the West Midlands as a region is embedded enough in institutional memory for such practice to organically emerge.

Disruption to formalised sub-national space has here been as much about Southern Staffordshire itself as GBS. Attachment to the revised urban core of GBS in place of WMC, following the Birmingham/Solihull – Black Country separation, has marginalised certain localities within Southern Staffordshire. Most prominent here is South Staffordshire whose principal economic relationship is with Wolverhampton – “...the SSP the one big difference...because we’re not in GBS a lot of discussions are...not really related to us” (Officer, LA, 2-10-12) - but also to some extent Cannock Chase which sees

itself as the “Fifth Borough of the Black Country” (Officer, LA, 5-11-11). Formal integration with Birmingham and potential access to the resource this offers supersedes SSP’s role for East Staffordshire, exiting the partnership in 2013. This challenge has also emerged from established working practices with spatial-economic implications and the policy framework reinforcing these. Existing local policy-based relations around Planning have been embedded through mutual dependence alongside proximity, and enhanced through the introduction of the ‘Duty to Cooperate’ in the Localism act (CLG, 2011). This has for parts of Southern Staffordshire added a further layer of spatial governance relations, enhancing relationships with (parts of) Warwickshire, Derbyshire, the Black Country and Shropshire whilst thinning out the singular dominance of Southern Staffordshire.

Disruption represents a key part of the restructuring process. The introduction of new spatial forms and new policy priorities and mechanisms plays a pivotal role in not only challenging established spatial unions (Brenner, 2009) but also notions of principal actors within these unions (Harrison, 2010a; Healey, 2006; Murphy, 2011; Storper, 1995). The spatial manifestation of disruption is not solely about the singular detachment of spaces amongst a set of pre-established administrative areas. It also occurs through the separation and privileging of specific parts of the economy (Jones, 1997; Jessop, 2007), detaching organisations from a relationship with local context; in the case of LAs this is interpreted through a logic which sees the prosperity of the organisation as indicative of the prosperity of the local area, thus pursuing specific forms of development and intervention contrary to prominent strategic spatial objectives. Disruption is however not uniquely part of a policy-led restructuring process; it also emerges through the consolidation of excluded places,

spaces, and interests (MacLeod & Goodwin, 1999), marking a critical phase of periodization.

### **6.5 Relational dynamics of Southern Staffordshire**

Across the previous three sections I have examined the creation and recreation of spaces of economic governance in Southern Staffordshire. Using the concept of periodization I have argued the creation of these spaces can be seen to represent, rather than a static process punctuated by singular spatial revisions, a dynamic and perpetual process of negotiation and revision between a set of horizontally and vertically distributed actors. Within this process, three critical phases are played out concurrently as spaces and their constituent localities, or sub-systems, are structured, cast, and disrupted.

Fundamental to this dynamic is the presence of a set of informal or insurgent spaces which seek to perpetually challenge designations of sub-national space (Jones & MacLeod, 2004). The transition from standardised regions to the more democratically-founded LEPs has seen sub-national governance correspond further to an archetypal ‘messy’ process of loose boundaries (Storper, 2014) through increased congestion in the patronage of overlapping sub-national spaces (Harrison, 2010b) alongside a general environment accommodating multiple scales and multiple actors (Amin, 2004; Bristow, 2013; Harrison, 2010a; Jones *et al*, 2005). Occurring at a number of scales, state spatial governance similarly replicates this structuring-casting-disruption (SCD) dynamic, embedding fluidity and dynamism within the formation of spaces of economic governance. The result for these spaces is a constant push for legitimacy and integration in formal articulation, policy

positioning, and interpretation amongst a number of spatial permutations partially overlaying one another (Allen *et al*, 1998; Brenner, 2004; Jones, 2009; Kraemer, 2005).

These multiple permutations of spaces of economic governance are representative of a consolidation of interests manifesting through a set of relational attachments determined by institutional working practices (Jones *et al*, 2004), revised spatial interpretations (Allen *et al*, 1998; Brenner, 2009), and economic and cultural identity and dependence (Cooke & Morgan, 1998; Hall & Soskice, 2001; Smith, 1992) and enabled via multi-stakeholder and multi-scalar practices. Localities pluralised through overlapping sub-national spaces such as Southern Staffordshire present a clear tangible manifestation of the problems caused by multiple permutations. This manifestation is a formal representation of a more widely occurring issue; the utilisation and exploitation of the status, resource and structure of specific actors to achieve and progress partners' objectives (Allen *et al*, 1998; Cox, 2010; Jessop, 2007). The root of the SCD dynamic is the formalisation of spaces of economic governance, the spatial and functional privileging of a distinct set of interests, and a response which is both compliance with and resistance against a hierarchical system of spatial, scalar and structural conceptualisation.

Spaces of economic governance can to this extent be considered partial representations of spatial economy and economic interests. Their partial nature makes both the sub-national and below this the local, as a constituent part of the sub-national, points of continual contestation. Southern Staffordshire as either a singular unit or a set of separate localities is positioned within multiple sub-national spaces both formal and insurgent. In each of these

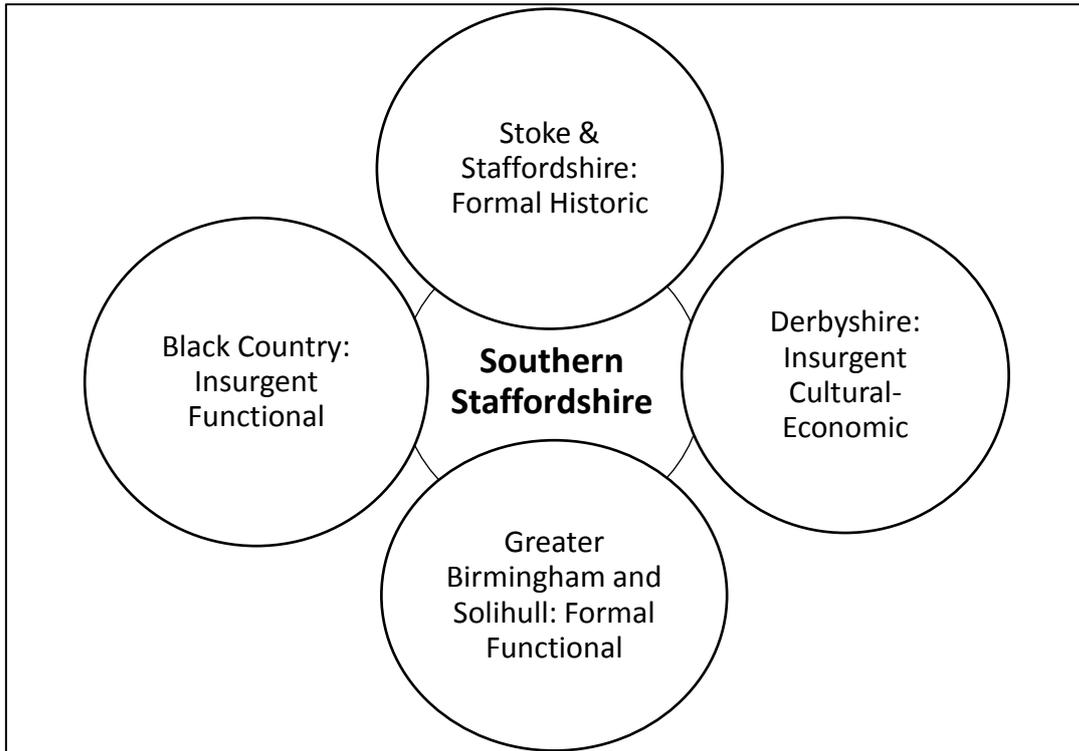
the context for its inter-system relationship and role varies significantly; from “backdrop to the city” to independent employment centre to industrial niche specialism. Sub-national spaces, in pushing for Southern Staffordshire’s alliance, exert both formal and informal influences repositioning not only via spatial manifestations but through iterations of structural economy, policy, and resource. Whilst formally Southern Staffordshire is pulled between GBS and S&S, the informal alliance and identification with the Black Country and with Derbyshire, as part of D2N2, exerts a tangible pressure at points where historic and cultural-economic relationships exist. This spatial contestation intentionally and unintentionally challenges the extent of commitment to dialogue, appropriation of identity, and manifestation of objectives at the local scale. As a result Southern Staffordshire is seen to take on a protean characteristic as it hovers between articulations and selective interests are strategically or culturally integrated in different spatial articulations to varying degrees. The alliance and integration of sub-national spaces is through this multiple relationality subjected to a tidal heating of sorts (Fig.6.4), perpetually challenging not only system integration but also the shape and nature of sub-national and local space (Fig.6.5).

**Figure 6.4: Tidal Heating**

Tidal heating is a celestial phenomenon through which friction is generated via orbital and rotational energy. This friction heats satellites, causing disruption to their shape and form and keeping the satellite malleable and in a permanent state of flux.

The most documented case of tidal heating, the moon Io, is continually heated through the multiple gravitational forces emitted by Jupiter, the planet it orbits, and its larger fellow satellites Europa and Ganymede. During an orbit Io may vary in size by up to 100m. It is considered the most geologically active object in the solar system (Lopes, 2006).

**Figure 6.5: Spatial relationality and tidal heating in Southern Staffordshire**



Source: Author

The changing form of Southern Staffordshire, influenced by this tidal heating effect, has seen both historic and functional permutations emerge; during the research period alone changing sub-national priorities have seen five separate iterations. Withdrawal from overlapping formal or insurgent spaces is however never absolute. As iterations and extent evolve through phases of SCD, steered by ongoing revisions to spatial and functional articulations of state strategy and its concomitance with structural and organisational interests, localities refine the extent of their association and the practices employed in pursuit of critical interests.

## 6.6 Conclusion

In this chapter I have discussed the construction of spaces of economic governance and their changing manifestations as influenced through the dynamics of sub-national restructuring. Using a relational approach, I have argued that whilst spaces of economic governance are forged and adopted in line with specific hierarchical and systemic requirements, these scalar manifestations are only a partial representation of the diverse political and economic interests embedded within the sub-national. Examining the changing form and role of Southern Staffordshire within its extant and emerging sub-national economies, I have argued this process of spatial reformation and realignment is episodic in nature and selective in its determination of spatial economy. Such economies exist in a state of ongoing flux determined both spatially and temporally; this however sits underneath a central government-designed structure on whose patronage sub-national territories are highly dependent.

In considering sub-national spaces of economic governance, I have argued these are both periodized and relationally constructed (Brenner, 2009; Jonas, 2012). Whilst transition between forms of sub-national space represents a rescaling of governance processes as part of a broader state spatial strategy enforced by national and supra-national shifts (Jones *et al.*, 2005; Pemberton & Morphet, 2014), this has sought to enable sub-national scales through the formation of spaces designed to integrate with an increasingly networked economy (Amin, 2004; Florida, 2008; Storper, 1997). Such attempts to reconcile spaces of economic governance with those of economic production have arguably yielded limited results.

In place of integration with spaces of economic production, this transition has become subsumed in an ongoing process of contestation to determine both sub-national articulation and its functioning economy (Brenner, 2004). As opposed to a singularly periodized process, periodization in this context is a framework for ongoing transition in sub-national spatial economy. Whilst periodization can be identified through the temporal demarcation between formal scales, specifically in this case the shift from regions to LEPs, its manifestation is more integrated through a continual process of change situated in not only spatial policy but a more congested set of influences relating to actors, delivery mechanisms, finances and sectors.

The outcome of this congestion is a dynamic process involving concurrent phases of structuring, casting and disruption. As structuring sets out the sub-national spaces in which localities sit, casting determines the role it plays within this space whilst disruption challenges perceptions of its positioning. This SCD dynamic is reinforced through the relationality of the sub-national and local, their space representing a field of potential in which multiple relationships across multiple spaces are in play (Amin, 2004; Andersson & Karlsson, 2004). The ongoing internal negotiation of the sub-national is thus extended through the influence of overlying scales, specifically but not limited to the national, in resetting policy and its priorities (Pemberton & Goodwin, 2010), and via peripheral localised relationships or marginalised inherited geographies which serve as insurgent spaces (Jones & MacLeod, 2004).

Through these insurgent spaces the dynamic nature of SCD phases are maintained. The partial nature of local attachment, represented via formal articulation, inherited geography, and functional or cultural-economic integration, ensures an ongoing set of disruptions to each of these individual relationships. The result is a process of tidal heating, a replication of celestial gravitational forces which keep satellites malleable, with sub-national spaces perpetually shifting in shape as localities at different stages are phased in to varying tangible degrees, shaped by macro-economic conditions, policy priorities and funding mechanisms. This process is not unique to the sub-national scale, occurring via multiple relations at multiple scales at any single time.

Spaces of economic governance have for Southern Staffordshire been created through a complex set of relationships at the local, sub-national and national scales, driven by overriding policy frameworks and mechanisms alongside inherited geographies of practice. Whilst involving the incorporation of businesses to some extent, this has largely been a matter of compliance with and access to central government patronage in place of the integration of principal economic actors alongside positioning for private investment. Indications of any form of integration with a spatial economy representative of concentration, flows, transactions or networks are limited. As a result, we see a picture of two highly fragmented spatial economies running parallel to one another within a single space. In the next chapter, I examine further the analysis of spaces of economic production and spaces of economic governance to identify how these may be seen to converge sub-nationally.

# **CHAPTER 7: TOWARD NEW SPACES OF RELATIONAL GOVERNANCE: POINTS AND PRACTICE IN STATE-MARKET SCALAR CONVERGENCE**

## **7.1 Introduction**

In the preceding chapters I have examined separately the manifestations of spatial economy emanating from Southern Staffordshire through the principal relationships of firms and sub-national state actors. What has been discussed is a spatial detachment of the interests and interpretations of sub-national policy makers or political agents from those of firms, creating a set of overlapping spatial economies linked into Southern Staffordshire through its constituent localities and factors. Critical to this examination has been the relational turn and its application in interpreting space through the practices of state organisations and firms. In place of any consolidation of interests at the sub-national scale, I have argued a bifurcation has emerged with relational space articulated in two distinct ways: the transitional but clearly demarcated spaces of sub-national governance and the more dynamic, manifold and esoteric industrial spaces constructed through firms' traded and untraded exchanges.

Despite this bifurcation, there remains a clear and critical dependence between these two sets of actors. State investment is pivotal in underwriting the conditions for production on which firms rely, delivered through the provision of key factors including infrastructure and skills (Peck, 1996; Phelps & Alden, 1999; Potter & Moore, 2000). This is reciprocated with firms critical in bringing in their own capital investment alongside

providing spatially-situated returns in terms of jobs and tax revenues (Cox, 2010).

Making the link between these explicit, the sub-national scale has become an integral point at which to pursue economic development and interpret spatial economy (Florida, 2002; 2008; Storper, 1995; 1997; Swyngedouw, 1997); this however runs parallel to increasing tendencies for multi-scalar forms of governance incorporating a set of either external or non-state actors in the activities of the sub-national state (Hefetz & Warner, 2004; Jones *et al*, 2005; Murphy, 2011). This has resulted in the sub-national becoming a highly congested scale, linked into an expansive set of spatial economies through key actors (Harrison, 2010b).

In this chapter I focus more specifically on understanding the legacy of this bifurcation and the evolving ways in which sub-national spatial economy is linking spaces of economic governance and spaces of economic production. This will consider how such bifurcation has reshaped spatial articulation of Southern Staffordshire, how and where state and firm interests converge, and how it contributes toward rescaling the spaces and practices of sub-national governance. Commencing with the spatial articulation of Southern Staffordshire established through the relational links of state and market actors examined in Chapters 5 and 6, I progress to examine how these relational practices contribute toward the rescaling of spatial articulations via the application of multi-scalar governance approaches and how the influence and accommodation of specific state-market dialogues defines these spatial articulations. It concludes examining the extent to which the sub-national represents, rather than a point of spatial articulation, a point of convergence for negotiation between multiple spaces of economic production and economic governance. The outcome of this negotiation determines the extent to which

sub-national spatial economy is compounded as a point of convergence or reformed as a point of departure for firm interests.

## **7.2 Conceptualising the relational spatial economy**

In the preceding Chapters 5 and 6, I conducted a spatial analysis of what I have argued constitute the principal relationships for both state organisations and private firms in Southern Staffordshire. These analyses present two highly separated pictures of the area when considered across its sub-national contexts of Southern Staffordshire, Greater Birmingham and Solihull (GBS), Staffordshire County, or as a set of individual localities. Such phenomenon illustrates a critical issue for spatial economic governance; whilst state approaches have sought to evolve in line with a transition toward a more networked functioning of spatial economy, there is a limitation on their capacity to accommodate such varying and esoteric spatial articulations.

The spatial manifestation of critical relationships for firms located in Southern Staffordshire has fundamentally conformed to the networked model. This is predominantly rooted in extensions into new markets (Amin & Thrift, 1994; Harvey, 1989) encouraging new patterns of production (Arndt & Kierzkowski, 2001; Dicken, 2007) through a set of forward and backward linkages situated beyond sub-national designation (Gereffi *et al*, 2005; Henderson *et al*, 2002). The level of local embeddedness is however experiencing further thinning out in two distinct forms. First, the erosion of key public goods, specifically around integral industry skills, is reducing the advantage maintaining a presence in Southern Staffordshire offers firms via the benefits of

embedded industrial aptitude (Capello, 1999; Henry & Pinch, 2000; Marshall, 1890). Second, increasing aspatial tendencies are being facilitated through enhancements in communications technology, encouraging remote engagement between firms (Cairncross, 1997), and itinerant modes of networking, creating new clusters in knowledge exchange (Torre, 2008).

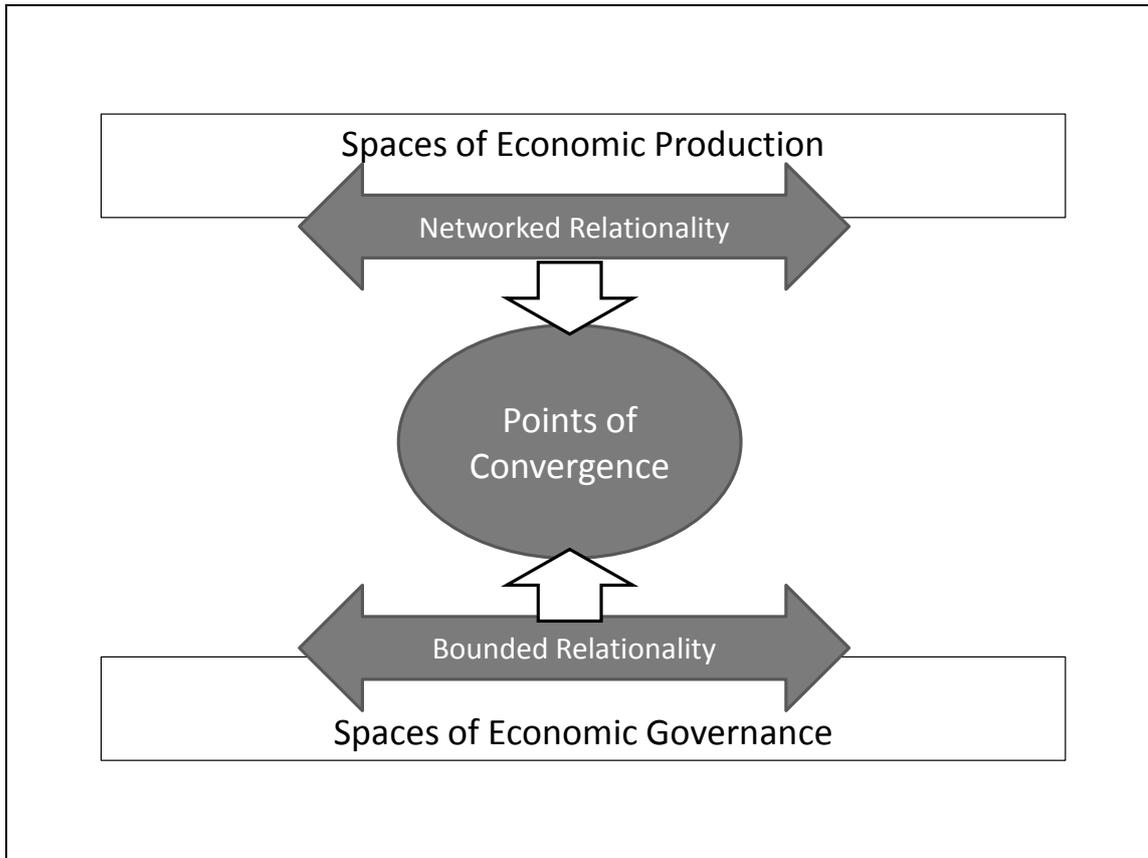
State governance has sought to evolve its approach to spatial economy and accommodate this networked model through using the more organic Functional Economic Area (FEA). Whilst reconstructing sub-national economy away from the artificial form articulated in the regional period, these changes have been coherent with a set of established sub-national understandings of political space in the shape of either core-periphery style city-regions (Harrison, 2010b), such as Southern Staffordshire's GBS association, or the reaffirmation of the legitimacy of inherited administrative units (Townsend, 2012), the enduring S&S involvement. This has run alongside a consistent policy from central and European governments on the governance of spatial economy (HMG, 2010b; Pemberton & Morphet, 2014), although subject to ongoing spatial revision (Brenner, 2009).

The foundation of spatial economy for these two sets of actors creates a clear bifurcation between articulations of spaces of economic production formed by firm interactions and those of economic governance established through state spatial strategy. Through these articulations there is a notable difference in manifestation of the relational; whilst consistent with the rationale of the network, spatial articulation can be conceptualised in two distinct forms. For state-led governance models this emerges as a bounded

relationality, focused on utilising the network potential of key concentration-agglomeration nodes (Florida, 2008; Jacobs, 1969; Krugman, 1991a; 1991b) as the ‘space of flows’ (Castells, 1996) and “engines of economic growth” (HMG, 2011, p.3). This is enabled through interpretations of the role of critical industry-personnel convergence (Florida, 2008; Hall, 2003; Hutton, 2008) embedded within a singularly-defined and place-based geography where “people value knowledge more than space” (Director, LA, 11-12-12). By contrast, for firms this instead manifests as a networked relationality, forged around inter-firm relationships underpinned by forward and backward transactions (Henderson *et al*, 2002) and knowledge transfer between industrial nodes (Torre, 2008) reinforced by a cognitive proximity (Boschma, 2005) and forming multiple and overlapping spaces of transaction distinctive between individual firms (Hayter *et al*, 1999; Hudson, 2004).

Against this bifurcation between spaces of economic governance and economic production, a key set of mutual dependencies are situated at the sub-national and particularly the local scale which serve to embed firms. Whilst this accommodates a number of factors (Peck, 1996; Phelps & Alden, 1999; Potter & Moore, 2000), those critical in accessing an increasingly dispersed set of markets have been identified in Southern Staffordshire as infrastructure, particularly road and rail links but also including digital connectivity, and skills, providing a highly distinctive contribution through an embedded technical specialism to respond to the needs of specific industries. It is through these public goods (Capello, 1999) the networked relational space of firms converges with the bounded relational space of state organisations in a relational model of spatial attachment (Fig. 7.1).

**Figure 7.1: Relational model of spatial attachment**



Source: Author

The location of these points of convergence is itself a highly relational concept, emerging at different and multiple scales where industrial demand and regulatory or investment autonomy meet. Whilst the presence of public goods in an area makes an explicit link between production practice and spatial governance, their embedding can be the result of both historic investment decisions driven by state, corporate or personal motivations (Dicken & Thrift, 1992; Plummer & Taylor, 2001; Tewdwr-Jones & Phelps, 2000) and vertically dis-integrated state-market dialogues and subsidisation strategy (Amin, 2004; Bristow, 2013, Harrison, 2010a; Jones *et al*, 2005). The convergence of interests within Southern Staffordshire is therefore dependent upon patronage from a more broadly

dispersed set of institutions, of which sub-national state strategy represents just one level of governance. Maintaining advantages offered by public goods is therefore dependant not simply on the coordination of strategy across actors at the direct sub-national scale but on the involvement of a wider scalar architecture of public and private investment.

The need for this wider scalar coordination has resituated critical points of convergence. In place of a direct consolidation between physical firm location and formal institutions of sub-national governance as regulators of public goods (Shearmur, 2011; Storper, 1997), support, investment and regulation of these assets has been increasingly hollowed out at the sub-national scale (Byrne, 1994; Jeffery, 2006). To compensate for this hollowing out, an increasing aspect of sub-national economic strategy has become, in place of delivery, the influence of requisite support, investment and regulation through practices of multi-scalar governance (Amin, 2004; Bailey, 2011; Bristow, 2013; Harrison, 2010a; Jones *et al*, 2005).

The manifestation of spaces of economic production and spaces of economic governance has presented a highly detached model of spatial articulation. In place of a consolidation of these interests within Southern Staffordshire, I have found a defined area within which these spaces are overlain rather than integrated. The relational determinants which serve to create these separate spaces see firms and state organisations spatially articulated in two distinct ways: whilst firms operate in a space of networked relationality, flexible and iterative as it evolves in line with changing industry practices and demands, state actors function in a space of bounded relationality, accommodating networked principles

through the exploitation of specific administrative forms and embedded public goods. In accessing these public goods the interest of networked and bounded relationalities converge through a mutual dependence; the direct regulation and control of such public goods has however seen increasing hollowing-out with regards to sub-national state organisations, resituating the direct point of convergence between demand and regulation. In response, sub-national state organisations have developed new working practices to accommodate a multi-scalar approach, with notable spatial implications.

### **7.3 Rescaling spaces of sub-national economic governance**

In the previous section I have outlined a fundamental demarcation in the foundation of spatial relations amongst actors, arguing networked practice is the principal influence for firms, via a set of flows and inter-spatial relations (Gereffi *et al*, 2005; Henderson *et al*, 2002, Piccaluga, 2004), whilst for state actors this is a more bounded practice linked to place-based initiatives and interventions (Bristow, 2013; Harrison, 2010b; Townsend, 2012). As a result, a perpetual fragmentation of these interests is at play, functioning in overlain but detached spaces of economic production and governance respectively. The extent of this fragmentation is mitigated through a critical set of public goods (Capello, 1999) situated at the sub-national scale and underwriting access between firms and their transaction and exchange networks. Whilst sub-nationally situated, this does not extend to embedding, as the presence of public goods is dependent on sponsorship and regulation through a system of multi-scalar governance.

The transition toward multi-scalar practices in the governance of spatial economy has seen an increased set of actors become integrated through recent change in approaches to state spatial management (Jones *et al*, 2005). Within this relationship a principal role has been allocated to local government through the role of the Local Authority (LA), partially through a set of established statutory duties, including spatial planning and the more recent local economic assessment, but more specifically through their key part in resourcing the LEPs (HMG, 2010b). This responsibility runs contrary to an ongoing erosion of the duties of LAs, (Bentley *et al*, 2010; Byrne, 1994; Jeffery, 2006) alongside the limited formal powers issued to accompany their LEP-linked responsibilities (Pugalis & Townsend, 2012) and the continued financial implications of ongoing settlement reductions (LGA, 2014). To fulfil this remit, the local state has integrated itself more broadly in a revised spatial and functional architecture of state-led governance, operating concurrently at multiple scales, integrating multiple sectors and actors, and manifesting in periodized forms (Amin, 2004; Brenner, 2009; Bristow, 2013).

In Chapter 6, I proposed a model of this periodized transition within state governance mechanisms (Fig. 6.2). Through an ongoing process incorporating concurrent phases of structuring, casting and disruption (S-C-D) within sub-national spaces of economic governance, this transition sees both spaces and practices in constant flux at the sub-national scale, shaped by shifting policy rhetoric, sub-national articulations, and fluid actor integration. Whilst occurring within the sub-national arena, this fluidity is not limited to such defined or reconfigured territory. Both transition in the spatial concepts utilised in constructing the sub-national and the need to integrate an increasingly wide set of actors in the progression of policy objectives have presented escalating spatial

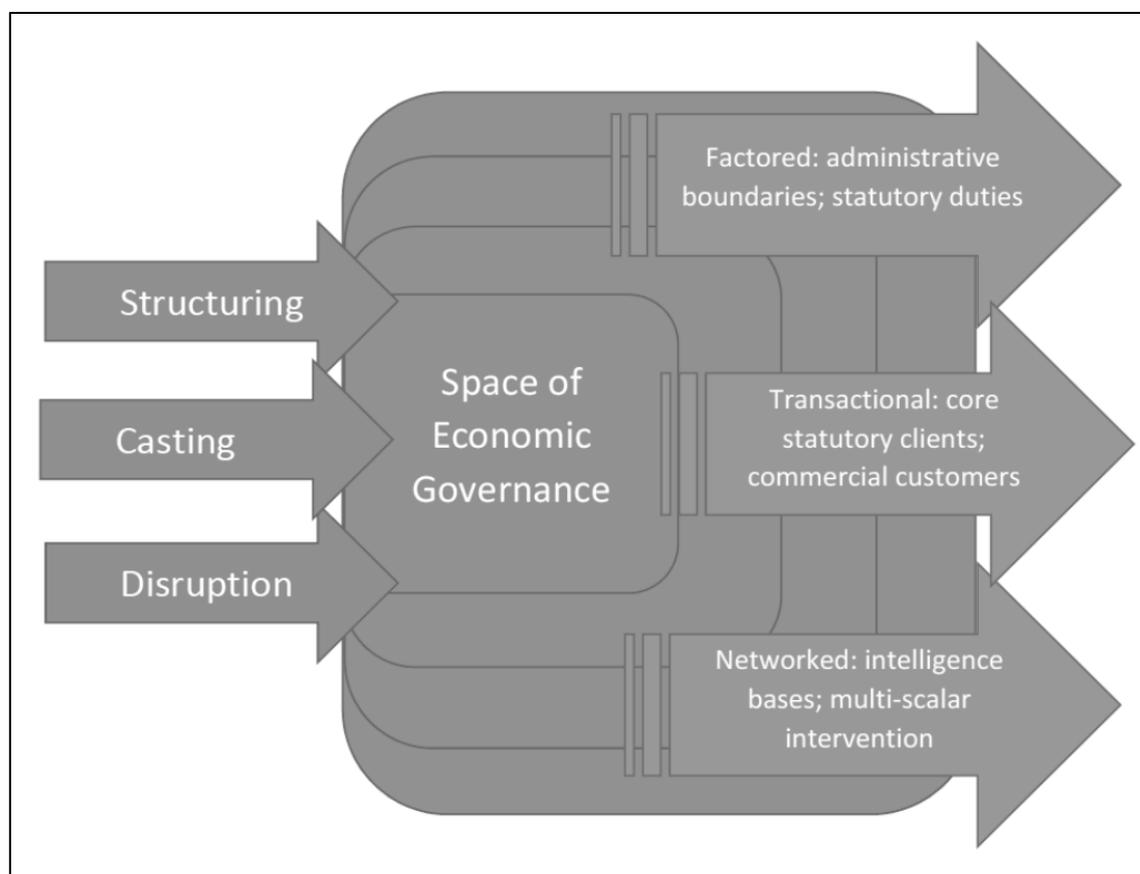
articulations. This escalation has seen the sub-national integrated into broader scales of function, the S-C-D dynamic continually relaying the reconfiguration and application of this evolving spatial articulation, linking multi-scalar practices to multi-stakeholder integration to create multiple iterations of spatial economy.

As I argued in Chapter 5, the networked relational space of firm interaction represents a multiple set of overlain spaces rather than any singular form. This same phenomenon is arguably occurring for spaces of economic governance in Southern Staffordshire through the S-C-D dynamic. The shifting spaces forged via this S-C-D dynamic can be understood employing the F-T-N model for interpreting spatial scales of firm functionality used in Chapter 5 (Fig. 5.4). This proposes rather than fixed hierarchical scales, these operate on three distinct conceptual and relational scales of Factored relationships, Transactional relationships, and Networked relationships. Within spaces of economic governance, these scales extend practice beyond defined bounded areas and into multiple articulations through their integration of partners at horizontal and vertical scales, driven by an ethos of sub-national governance incorporating negotiation (Beck, 1997), partnership (Goss, 2001), and entrepreneurialism (Bristow, 2010; Harvey, 1989).

Examining this on the basis of Southern Staffordshire and its constituent LAs, these three conceptual scales manifest spatially in three separate forms converging but not confined to Southern Staffordshire, its sub-national affiliations, and its shifting cast of stakeholders involved in progressing economic policy. Here, the F-T-N scales manifest through factored relationships represented by those LAs are committed to via administrative

designation and statutory duty, transactional relationships with core and emerging client groups both statutory and non-statutory, and networked relationships through engagement to enhance evidence bases and forge multi-scalar links. This creates a set of extended spatial scales of economic governance, as these are perpetually reconfigured through a process of structuring, casting and disruption (Fig. 7.2).

**Figure 7.2: Extended spatial scales of economic governance**



Source: Author

These scales have shifting spatial connotations as they are (re)structured through evolving policy rhetoric, governance practices, and organisational interests. Whilst the

administrative boundary for LAs represents an enduring form, its alignment with specific interventions is iterative; therefore for specific forms of support an ethos of rationalisation and centralisation (Bentley *et al*, 2010) reconfigure administrative definitions with plural connotations, Southern Staffordshire and its authorities “recognise we’re within the...boundary of Staffordshire and absolutely we’ll work with (them) on any local government issues. In terms of economic development we’re working with the GBS LEP” (Cllr, LA, 4-6-13). This plurality is extended with the statutory Duty-to-Cooperate for LAs (CLG, 2011), requiring Southern Staffordshire LAs to accommodate additional spatial iterations beyond LA and LEP definitions, collaborating with bordering parts of Derbyshire, Warwickshire, Shropshire and the Black Country.

Such collaboration extends the range of core clients LAs transact with, and runs alongside increased pressure to raise income through more commercial services or the facilitation of private sector interests, specifically investment and development, as part of a competitive rhetoric (Amin & Malmberg, 1994; Bristow, 2010; Harrison, 2012; Ward & Jonas, 2004). Use of strategies such as shared services and the integration of the concentration-agglomeration model have served to both rationalise costs and refine understandings of local economy. As a result, Southern Staffordshire moved from its vision of a “diverse, dynamic and sustainable economy” (SSP, 2006, p.1) built upon “niche specialisms...electric vehicle technology...specialist automotive technology” (Officer, LA, 21-9-12) and “based around brains and the application of highly skilled residents and workforce” (Officer, LA, 4-10-12) to one based around key assets of “ancient cathedral cities, the leisure offer of Drayton Manor...the National Memorial Arboretum and St. George’s Park” (Cllr, LA, 21-3-13), with critical resource attained via

policy finance instruments such as Enterprise Zones and the New Homes Bonus reinforcing city-regional/core-periphery hierarchies.

This has created an increasing number of networks active within the area (Harrison, 2010b). Removal of the regional tier of governance has seen LAs, via LEP relationships, gain direct access to central government, central patronage critical in attaining both finance and, more recently, positioning in terms of devolution dialogue. Critical in accessing this resource is to “line yourselves up with the right authorities that are going to bring the biggest payback” (Cllr, LA, 21-3-13) and increasing “connectivity to businesses outside of the LEP area” (Cllr, LA, 4-6-13), enhancing multi-scalar networks which offer “vast ranges of knowledge and experience of areas of work which we’ve never traditionally got involved with” (Officer, LA, 21-9-12). The continuity of this approach with indigenous business needs is however questioned, and the move toward greater integration into the city-region and alignment with the core-periphery model has served to exclude certain public and private interests - “I don’t feel we properly engage with local business” (Officer, LA, 4-10-12); “Conversation on the LEP deal hasn’t been brilliant” (Officer, LA, 2-10-12) – encouraging the formulation and enhancement of further networks – “in the past 12 months...the relationship with Wolverhampton and the Black Country is changing” (Officer, LA, 2-10-12).

The F-T-N scales of spatial governance can therefore be considered in a constant process of transition and extension as they are reconfigured through the structuring, casting and disruption caused by periodized policy frameworks. Multi-scalar and multi-stakeholder

practice has become standardised in economic governance processes, with significant spatial implications through a growing cast of actors and their increasingly diverse geographies of interest. The use of multi-scalar practices has therefore balanced bounded spaces of sub-national economic governance with partial integration into space beyond these boundaries through a wider network of collaborators. This has emerged in contiguous forms, but also has increasingly seen the evolution of specialist and aspatial or non-contiguous forms. In the next section I examine the expanded spatial articulations of the sub-national through this multi-scalar and multi-actor approach.

#### **7.4 Actor integration and the expansion of sub-national boundaries**

The progression toward a wider mode of multi-scalar and multi-actor actor governance (Gomaert & Hajer, 2003; Goss, 2001; Jones *et al*, 2005) has seen a dramatic increase in the number of partners involved in the development and delivery of sub-national intervention. This ‘filling in’ of the state (Jones *et al*, 2004) in response to a perceived destabilising of the role of democratic state organisations (Byrne, 1994; Jeffery, 2006; Jessop, 2002a), has whilst integrating an increased set of interests in the governance of sub-national spatial economy similarly filled out articulations and interpretations associated with spatial economy (Amin, 2004; Harrison, 2010b). The result is an increasingly congested and contested spatial articulation as defined spaces of economic governance become intertwined with those constructed by partners’ operations or networks. Similarly, the extent of these operations and networks has increased as a broader cast of actors is formally engaged in the governance process (Goss, 2001; Healey, 1997; Hefetz & Warner, 2004; Murphy, 2011).

In accommodating this increasingly congested governance environment, outlined in Fig. 7.2, spaces of economic governance have extended spatial articulations through incorporating a set of collaborators whose functional space challenges embedded sub-national forms, either through the overlapping tendencies of partner state agencies or support organisations (Brenner, 2004), such as FE institutions and Chambers, or the fragmentation of market actors through dispersed production practices (Gereffi *et al*, 2005). The tendency for extending this range of actors has disrupted what were previously more static and singular understandings of spaces of economic governance (Agnew, 2013; Allen *et al*, 1998; Harrison, 2013). Focused around a core defined sub-national space, the continued adoption of collaborators in attempts to address deficits of former governance practice (Brenner, 2009) has seen the continuity of such spaces distorted as new spatial interests and alignments interfere with established and embedded demarcations. A focus upon actors outside of Southern Staffordshire runs alongside a reduced engagement with certain groups of indigenous firms, eroding the extent to which local economy is integrated into the governance dialogue.

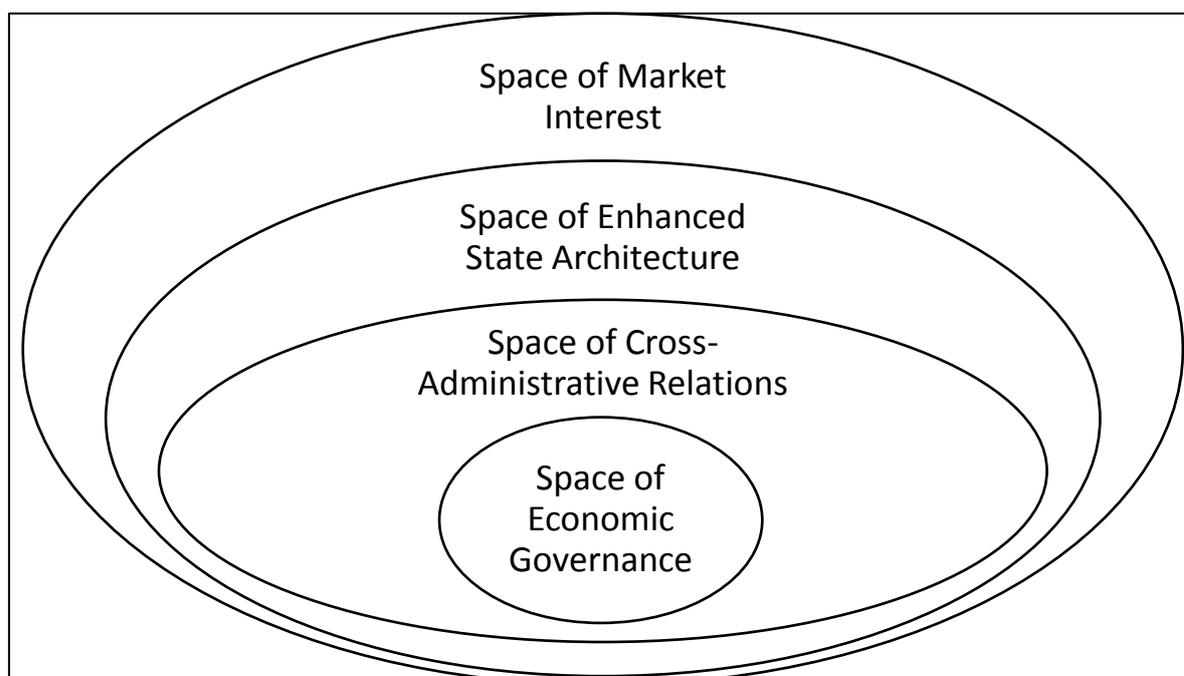
The manifestation of this extension and erosion of space can be identified in three distinct blocks: spaces of cross-administrative relations, spaces of enhanced state architecture, and spaces of market interests (Fig. 7.3). These have emerged historically as governance practices have evolved, but also run concurrently with earlier stages transitioning in response to the incorporation of new actors and related spatial reconfiguration.

Spaces of cross-administrative relations represent the destabilising of established administrative boundaries and progression of a model of governance recognising these boundaries as porous rather than impermeable. This manifests both horizontally and vertically; horizontally it has increasingly integrated an established and embedded model of local designation through upper and lower tier LAs into a formalised regional architecture (Cox, 2010; Townsend, 2012) and through this vertically into national and supra-national scales (Amin, 2004; Bailey, 2011; Bristow, 2013; Harrison, 2010a). Both the freedom of the LEP ethos of self-determination along the lines of the FEA (HMG, 2010a) and statutory guidance on cooperation between contiguous localities (CLG, 2011) have encouraged and enforced LAs to collaborate within spaces outside the inherited geographies in which they historically function; “the government told us...think outside the box, don’t think in terms of traditional local government boundaries (Cllr, LA, 4-6-13). This has been complemented by increased engagement with broader scales of governance, shaping sub-national policy through funding mechanisms favouring specific iterations of place such as city-regions alongside influencing via direct dialogue; “without the RDAs...civil servants and ministers want to come to talk to us directly” (Board Member, LEP, 14-12-12).

Spaces of enhanced state architecture represent the accommodation of a wider architecture of state organisations into the governance process (Jones *et al*, 2005). To maximise public resource employed at the sub-national scale, increasing pressure has emerged to manage this more effectively through the coordination and where possible consolidation of sub-national capacity (Goss, 2001). This has emerged in formal localised partnerships embedded in the Local Strategic Partnerships (Allen & Cochrane, 2007) progressing to

cross-administrative approaches through Multi-Area Agreements (Harrison, 2013; Pugalis, 2012) and more recently LEPs (HMG, 2010a). Whilst converging operationally-detached state actors, spaces of enhanced state architecture have also incorporated an increased set of spatial articulations within partnership practice, through alignment between the functional areas of partner organisations such as colleges, universities, and job centres inconsistent with that of sub-national designation; “we serve communities in South Derbyshire...and then into Southern Staffordshire...we would have always been dual-funded for East and West Midlands...so we’ve always been kind of split” (Director, FE College, 7-6-13); “often the difficulty of South Staffordshire and geography, a lot of the partnerships are Staffordshire based but...the agencies that do the delivery are not” (Officer, LA, 2-10-12).

**Figure 7.3: Extending spaces of sub-national governance relations**



Source: Author

Finally, spaces of market interests represent the demand for integration of non-state actors, adding a further spatial articulation. Initially focused more on community representatives through requirement of the Well-being Act (Local Government Act, 2000), involvement of the private sector has become more integral in policy progression to the point of its explicit role leading LEPs (HMG, 2010a; 2010b). Pursuit of a set of private sector representatives with the experience, influence and credibility to effectively position the sub-national on the national policy agenda has to some extent detached firm involvement from a number of local interests, instead representing “a lot of heavy hitting businesses who sit on the (LEP) board...but when you talk within the small business community...there’s very little understanding” (Officer, LA, 21-9-12). This has run alongside a greater level of business engagement exposing governance actors to the fragmented spatial pictures presented through the production patterns of local firms.

As a result of this broader actor integration, sub-national spaces are seen to undergo a constant series of challenges (Brenner, 2009). Incorporating physical spatial articulation, represented by notable sub-national transformations through the FEA-led process of LEP designation, alongside this runs a continued negotiation within the relative confines of sub-national space regarding understanding and interpreting its spatial economy (Allen *et al*, 1998). The extension of perspectives through an enlarged set of actors serves to congest this negotiation (Harrison, 2010b). Convergence of multiple interpretations of sub-national economic space through formal spaces of economic governance reinforce the position of sub-national space as a point of convergence and intersection between spaces of networked and bounded relationality. Whilst the spatial demarcation of the sub-national is clearly

articulated as this point of convergence, the practice through which convergence is facilitated and embedded alongside the key roles and requirements of governance actors is not so clearly defined. The result is an additional bifurcation to that of spatial economy, between demands placed on the sub-national in supporting economic growth and the resource and capability it holds to progress these demands (Byrne, 1994; Jeffery, 2006).

The expansion of the range of actors utilised in the governance of spatial economy has had a detrimental effect in its interpretation. Whilst this occurs vertically through embedded state architecture and the need for greater interaction between sub-national, national, and supra-national institutions as part of a multi-scalar approach to governance, it is similarly horizontally scaled by state, quasi-state and market actors involved in the delivery and, increasingly, development of strategy. This has positioned formal sub-national spaces of economic governance as points of convergence for the varying spatial manifestations of market and state-market interests as opposed to any singularly distinct form of state-regulated spatial economy itself. As an expansion of interests within the governance process has occurred, similarly have interpretations of its position and role as part of a set of spaces of production. The need to respond to these multiple interpretations runs alongside strict limitations to the capacity of core governance organisations at the sub-national scale. The next section examines how these plural interpretations of spatial economy and expansion of interests are accommodated within the policy actions in sub-national spaces of governance.

## **7.5 Refining spatial economy: spatial segmentation and jumping scales**

Through the previous sections I have argued sub-national scales of spatial economy represent, rather than any singular manifestation, a point of convergence for spaces of economic production and those of economic governance. The efficacy of this scale has sought enhancement through integrating a multi-scalar and multi-stakeholder governance approach. Accommodating such a set of partners has however disrupted interpretations of spatial economy converging at the sub-national, this instead emerging as a negotiation seeking to integrate the interests of multiple actors.

The extent to which the sub-national scale is capable of interpreting and responding to such varying demands is uneven. With only limited investment and regulatory authority situated at the sub-national scale (Pugalis, 2012), largely through the embedded but eroding role of LAs (Byrne, 1994; Jeffery, 2006), this presents a significant limitation on their ability to provide meaningful and contextual support for a set of indigenous firms. Engagement with firms for both GBS and S&S LEPs has been considered good, through “a very open conversation with the wider business community across the region” (Board Member, LEP, 14-12-12). This however has failed to filter out to the firms interviewed within Southern Staffordshire, the majority disengaged from the sub-national policy environment. The potential of intervention at the sub-national scale to provide meaningful impacts for firms was not recognised, who instead focused their attention on inter-firm networks and representation organisations pitched at higher scales of regulation and investment.

LEPs have sought to address such limitations through a second negotiation with the central state as key sponsor. Limited fixed powers have been offered to LEPs (Bentley *et al*, 2010), instead introducing a culture of ‘asks’ on the basis of a Strategic Economic Plan making a case for intervention in terms of expected returns and outcomes alongside statements of sub-national investment from both private and public sectors; “It’s very much government keen to hear what ideas you’ve got at local level to be able to do things differently” (CEX, LA, 11-3-13). Whilst in principle providing a negotiation through which to articulate indigenous economic profile and pursue critical needs, this negotiation faces three specific limitations: the need for intra-system compliance, the management of internal resource, and the need for market patronage.

In terms of intra-system compliance, the privileging of urban accumulation through central government policy, specifically the ‘core cities’ rhetoric (Harrison, 2010b), has created an uneven internal space for LEPs, with a clear incentive for prioritising the needs of certain place forms over others at the sub-national scale (Bettencourt *et al*, 2007; Florida, 2008; Hall, 2003; Hutton, 2008). This compliance with a privileged hierarchical spatial model (Jessop, 2007) is pivotal to gaining the patronage on which LEPs and their member LAs depend, with interpretations of Southern Staffordshire increasingly dictated by its association with Birmingham through the predominance of orthodox understandings of core-periphery; “within GBS we have a very strong travel-to-work pattern” (Board Member, LEP, 14-12-12); “Birmingham is the centre...(we’ve) got huge numbers who travel into Birmingham every day” (Cllr, LA, 4-12-12). This is explicit in the management of internal resources. During a period of dramatic settlement reductions for LAs (LGA, 2014), compliance with and exploitation of the key central rhetoric to enable investment to

supplement funding gaps has become integral to deliver local support and protect individual organisations from progressive financial shortfalls; “You have to make sure you line yourselves up with the right Authorities that are going to bring the biggest payback” (Cllr, LA, 21-3-13). The Birmingham link is pivotal here, through its core city position offering Southern Staffordshire as one policy professional put it “crumbs from a bigger cake” (Director, FEI, 21-3-13). To successfully achieve this, the need for market patronage through the support of high profile business leaders serving on the LEP is critical, helping position LEP areas and local organisations as credible investments.

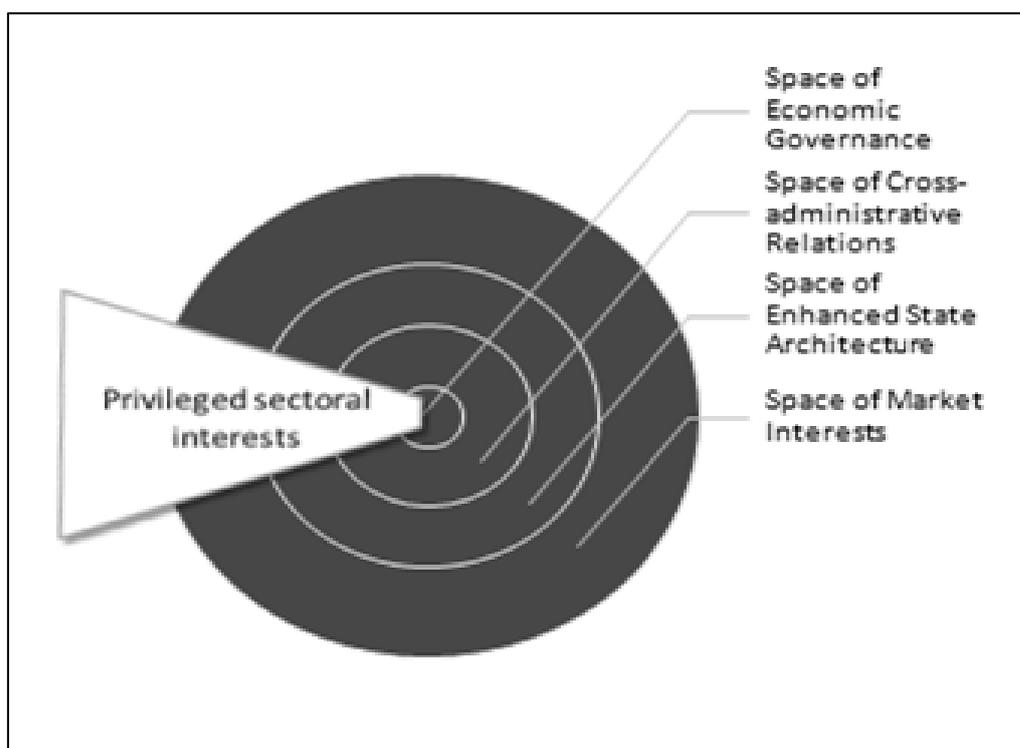
LEPs have been established under a principle of contextual and locally-focused economic development. Highly prescriptive policy objectives from central government, their specific incentives offered through associated funding mechanisms, and the necessity for credibility bought in by private sector representation have conspired against this. Instead, the sub-national has become a highly selective space strategically shaped and presented to participate in the competitive sub-national arena (Bristow, 2010; Harrison, 2012; Harvey, 1998; Ward & Jonas, 2004) alongside compensate local organisations, particularly LAs, for their losses in the era of austerity through strategic approaches to income generation (Cox, 2010).

This strategic selectivity (Jessop, 1999) manifests in two distinct forms. Firstly, it is spatially selective (Jones, 1997), as sub-national spaces are unevenly constructed and the localities which constitute them unevenly placed through central state policy initiatives and mechanisms. This can be observed in the positioning of Southern Staffordshire’s two LEPs

and the comparative progression of city deal/growth deal agreements, the S&S sitting as a second tier priority behind that of GBS.

Second, this runs alongside a sectoral selectivity. Whilst a broad negotiation with market actors is progressed to in principle establish a sense of key sub-national intervention priorities and develop insight into the nature of sub-national spatial economy, the limitations previously discussed result in governance approaches incorporating a similarly limited breadth of sectors or interests, shifting the dynamic growth objectives in Southern Staffordshire to the urban core and reconfiguring aspirations from high-value growth “based around brains and the application of highly skilled residents and workforce” to “tourism assets...being developed under the brand name of the Mercian Trail” (Officer, LA, 4-10-12). Prescriptive policies, narrow interventions, and the need for credibility from market interests represented on and around LEPs mean only a specific segment of firms can be supported at sub-national scale and by sub-national intervention, association with Birmingham shaping not only interpretations of the economy but the nature of stakeholders involved in informing governance; whilst for policy makers “GBS...we have key links to supply chains. We’ve got a shared common geography” (Board Member, LEP, 14-12-12) and “our businesses said you’ve got to go with Birmingham” (Cllr, LA, 4-6-13), for the embedded manufacturing sector of Southern Staffordshire this geography was either partial or historic. This creates a spatial segmentation within extended spaces of sub-national governance, forming an explicit link between local and sub-national spaces of economic governance, the spaces of economic production forged through privileged sectors, and the connecting set of multi-scalar actors integrated as part of an enhanced state architecture (Fig. 7.4).

**Figure 7.4: Spatial segmentation of economic governance**



Source: Author

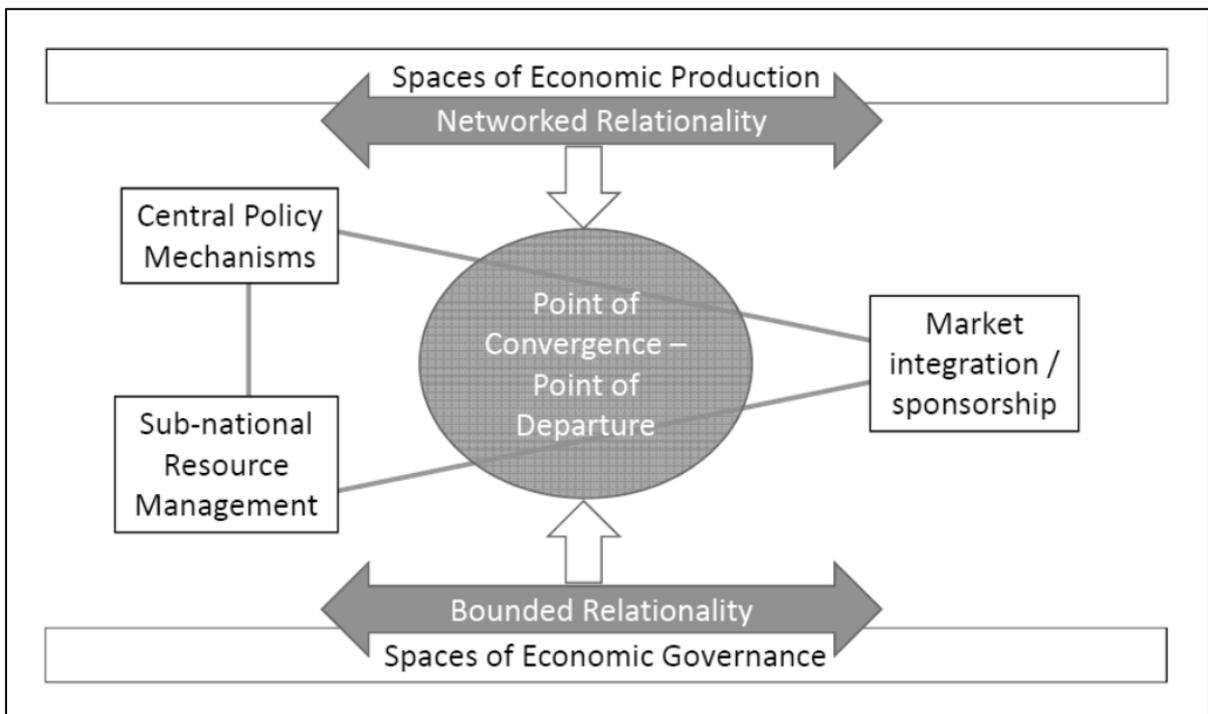
Against this spatial segmentation, a set of interests become further excluded at the sub-national scale, reinforced through a tripartite association between central government policy line, signature market investment, and LA survival strategies. Locally embedded but spatially marginalised firms either become or remain detached from the local, erosion of their markets and embedded resources such as skills complemented by political detachment through limitations in regulation and intervention. In the absence of any legitimate benefit emerging through state dialogue in sub-national spaces of economic governance, such firms instead ‘jump scale’ (Smith, 1989), building dialogues through state and market regulatory and development mechanisms forged by industry networks and representation bodies. This is the case in the example of the manufacturing firms of

Southern Staffordshire; whilst locally embedded through the historic-geographic evolution of their industry, pursuit of industrial interests occurs through firm-to-firm and firm-state engagement beyond regional scales and forms, instead emerging as more broadly dispersed geographies of interest, consolidated through industry bodies or iterative nodes, formed through phenomena such as industry events (Bathelt *et al*, 2004; Bennett & Ramsden, 2007; Clark, 2014; Maennig & Olschlager, 2011; Markusen, 1994; Torre, 2008).

Selectivity enforced through the limitations of the sub-national scale in economic governance compromise its position as a point of convergence. Rather than manifesting as a critical scale of function for firms located within its boundaries (Swyngedouw, 1997), the sub-national instead emerges as a point at which objectives of broader scales of economic production and economic governance are consolidated. For firms outside the privileged set however, the sub-national emerges as a point of departure; the counterpoint between their space of economic production and that of effective economic governance manifests in alternative spatial and scalar forms, not only detached from state articulations of spatial economy (Piccaluga, 2004) but evolving in highly distinctive and individualistic forms (Hayter *et al*, 1999). This detachment contributes toward the ongoing erosion of local embedding amongst firms, underwritten by state spatial strategy and multi-scalar approaches to governance. The ongoing relational reinforcement between central government policy mechanisms, private development opportunities, and sub-national returns on intervention emerge contrary to the rhetoric of contextual economic development. Through this dynamic, the sub-national scale is narrowed in its capacity to represent the extent of local economy, the bifurcation between spaces of economic

production and spaces of economic governance reinforced through a similar bifurcation between space and sector; the result positions the sub-national as much a point of departure as one of convergence. (Fig. 7.5).

**Figure 7.5: Relational model of spatial attachment: reprise**



Source: Author

The pursuit of multi-scalar and multi-stakeholder approaches to economic governance has challenged sub-national articulations of spatial economy. Whilst considered a point of convergence for state-market interests (Storper, 1997; Swyngedouw, 1997), its extent is curtailed by a strategic and financial dependence on the central state. Distribution of this patronage is uneven, both spatially and sectorally, emerging in a highly selective capacity linking central state patronage to support of credible businesses and a response to localised austerity impacts.

This strategic selectivity emerges in two forms: spatially it determines a set of preferred places, creating a hierarchy but also prejudicing contextual interpretation of economy. Sectorally, it privileges interests concomitant with central state policy objectives and localised demand for financial returns. Manifestation of the sub-national as a point of convergence is therefore only partial, with the push for central state and private sector investment marginalising a number of interests. To this extent, sub-national spaces are as likely to represent points of departure between spaces of economic production and economic governances. This bifurcation is highly sectorally specific.

## **7.6 Conclusion**

In this chapter I have examined the implications of a functional separation between spaces of economic production and those of economic governance for understandings of sub-national spatial economy. Building on the argument developed in chapters 5 and 6, I have discussed how these functionally separate articulations are integrated at the sub-national scale and the effect this integration of multiple spatial manifestations has on the revision and interpretation of sub-national spaces and within these state-market relations.

Spaces of economic governance and spaces of economic production have shown multiple manifestations in and around the sub-national scale, functioning in multiple iterations concurrently in line with respective tendencies toward multi-scalar practices (Bailey, 2011; Bristow, 2010; Harrison, 2010a; Jones *et al*, 2005) and dispersed production systems (Gereffi *et al*, 2005; Sturgeon *et al*, 2008). Clear demarcation however occurs between the

spaces of economic production, which are relationally networked via their key transactional and knowledge exchanges (Bathelt *et al*, 2004; Sassen, 2004; Sturgeon *et al*, 2008; Veltz, 2008), and spaces of economic governance, which whilst plural have a tendency to be relationally bounded in compliance with administrative territorial boundaries (Townsend, 2012). These bifurcated forms are integrated into sub-national spaces through the provision of public goods (Capello, 1999) as a point of convergence. Maintaining these goods, as a foundation for sub-national advantage, has seen this point of convergence progress from the public good itself toward that of the sub-national scale as a critical point in state-market negotiation and market-public good interaction.

This positioning has transformed the spatial extent of the sub-national. Through an increasingly broad cast of interests with disparate spatial articulations, a set of challenges to the singular and established structural interpretations of sub-national space has emerged (Allen *et al*, 1998). Extended horizontal and vertical dialogues of a multi-scalar and multi-stakeholder governance environment has positioned the sub-national as a critical scale in negotiating diverse spatial interests and articulations (Harrison, 2010a; Storper, 1995; Swyngedouw, 1997). It has therefore become increasingly congested, as new interests are accommodated and overlain (Harrison, 2010b), and contested, as new relational understandings of spatial economy emerge (Brenner, 2004).

Reconciliation of this contestation has occurred through the strategic selectivity of certain spatial and sectoral interests sub-nationally. Broad negotiation amongst a large collection of actors has been rationalised through a centrally enforced policy environment spatially

focused on core cities and urban-accumulation as drivers of growth (Martin & Sunley, 2011) and sectorally on the attraction and retention of credible businesses and business leaders to facilitate private investment and central state sponsorship. This has run alongside austerity measures positioning compliance as integral for the sub-national state in compensating for budget shortfalls (LGA, 2014). The result is a tripartite spatial and sectoral selectivity, driven by central policy mechanisms, market sponsorship, and sub-national resource management, compromising the sub-national as a point of convergence. This serves to reinforce relationships between spaces of economic production and economic governance where an alignment of strategic objectives occurs whilst marginalising other locally embedded production activities.

The outcome of this selectivity has seen an additional bifurcation to that interpreting spatial economy. Alongside the split between spaces of networked relationality and bounded relationality, creating respectively spaces of economic production and of economic governance, the sub-national serves as a space within which interests either converge or depart around the concomitance of interests with the tripartite selectivity previously discussed. In particular this sees a declining relationship between the governance of the economy at the sub-national scale and the requirements of specific resident firms. The reduction of this dependence poses questions around the capacity of sub-national state actors, in their current incarnation, to respond to and accommodate the needs of a diverse sub-national economy, and the extent to which, in the absence of this capacity, core production firms can be considered locally embedded.

## **CHAPTER 8: SPATIAL ECONOMIC GOVERNANCE AND RELATIONAL REGIONALISM**

### **8.1 Introduction**

In this thesis I have examined the processes and practices involved in the construction of spaces of economic governance and spaces of economic production at the sub-national scale. In doing this I have adopted a relational approach, examining the creation of spatial economy through a process of interaction between multiple actors from amongst the firm and the policy communities. Situating the research in Southern Staffordshire, a part of the English West Midlands and member of the Greater Birmingham and Solihull and the Stoke & Staffordshire Local Enterprise Partnerships, it has examined the relationship between adopted Functional Economic Areas and internal economic structure, indigenous firms and their spaces of production, and policy actors and the broader policy environment and frameworks shaping interpretation of spatial economy.

In this conclusion, I discuss the principal findings of this study and how these influence the key theoretical debates engaged with in this analysis of spatial economy, embedding, and governance. Commencing with a discussion of the key findings from the study, this progresses to a more detailed analysis of their implications for key debates in the formation of sub-national economy, in the development and application of state spatial economic governance, and in practices for reconciliation of these separate iterations of spatial economy at the sub-national scale. It then considers the replication of this study for further examination of practice in constructing spatial economy alongside opportunities for

the progression or further examination of concepts discussed. It finishes with a post-script for Southern Staffordshire.

## **8.2 Key findings**

My key findings from Southern Staffordshire suggest a significant fragmentation exists within sub-national governance relations, specifically separating the spatial understandings employed in governance by policy-makers from those formed through the traded and untraded relationships of firms located within these spaces. The extent of complexity in the network relations of the firms examined in this thesis, and the understanding or acceptance of this within sub-national policy, raises real questions about the capacity of state-led sub-national governance to respond to such variation.

In structural terms, my findings argue an ongoing tendency toward the detachment of spaces of economic production from singular forms of formal sub-national spaces of economic governance (Piccaluga, 2004). This fragmentation is seen as occurring at a number of scales, with sub-regional designations only partially integrated into regional spaces but a similar picture emerging between the local and sub-regional; within Southern Staffordshire the notion of a coherent spatial economy is inconsistent in both its integration into GBS and amongst the five constituent localities forming a single Southern Staffordshire. Analysis on the basis of Functional Economic Area (FEA) measures suggest multiple links emerging on the basis of the historic-geographic evolution of local and regional economy (Allen *et al*, 1998; Hudson, 2004). Whilst this has been rationalised to fit with city-region notions of the West Midland Conurbation (WMC) or Greater

Birmingham and Solihull (GBS), this is based principally upon an understanding of Travel-to-Work areas.

Examined at a more detailed level, using sectoral employment, a more complex set of transactions emerges including variations between Southern Staffordshire's localities in terms of net labour importers and exporters. Alongside this, the concentration of key industrial sectors and sub-sectors within Southern Staffordshire and its surrounding regional geography suggests stronger spatial economy, defined through notions of related variety (Boschma & Frenken, 2011; Frenken & Boschma, 2007) linking it to the Black Country, North Staffordshire, Telford and Derbyshire in advance of any structural relationship with Birmingham and Solihull. Fundamentally, employment flows and industrial concentration imply rather than a singular spatial economy, a number are at play concurrently, manifesting through travel-to-work dependencies, regional production system integration, and localised specialism (Hayter *et al*, 1999; Plummer & Taylor, 2001). To this extent, state demarcations of spatial economy can only be considered a partial representation of structural economy, and indicate deficiencies in terms of their effective representation of the networked mode of practice supposedly addressed through shifts toward urban accumulation-led forms of state spatial strategy.

Moving from sector to firm, this distribution of interests extends further. Although across customers and suppliers a number of firms have interests situated sub-nationally, this rarely conforms to formal policy units. Similarly it is rarely exclusive, the regional instead representing part of a space of economic production extending nationally or

internationally. These spatial articulations are dispersed in highly individualistic ways (Gereffi *et al*, 2005; Sturgeon *et al*, 2008), creating a picture of spatial economy only through generic terms of international or global. Whilst open to such broad classification, increasing tendencies within firm practice in goods and knowledge exchange suggests a move away from spatially bound and refined approaches, instead functioning through a looser and broader set of relationships (Bathelt *et al*, 2004; Granovetter *et al*, 2000) emerging in aspatial or itinerant forms (Cairncross, 1997; Torre, 2008) through archipelago or trans-local networks (Sassen, 2004; Veltz, 2000).

This shift away from a dominance of specific formal administrative units is similarly echoed in the relations of spaces of economic governance. Whilst formal articulations are interpreted in policy terms as singular, these function as part of a multi-scalar state architecture (Amin, 2004; Bailey, 2011; Bristow, 2013; Jones *et al*, 2005) running alongside supporting infrastructure enforcing dependence on exogenous inputs from principally the national scale (Bentley *et al*, 2010), although also including inter-regional (i.e. region-to-region) collaboration and cross-territorial partnerships (Brenner, 2004). The multiple nature of these spaces of economic governance, created through the incorporation of a wider set of actors and personnel in developing and delivering on strategy, has restricted the extent of sub-national articulations, instead fragmenting them as an overlain and patchwork set of governance spaces (*Ibid*; Kraemer, 2005). This multiple nature is similarly dynamic, as incorporating an extending set of interests sees ongoing contestations of space, contributing toward the renegotiation of the sub-national as part of a periodic process.

Such perpetual rupturing and reweaving (Brenner, 2009) of the sub-national limits its continuity in developing critical dialogue with key firms; this has run parallel to an ongoing reduction in the autonomy of sub-national government (Byrne, 1994; Jeffery, 2006). In the absence of capacity to provide broad support for constituent firms, the use of multi-scalar practices has become commonplace. Pursuing key relationships through this system has, in place of addressing structural detachment between firms and state at the sub-national scale, served to compound it through the activation of a selectivity driven by central policy, privileged market interests, and localised resource management (Cox, 2010; Jessop, 1999; Jones, 1997). The pursuit of networks and patronage to enhance deficiencies faced by sub-national and local state actors has instead integrated wider interests of state and market into the area, counteracting the context based 'Localist' rhetoric of the LEP shift. As a result sub-national intervention has been shaped to fit with overriding external objectives, detaching state actors from key sectors within their jurisdiction and from a set of principal objectives underpinned by sub-national policy objectives.

Southern Staffordshire is a novel environment in which to conduct such research. As opposed to a structurally enduring space protected by legally defined administrative boundaries, it represents a voluntary spatial articulation pulled together singularly for the purpose of economic governance, making it open for interpretation as both a periodized state spatial strategy (Brenner, 2009) and an insurgent territory (Jones & MacLeod, 2004). It is also positioned distinctly, although not uniquely, as a location functioning in dual LEPs, and by virtue dual state-based spatial economies, representing the embodiment of an overlain and horizontally plural space of economic governance (Amin, 2004; Brenner, 2004; Jones, 2009). The interpretation of the area has evolved over recent years to

something of a peripheral space; whether this is related to its ‘spillover town’ role during the post-war period, its dormitory and commuter belt role to the WMC, its housing of supplemental amenity for the urban accumulation agenda, or its marginalisation in terms of state investment bypassing this to support Stoke-on-Trent or WMC. Whilst steps had been taken to ‘rebrand’ the area and articulate its value to the West Midlands first and more recently GBS, this peripheral nature is arguably ingrained. It remains a partial space for its LEPs, contributing to these whilst some localities court additional relationships - South Staffordshire with Wolverhampton; East Staffordshire with Derby – essentially pulling them outside of Southern Staffordshire. This peripherality is replicated in its relationship with key firms, evolving with a decreasing reliance on sub-national provisions and support, or more specifically maintaining few dependencies LAs, as the principal custodian of sub-national governance, can address. Whilst policy mechanisms have been utilised with a view to repositioning Southern Staffordshire, the spatially bound approach to economic governance has served to reinforce this peripherality, underpinned by the influence of a dominant singularity in the understanding of sub-national spatial economy increasingly shaped by notions of concentration-agglomeration.

These findings have three very specific implications for policy actors in relation to the governance of spatial economy. First, it challenges the accuracy of a singular space-first approach to spatial economy, particularly when underwritten by further refinements in interpretation such as the dominant city-region concentration-agglomeration approach. In place of this, it would be suggested that spaces of economic governance are formed through a structurally-integrated approach, linking spatial iterations to the geographical extent of critical social or economic issues, including sectoral concentrations. As these are

unlikely to occur singularly this would suggest the need for further formalisation of a pluralist approach, a model Southern Staffordshire has moved toward through its involvement in both the GBS and the S&S LEPS.

Secondly, it reinforces the need for developing a stronger body of structural intelligence to inform both spatial articulations and critical issues. This suggests the need to develop stronger intelligence communities with firms within key sectors across localities, as key proponents and determinants of both spatial economy and industrial embeddedness. This would also serve to address a key deficiency identified during this research, which is the general lack of understanding amongst both state and market actors in Southern Staffordshire of the role and functioning of one another.

Finally, one of the significant issues identified in the research has been the ongoing detachment of local governance actors from local economy. Whilst historically underpinned by a continuing erosion of the authority of local government, as the principal state custodian of sub-national economic governance, this has been made more explicit by ongoing austerity measures and their impact on local government settlements. This has raised the issue of policy continuity regarding economic governance, with a contradiction between the ethos of context-based, 'Localist' policies based around an organic FEA and the progression of policies which stimulate the necessary returns to compensate for ongoing budget reductions.

Key findings of this study suggest there is a continued detachment between spaces of economic production and those of economic governance. This has seen what are classed as integral firms for the study area increasingly detached and bound into wider networks of exchange. Meanwhile the progression of policy interests have to some extent subsumed the area in a development agenda aligned principally to external state and market interests, repositioning policy objectives and redefining the structure and role of local economy within a wider designated spatial economy . In the next sections I discuss in more detail the implications of these findings.

### **8.3 Spaces of economic production in a relational era**

Understandings of spatial economy have been fundamentally transformed through the influence of deregulated trade, mobile investment, and advent of digital communications (Amin & Thrift, 1994; Cairncross, 1997; Castells, 1996; Harvey, 1989; Jessop, 2002a). In understanding this shifting dynamic, spaces of economic production have been presented in two distinct articulations: converging around the concentration-agglomeration influences of key urban areas and hubs of specialism (Bettencourt *et al*, 2007; Florida, 2008; Hall, 2003; Shearmur, 2011) or spread across less clearly defined spaces as part of a globally dispersed production network (Arndt & Kierzkowski, 2001; Dicken, 2007; Henderson *et al*, 2002; Markusen *et al*, 1999).

The firm sample examined in Southern Staffordshire provides evidence to suggest critical exchanges of firms manifest in both forms. Factors of embeddedness at the sub-national scale are however increasingly being eroded as firms become more dependent on non-local

inputs. This is most fundamental in the location and distribution of customers and suppliers, which rather than conforming to any sub-national space is a highly dispersed phenomenon functioning at its lowest across the national scale. Where the firm-space relationship does manifest is around locational advantage situated sub-nationally which enable access to markets. These correspond largely to orthodox understandings of firm-space relations (Peck, 1996; Phelps & Alden, 1999; Potter & Moore, 2000).

The diverse spatial articulations within which firms practice is difficult to reduce to any singular or common form. Whilst conventionally conceptualised through the application of clear geographical hierarchy running from local to global (Taylor & Thrift, 1983), the validity of this orthodox approach is challenged through the findings of this research. Firms can instead be understood to function at three distinct scales; those of factor, transaction and network. Factored scales represent links to key production inputs and locational dependencies such as land and labour (Porter, 1998), an integral link through which other scales are pursued (Christopherson *et al*, 2010; Hudson, 1999; Storper, 1997). The transactional scale represents immediate forward and backward linkages determined by the location of direct customers and suppliers (Johnson & Hoopes, 2003). The networked scale is a broader concept through which firms maintain technical and practical knowledge of key industry developments interacting with extended forward and backward linkages alongside competitors and regulators (Markusen, 1994).

Alongside this, spatial articulations are determined by an element of historicity, the legacy of investment and development decisions within both firms individually and as part of a

regional production system (Capello, 1999; Cooke & Morgan, 1998; Hayter, 1999, Hudson, 2004, Petrov, 2012). As factored resources have shown an indication of reduction amongst firms, specifically around the ongoing decline in available skills at the sub-national scale and increasing dependence on the ability to attract these from further afield (Huggins & Kitagawa, 2012), locational advantage is further eroded, determined increasingly by corporate and personal forms of embedding as opposed to commercial or technical advantage (Clark & Wrigley, 1997b; Johnson & Hoopes, 2003).

To some extent this represents a hollowing out of conduits for locational advantage. This has occurred with the global explosion of markets and a declining legacy of sub-national advantage by enhancements in infrastructure across competing geographies alongside the erosion of technical skills through retirement and limited replacement strategies. In the wake of this hollowing out, exogenous networks and the formation of non-geographical proximities to key industry actors are increasingly critical (Bathelt *et al*, 2004; Boschma, 2005; Nooteboom, 2000). Whilst locally embedded, the extent of local dependence for firms continues to decline.

This presents two clear problems for understanding the functioning and integration of spaces of economic production. First, the perception that firms function in more diverse and individualistic spaces may be erroneous, with high levels of overlap in spatial articulation and dependency on key tangible and intangible assets. It is unlikely the same could be applied to scale and the dispersal of operations. Whilst we can theorise about the scale of function, applying the Factored-Transactional-Networked model, translating this

into anything more than an abstract spatial phenomenon or categorising under generic terms such as ‘global’ has in the case of this study proved elusive.

Secondly, I have argued the foundations of firm embedding are unravelling, with increasing reliance on financial and personal investment as the sub-national anchor. To address this issue interventions have focused on strategies of upgrading sub-national infrastructure, enhancing sub-national skills, and encouraging sub-national spillovers. The dispersal of firm interests however makes a significant contribution toward sub-national resilience and knowledge bases; Southern Staffordshire’s manufacturing industry arguably has a positive influence on achieving key objectives of productivity enhancements, industrial renaissance, increased export, and spatial and sectoral rebalancing. Considering the dispersed production and knowledge networks of these critical firms, maintaining this global-local interface is dependent on a stronger understanding of the extent to which forms of sub-national intervention and investment reinforce or compromise global integration.

#### **8.4 On the periodization of state spatial governance**

In the examination of spaces of economic governance I have used the concept of periodization as an integral framework for understanding the construction of spatial economy (Brenner, 2009). Through this I have argued the sub-national state is in a perpetual process of transition as it responds to developments in the networked economy. Whilst seeking reformation of state spaces for more effective integration with the interests of key firms and investors, this periodization is similarly shaped by the application of

urban entrepreneurialism strategies (Bristow, 2010; Harrison, 2012; Harvey, 1989; Ward & Jonas, 2004) and inherited spatial practices (Brenner, 2004).

Attempts to better integrate sub-national spatial economy and the interests of key economic actors has been at the core of the 'Localist' shift and introduction of LEPs as the principal sub-national scale. Rather than representing any radical departure, LEPs maintain a largely orthodox approach to state spatial governance, progressed through central state patronage and multi-stakeholder partnerships (Bentley *et al*, 2010). The continuity of these spaces however is punctuated by not only shifts in formal designation but the evolution and transition of space and policy as part of a responsive programme of intervention (Harrison, 2010b; Pemberton & Goodwin, 2010; Pugalis & Townsend, 2012). In this environment, periodization rather than representing a singular punctuation in state spatial strategy I argue is more of a framework for a dynamic and perpetual reformation not only in spatial policy but in accompanying policy around actors, architecture, finance and sectors. Each of these reformations has its own distinctive spatial implication.

Within this periodization, three distinct phases run concurrently. The first of these, structuring, entails the reformation of spaces and repositioning of places as new governance territories are created and empowered through changing policy frameworks in an attempt to configure the most appropriate spatial articulation (Jones, 2001). Second, casting represents the re-articulation of structure and role as part of a revised spatial economy (Jonas, 2012), responding to new spatial articulations and shifting sectoral policies. Disruption challenges structuring and casting, questioning the authenticity of

formal territorial designations and encouraging the formation of insurgent spaces (Jones & MacLeod, 2004) to both reinforce and challenge the sub-national orthodoxy.

This dynamic does not however occur isolated from historic articulations (Brenner, 2004) or pluralist tendencies (Agnew, 2013) in sub-national space. As a result, formal spaces of economic governance exist and interact alongside inherited geographies of previous episodes and insurgent space of marginalised state-market coalitions. Any distinction between these forms has been made more opaque through tendencies for multi-scalar and multi-stakeholder practice, resulting in a messy and highly congested picture of spatial governance (Harrison, 2010b; Storper, 2014) as the spatial manifestation of alliances through which state strategy is pursued continue to fragment (Allen *et al.*, 1998; Brenner, 2004; Jones, 2009; Kraemer, 2005).

In this context, spaces of economic governance can only be considered partial representations of spatial economy, their capacity to effectively recognise structural factors dependent on an overriding strategic selectivity applied via policy mechanisms (Jessop, 1999; Jones, 1997). The application and continued influence of the concentration-agglomeration policy rhetoric, explicitly articulated in the city-regional project (Martin & Sunley, 2011), sets the framework through which the sub-national seeks to articulate itself; this has been fundamental to the relationship between the localities of Southern Staffordshire and the GBS area. Alongside this, partner relationships are maintained in both formal and informal capacities on the basis of embedded practice and emerging issues. As a result, the extent of integration into any singular space of economic

governance varies by degree, dependent on the continuity of spatial iteration and strategy with institutional and structural needs alongside changing practices, priorities and environment in relation to industry and resource.

Places such as Southern Staffordshire can therefore be conceptualised as sitting in multiple spaces of economic governance concurrently; this has been made more specific by the occurrence of dual-LEP membership, positioning it equally part of GBS and S&S. The extent of its integration into these is however determined through a concomitance between localised interests and the process of sub-national casting; this is defined through spatial structure and top-down policy mechanisms (Jones, 1997; Jones *et al*, 2005; Lundvall, 2005; MacLeod & Goodwin, 1999; Healey, 2006). Such integration never fully destabilises previous relations. Instead, in Southern Staffordshire we see a policy area fluid in its spatial manifestation dependent upon the capacity of specific spaces of economic governance to align with key priorities.

This plurality sees a form of tidal heating emerge, perpetually reshaping articulations of the sub-national in accordance with transitions in regional policy and investment alongside shifting structural and institutional need. Southern Staffordshire sits as part of at least four separate spaces of economic governance, and during the research period varied in both the extent of integration with each of these alongside seeing an ongoing transformation of its formal and informal iterations, extending and retracting in line with area and locality-based priorities and the capacity of sub-national spaces to effectively accommodate these. The

result is a continual reshaping of sub-national spaces of economic governance through the gravitational influence of changing policy frameworks and localised conditions.

Organising spaces of economic governance is in such an environment complex considering the multiple pressures and interests such mechanisms are expected to represent. As such, from a policy perspective the formalisation of informal or insurgent spaces and exploration of their capacity to pursue specific local interests parallel to privileged iterations may be an area for examination, progressing a model of governance which as its starting point seeks to link space to structure. As part of such examination, this could include the adoption of methods which recognise firms as the leading proponent and determinant of spatial economy in a networked or relational age.

### **8.5 Converging spatial economy at the sub-national scale**

The construction of sub-national spaces of economic production and of economic governance has shown signs of being a fundamentally relational phenomenon rather than defined by singular and static articulations of space. For economic production, this is created through a networked relationality focused on highly dispersed interactions suggesting conformity to only the broadest generic scales and driven by non-spatial forms of proximity (Boschma, 2005). Spaces of economic governance alternatively are formed through a bounded relationality concentrated on a very specific set of scales, albeit increasingly incorporating tendencies for multi-scalar and multi-stakeholder approaches (Amin, 2004; Bailey, 2011; Bristow, 2013; Harrison, 2010a; Jones *et al*, 2005).

The influence of this multi-scalar approach has been significant in determining the convergence of these separate spaces. Whilst the differing relationalities forming these presents a bifurcation, the importance of the sub-national scale has been articulated through its role as a point of convergence, specifically in relation to regional and city-regional interpretations of spatial economy (Bettencourt *et al*, 2007; Florida, 2008; Storper, 1995; Swyngedouw, 1997). This presents a clear sub-national link between dependencies amongst both state and market actors.

The extent of multi-actor governance has however served to enhance the ongoing process of rupturing and reweaving to state spaces (Brenner, 2009). Incorporating a wider range of stakeholders representative of and integrated into an increasingly diverse set of spatial scales has not only extended the interests of sub-national governance but exposed them to a more congested model of structuring, casting and disruption. This has seen the punctuation and layering of clearly defined state spaces and institutions through their incorporation with extended spaces of cross-administrative relations, representing statutory and non-statutory practices in spatial and resource management (CLG, 2011; HMG, 2010a), of enhanced state architecture, accommodating further resource-based collaborative practices (Goss, 2001), and of market interest, explicitly linking market actors as direct stakeholders of state economic strategy (HMG, 2010a; 2010b).

With the sub-national state holding limited capacity to respond to such varying interests (Byrne, 1994; Jeffery, 2006), the refinement of broad state-market interaction to specific intervention has been shaped by three critical interests. Principally this has been about

positioning in terms of sponsorship from central government as policy and purse holder, but additionally shaped through the recruitment of an elite set of business leaders to win this sponsorship and the supplementing of reduced sub-national state resource in an era of austerity. This tripartite selectivity can be seen to emerge in spatial forms (Jessop, 1997; 1999; Jones, 1997), reinforcing policies which privilege specific places and specific interactions such as city-region approaches, but similarly has a sectoral dimension, favouring a set of industries considered to effectively contribute to both the network capacity and the entrepreneurial objectives of 'city-first' policies. As a result the state-market convergence potential of the multi-stakeholder approach finds itself compromised through a spatial segmentation, privileging the sub-national as a point of convergence for select interests whilst marginalising others less favoured by these framing influences. This positions the sub-national as more of a point of detachment rather than convergence, encouraged to pursue interests via jumping to alternative scales (Smith, 1989) developing a greater reliance on commercial and regulatory networks embedded in a less spatially focused community.

In policy terms, the limited capacity and embedded selectivity of the sub-national state presents significant implications for its role in spatial economic governance. In addition to the bifurcation between spaces of economic production and economic governance, within sub-national strategy a further bifurcation emerges between the sub-national as a point of convergence or point of detachment. Whilst rhetoric of organic FEAs and of cities as concentration-agglomeration centres has been applied in the 'Localist' era, the convergence potential of this model has failed to accommodate the interests of a key sector in the area, and one considered critical in national economic development through the

rhetoric of enhanced productivity, increased exporting and sectoral rebalancing. This has seen a fundamental marginalisation of spaces such as Southern Staffordshire, its reinforcement as a point of convergence dependent on continuity with the driving urban accumulation agenda of GBS. Meanwhile its convergence potential with key local industries continues to erode, increasingly dependent on external networks, exchanges and resources. This divergence is further embedded as the institutional needs of governance actors, specifically LAs, become dependent on key entrepreneurial projects offering financial returns, repositioning their interests beyond administrative boundaries.

### **8.6 On the concept of relationality**

Fundamental to this study has been the concept of the relational production of space, positioning space as a fluid construct in perpetual flux through the influence of a networked model of socio-economic interaction (Goodwin, 2013; Jessop *et al*, 2008; Jonas, 2012; Jones, 2009; MacLeod & Jones, 2007; Massey, 2004). Through both networks created via firm relations and evolving iterations and approaches to state spatial governance adapting to this, sub-national space has increasingly become a relational phenomenon framed through, amongst other factors, top-down policy objectives, privileged market interests, and localised resource management strategies. With multiple iterations, this has challenged orthodox approaches to and conceptions of spatial economy, implemented through the move toward LEPs and use of FEAs as the determinant of sub-national economy.

The adoption of the city-region, concentration-agglomeration model in both academic inquiry and state spatial policy can be seen as an attempt to link the dynamic and fluid nature of relational space to a tangible articulation through its enduring and centripetal role in networks and flows (Bettencourt *et al*, 2007; Florida, 2008; Jacobs, 1969; Hall, 2003). I have argued this approach serves to create a highly prejudiced perspective on spatial economy, privileging specific industrial interests over more structurally-embedded forms and detaching the priorities of state actors from those of their local economy.

Reconciling the relational spatial economy in its most abstract, phasing form (Jones, 2009) with a preference toward the role of cities as the relational nexus (Amin, 2004), the evidence from Southern Staffordshire makes some important contributions toward this debate. First, whilst the principal debate emerging has been that of territorial against relational (Jonas, 2012), these are not mutually exclusive. The reinterpretation of the Southern Staffordshire economy and its recasting as a peripheral space of amenity, against extant policy objectives as at 2010, has been a territorial-based shift but based upon its relational role as part of a revised spatial economy. Such territorial designations play a principal role in framing relational understandings.

Second, I have argued that spaces of economic production and economic governance emerge through their functioning on three interconnected but spatially separate scales of factor, transaction and network. These however remain to some extent spatially embedded concepts. With the destabilisation of embedding factors linking firms to places this has become more complex, but the push toward networked practice has not seen an absolute

erosion of enduring links between spatial and networked practice. The extent of the relationship between networked practice in firm and state and the embedding of interests in the local economy could be further examined.

### **8.7 Replicating the study**

This study has focused on a very specific area at a very specific point in time. As such, a number of questions are raised over whether the findings represent an enduring understanding of relationships in constructing spatial economy, or whether this is simply indicative of the time-bound influence of a period during which governance spaces became both significantly disrupted and highly congested. Some of these questions may be addressed through its replication both in action and retrospectively to further examine how sub-national spatial economy is formed.

Most immediate in terms of revisiting this problem is further examination of the sub-national integration of firms. In the manufacturing sector of Southern Staffordshire, this research has focused on a very specific set of firms. Whilst the selection of this sector was justified by both structural concentration and policy rhetoric, the stripping out of the manufacturing sector within the UK (Hudson, 2010) could be argued as indicative of a higher likelihood such firms would be dependent on non-local markets and supply chains. The extent to which this is an isolated phenomenon could be examined through repeating the firm analysis for other sectors, specifically those with potential to contribute toward productivity and resilience aspirations. Additionally, the non-local integration of the manufacturing firms interviewed may be indicative of why they have survived, making a

case for the value of non-local embeddedness. This could be examined through interviewing personnel from manufacturing firms previously based in Southern Staffordshire which closed during the decline of the sector.

One of the key themes that arose from governance interviews is the role of the central state in determining sub-national spaces and interpretations of spatial economy. This has implied the explicit market integration embedded in the LEPs is curtailed by a highly restrictive interpretation of sub-national spatial economy through central government policies and funding mechanisms; successful access to this is dependent upon conforming to a specific model of sub-national space, driven by core-periphery rhetoric, and supported by a specific selection of market actors deemed credible. Whilst this has positioned the central state as a prominent structuring force for sub-national spatial economy, this may be representative of the ‘forming’ period of the LEPs during which the interviews took place. Since I completed these, attention focused on positioning for access to central government support has shifted slightly through more active work tapping into the European Structural & Investment Fund. This has an additional influence which shapes ongoing interpretation of spatial economy, refines partnerships, repositions localities and integrates actors.

There is also potential for comparative studies to be undertaken retrospectively to consider the transferability of those concepts emerging from the Southern Staffordshire study. Southern Staffordshire has represented a highly distinctive case for analysis. It sits above ingrained localities but below an embedded county or FEA, an informal space formalised through sub-national collaboration and a lobbying agenda but without any significant

jurisdiction beyond the pursuit of collaborative interests. Whilst not free of any presumptions around spatial economy, its fluidity and peripherality in sub-national economy has made it a more interesting case through which to understand the construction of spaces of economic production and their integration with spaces of economic governance as opposed to focusing on a large urban area for example. This has been enhanced by its position in dual LEPs. Further understanding of this dynamic could be uncovered through analysis of similar spatial unions; one such example might be Southern Staffordshire's peripheral counterpart in the GBS LEP, North Worcestershire, representing a set of LAs politically tied into Worcestershire but functioning as part of GBS. With a number of dual LEP localities across the country, such analysis could be replicated to some extent through a mix of spatial economic analysis on functional economy, similar to that applied in Chapter 4, and discourse analysis of Board and sub-group minutes from the LEPs in question.

Additional research could also be undertaken in testing some of the concepts proposed throughout this study. Notions of firm-space integration proposed in terms of the spatial-functional and temporal scales could be examined further in both spatial and sectoral terms. The proposed erosion of embedding factors in manufacturing in Southern Staffordshire is proposed as a result of firms' integration into a more networked production system functioning at a principally international scale. This however may be similarly attributed to the decline of this particular industry within the UK and the transition of knowledge networks toward urban centres. The analysis of these scales through a different set of sectors or similar sectors in another environment, such as an urban core, would provide additional foundation to the concept.

Analysis on the occurrence of proposed structuring, casting and disruption episodes of the periodization framework could also be further tested in other environments. This could be applied to more enduring forms of sub-national space, such as at upper tier LA level, as well as applied to more localised and more regional contexts, extending analysis of Southern Staffordshire to focus specifically on its constituent Districts/Boroughs or designated LEP areas of GBS or S&S. This could involve testing the extent to which the SCD dynamic occurs dependent on the diversion between current sub-national articulations and inherited geographies of governance.

Finally the idea of the sub-national as a point of convergence/point of departure for state-market interests and its framing through the interaction of central state/market/local state objectives could be further examined. This could again be reapplied within the West Midlands at scales linked to Southern Staffordshire – specifically LAs and the LEP – or used to examine other sub-national spaces. Within this the accommodation of subjects from national government, as one of the critical influences in underwriting convergence/departure, could be adopted.

## **8.8 Further research**

This study has covered a broad conceptual and empirical territory in its examination of the formation of spatial economy. This could be enhanced and extended in a number of ways. I have in the previous section discussed its replication in terms of extending the analysis to examine comparative scenarios using alternative sectors, alternative spaces, and

accommodating the impact of periodized policy timelines. In this section I focus more specifically on the key concepts proposed within the study.

In the examination of spaces of economic production, the evidence from sample firms implies a shift toward increasingly networked modes of economic practice and a gradual erosion of sub-national or localised factors of embedding. In understanding how firms function through networked practice, I have proposed three distinct scales of operation: factored, transactional and networked. These however are fluid concepts in need of further examination to understand both their translation into spatial articulations and how they are integrated or affected through influences at the sub-national scale. Progressing the spatial analysis would contribute toward understandings of the creation of sub-national space and the principal nodes of network integration at this scale, whilst analysing key aspects of sub-national integration would contribute toward debates on sub-national development and resilience.

Considering the creation of spaces of economic governance, I have argued these exist in a constant state of flux where they are being perpetually redrawn through concurrent phases of structuring, casting and disruption (SCD). These phases are fundamentally shaped by the extended influence of multi-scalar and multi-stakeholder governance approaches but supplemented by a period of spatial reformation. Whilst I have argued these represent an enduring element of a periodization framework, as opposed to a process, this embedded fluidity may represent a periodization itself, time-bound through contradicting rhetoric of spatial permissiveness and rigid policy compliance. The examination of this SCD dynamic

could be progressed and tested either in other spaces or reapplied to Southern Staffordshire at a different point.

Finally, and perhaps of greatest significance, I have proposed a bifurcation of spaces of economic production and those of economic governance. This does not represent a radical departure in understandings, but what has become significant is their seeming divergence at the sub-national scale argued as a critical counterpoint in much academic debate. I have argued here this scale is increasingly spatially segmented in favour of a specific set of industries supported by three critical sponsors: central government growth policy, local government financial mitigation, and signature private sector involvement. This has arguably run contrary to rebalancing and contextual objectives of LEPs, detaching not only space from industry but state actors from space. With increased calls for and interests in forms of devolution empowering sub-national spaces, the examination of how this contributes toward the extension or contextually-appropriate integration of selective segmentation and how this informs approaches to sub-national governance are necessary.

### **8.9 Post-script for Southern Staffordshire**

During the period of research (2011-2014), Southern Staffordshire showed a number of different permutations. This involved the gradual spatial retraction of the area, with founding member Stafford Borough Council leaving just prior to commencing the research and East Staffordshire Borough Council during the study period, alongside the varying iterations dependent on LEP membership.

During this period the continuity of the Southern Staffordshire Partnership with the objectives of its economic development strategy has varied. The principal objective of a “diverse, dynamic and sustainable” economy has arguably been superseded by the casting experienced in developing ties with the GBS LEP. This conformity is however consistent with a second overriding objective, the partnership endeavouring to build working relationships with Birmingham and the WMC.

In December 2014 it was formally announced that the Southern Staffordshire Partnership would fold, although options were being considered for its reinvention in another spatial articulation. This had followed further withdrawals from the partnership, with Cannock Chase District Council announcing its intention to cease funding in 2015. With the Southern Staffordshire LAs interned in their respective LEPs, the role of the SSP had for a number of reasons been subsumed by this body; in particular the articulation of local interests and accessing of greater levels of resource were arguably more effectively undertaken by GBS LEP, with its higher profile, greater resource and strategic positioning in national policy.

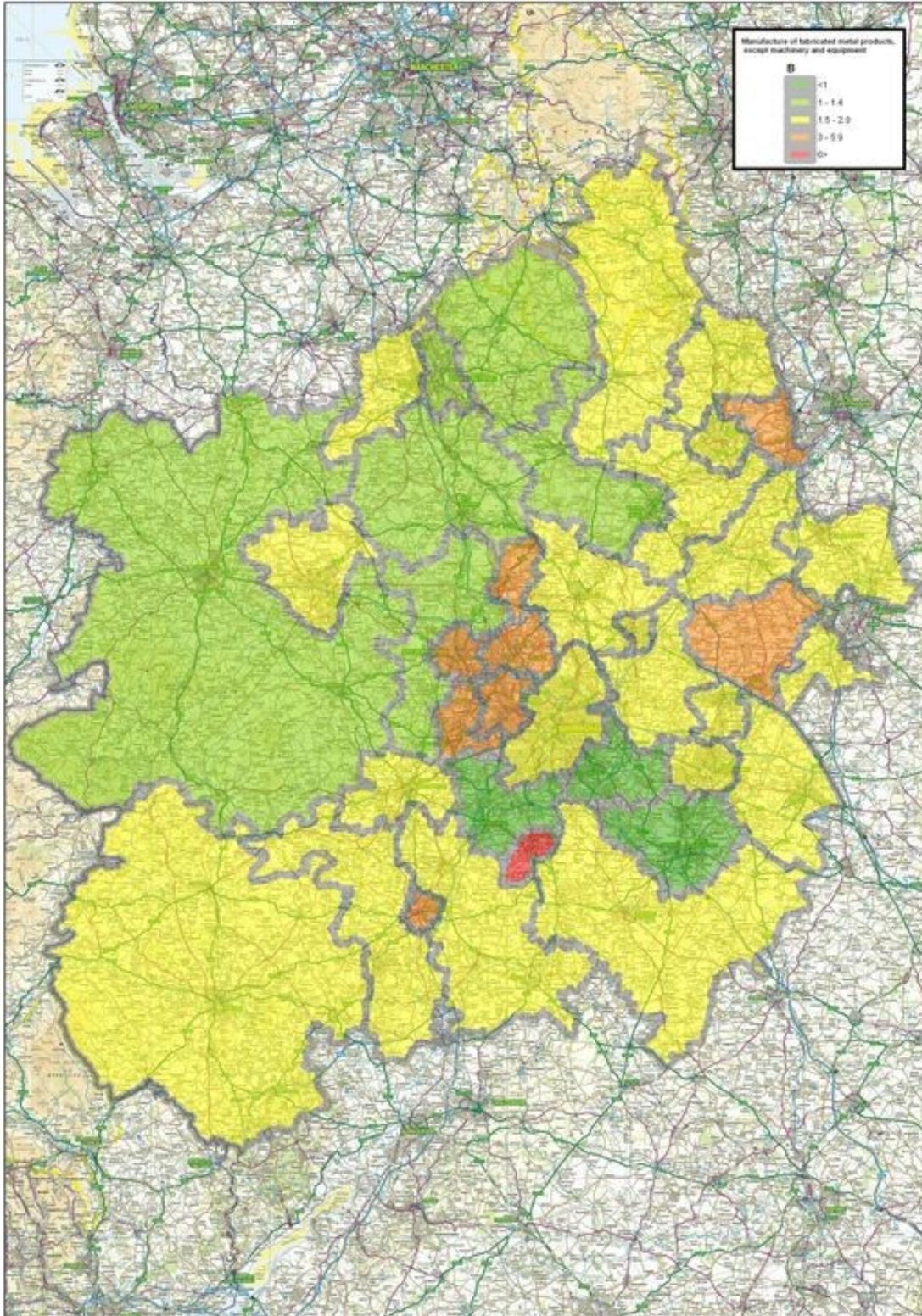
In its dissolution, Southern Staffordshire to some extent might be considered a victim of its own success. Its integration into the GBS LEP and embedding as part of a city region has ensured local representatives a higher platform from which to pursue sponsorship and raise the profile of the role and potential of Southern Staffordshire firms. Instead, testimony from Southern Staffordshire representatives on the GBS Board were candid in stating how they interpreted the relationship as orthodox core-periphery and were happy to play the

role of housing provider, reinforcing the partial view of the area as principally commuter belt. This represents a significant shift from the Southern Staffordshire position at the commencement of the study, to build on an understanding of the productive value of the area as part of the West Midlands 'E3i' belt.

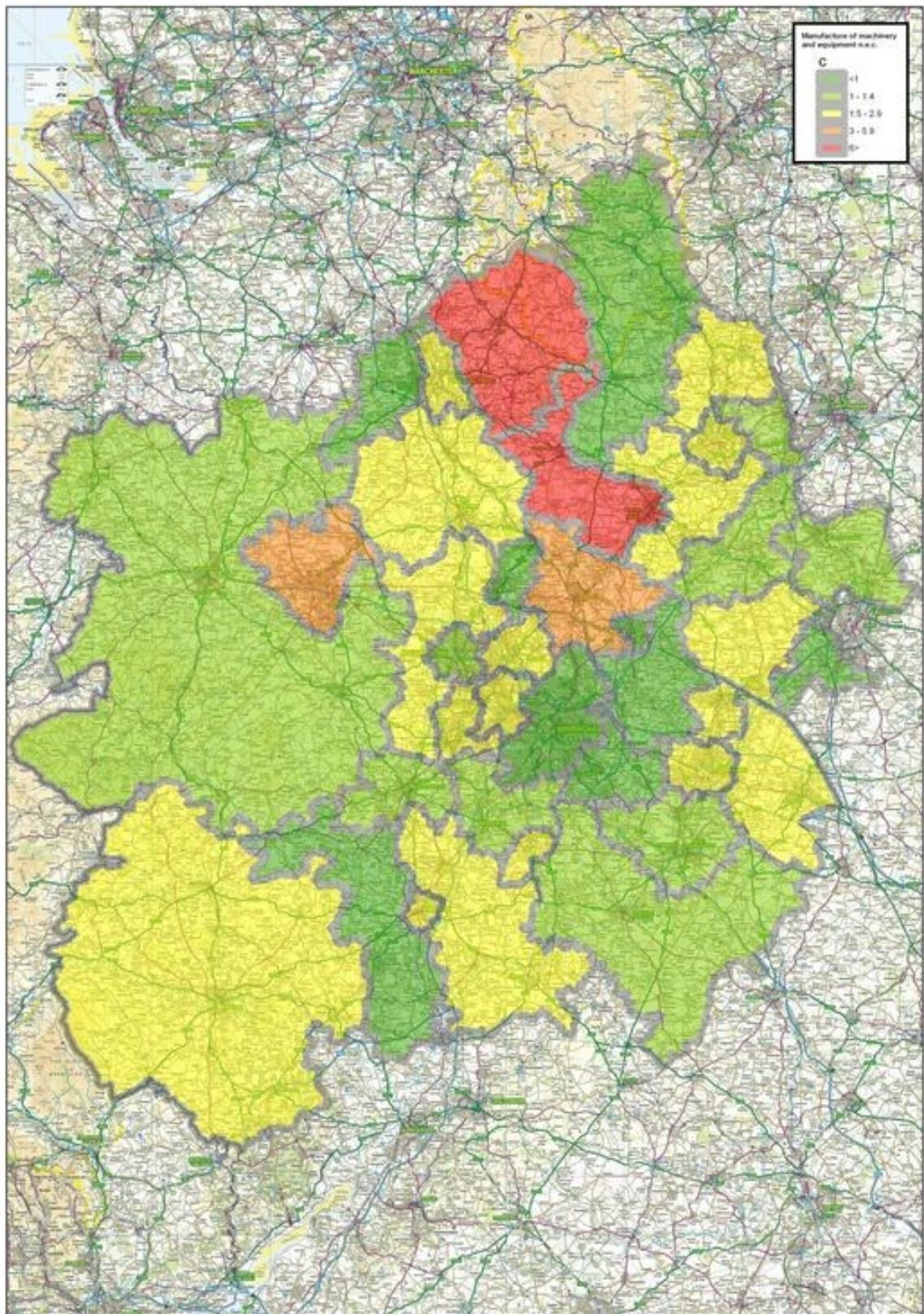
## **APPENDICES**

## Appendix 1: Manufacturing Employment Concentration by Sub-sector

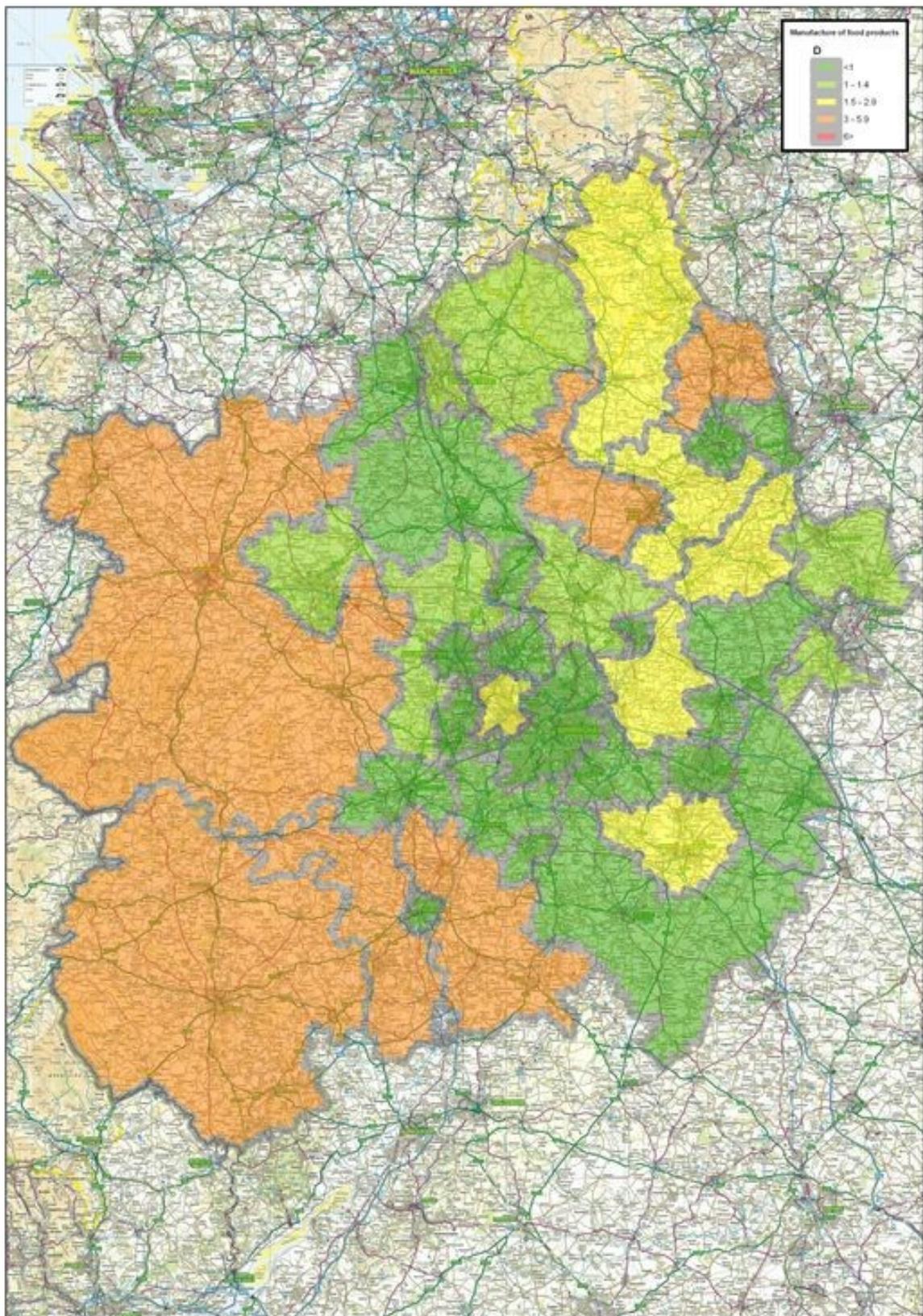
### 1: Manufacture of Fabricated Metal Products



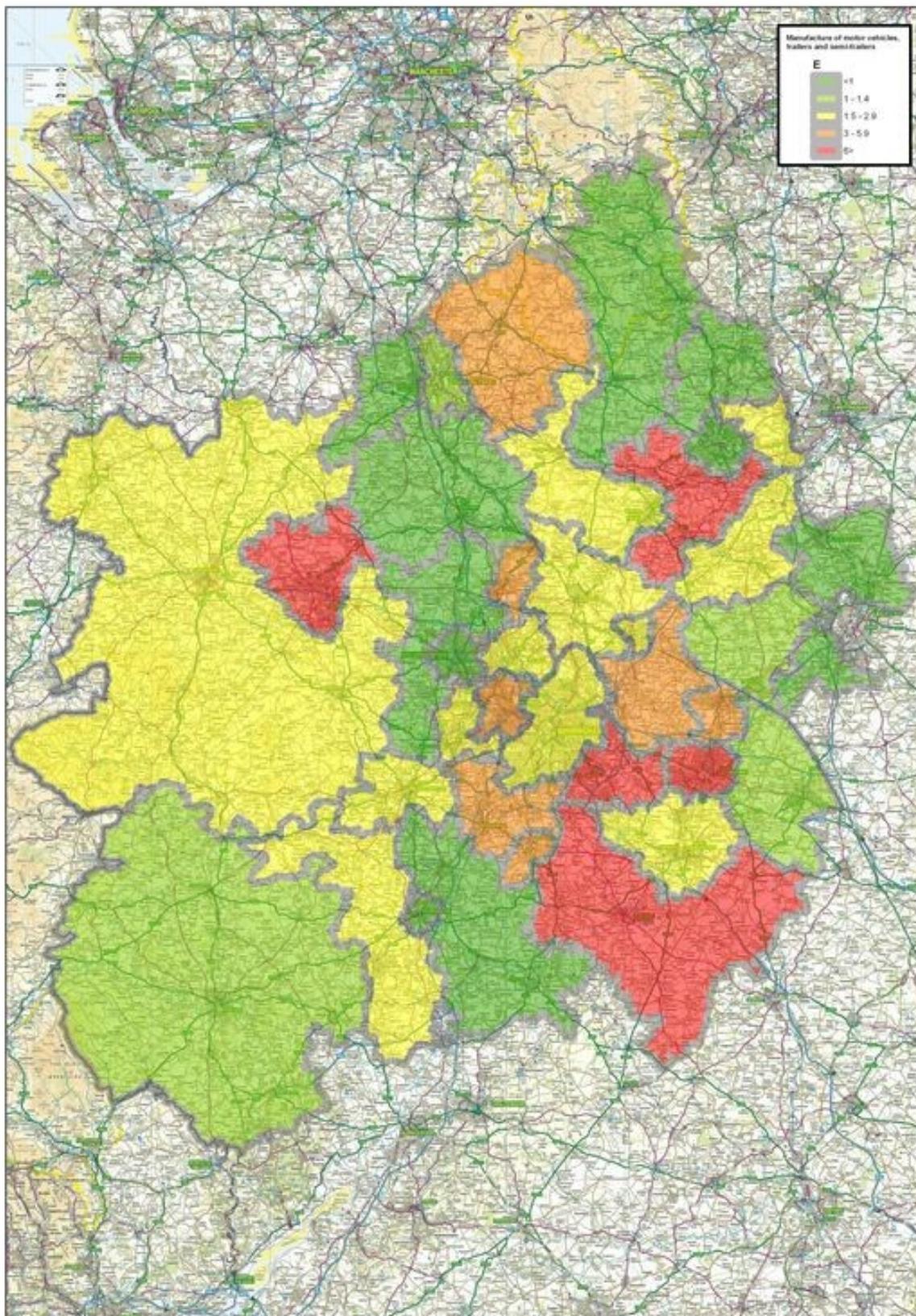
## 2: Manufacture of Machinery and Equipment N.E.C



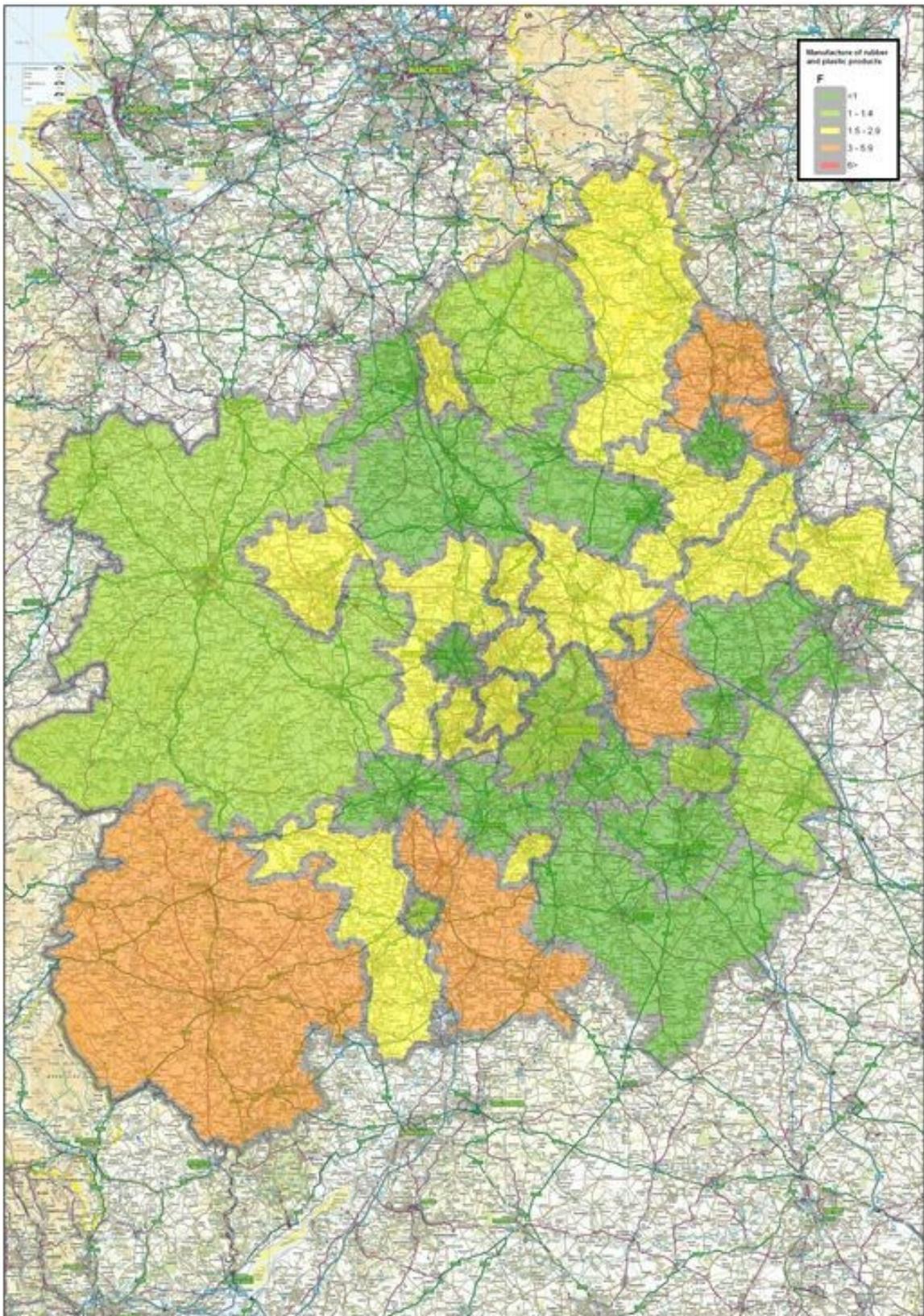
### 3: Manufacture of Food Products



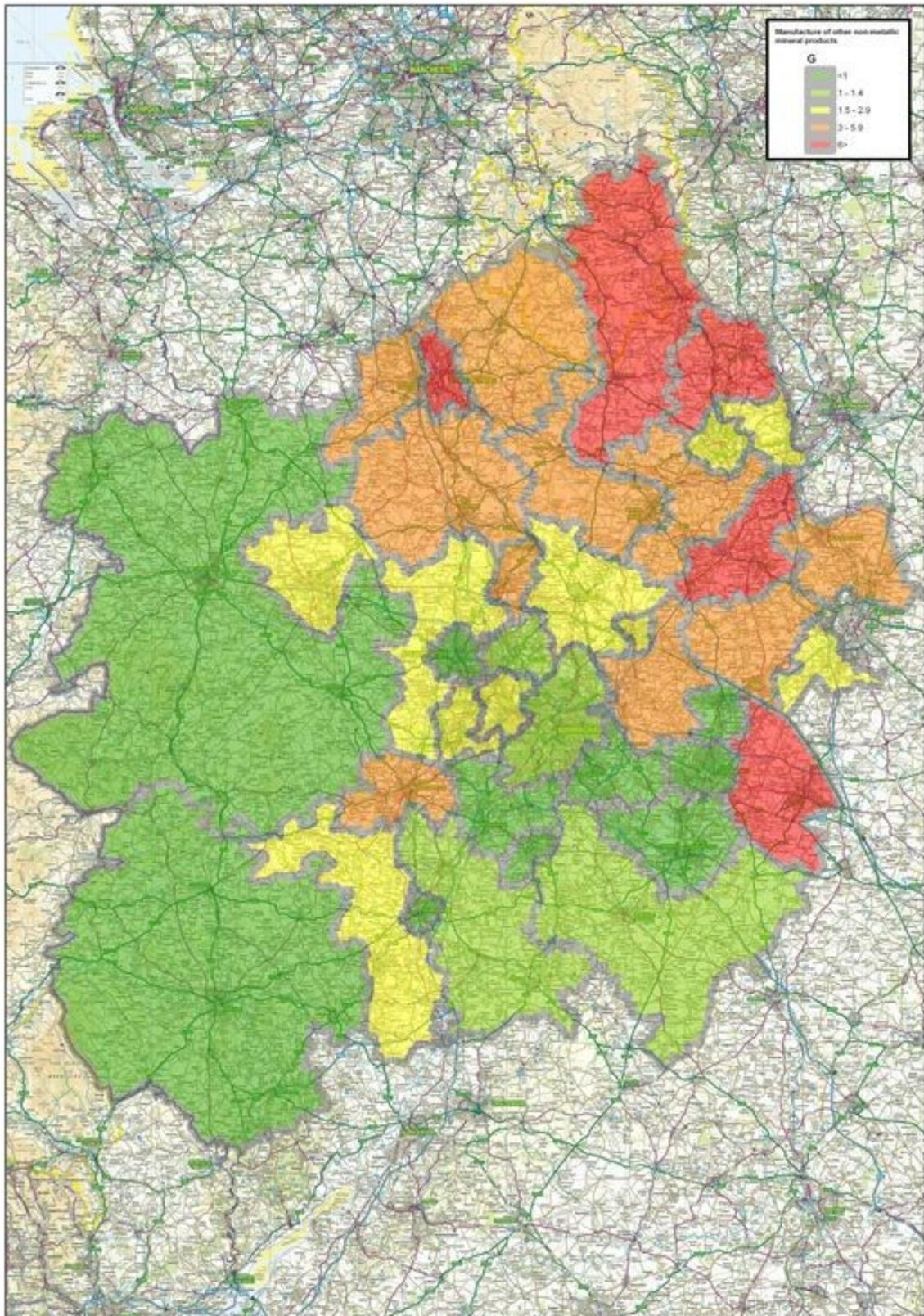
#### 4: Manufacture of Motor Vehicles



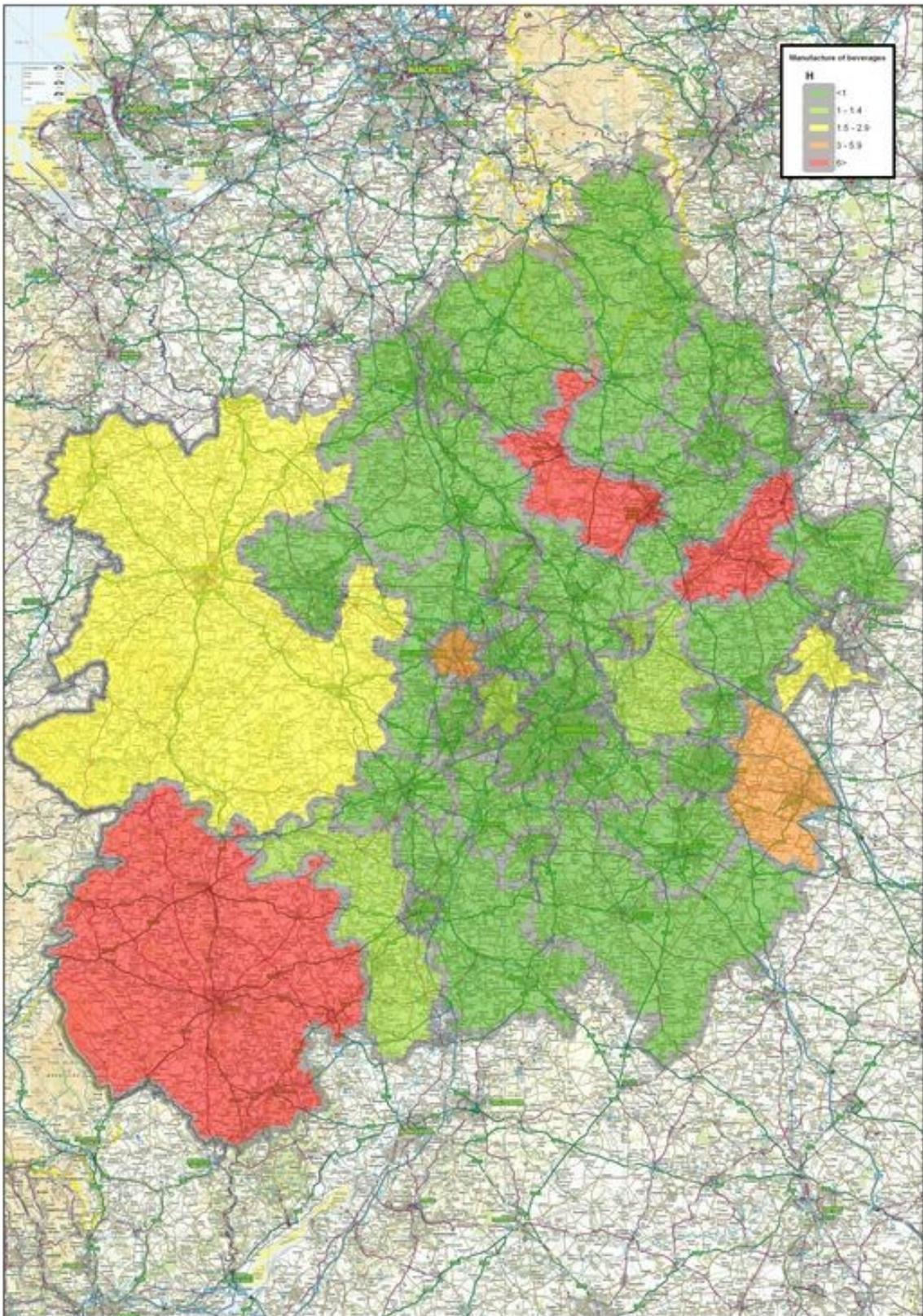
## 5: Manufacture of Rubber and Plastics



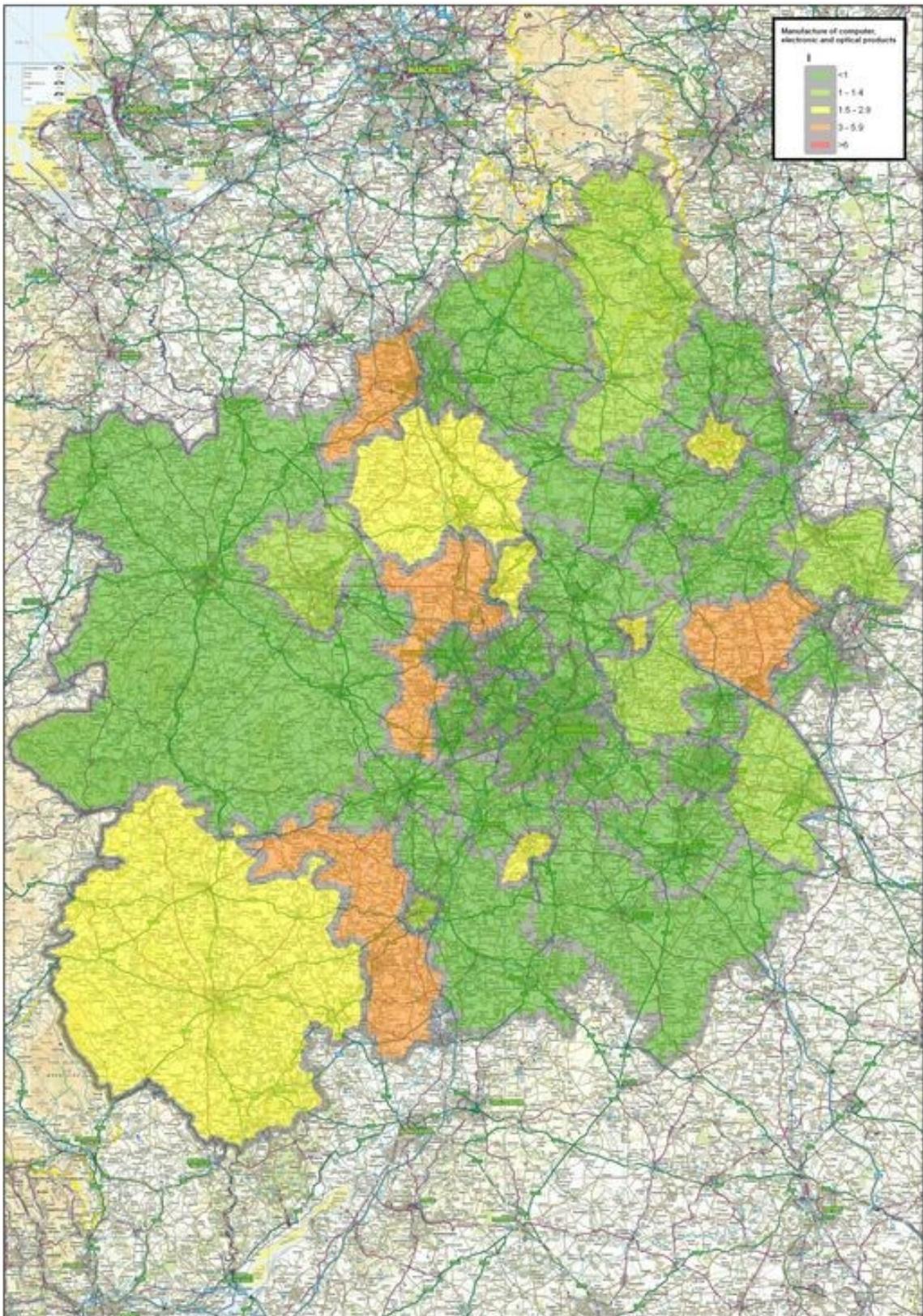
## 6: Manufacture of Other Non-Metallic Mineral Products



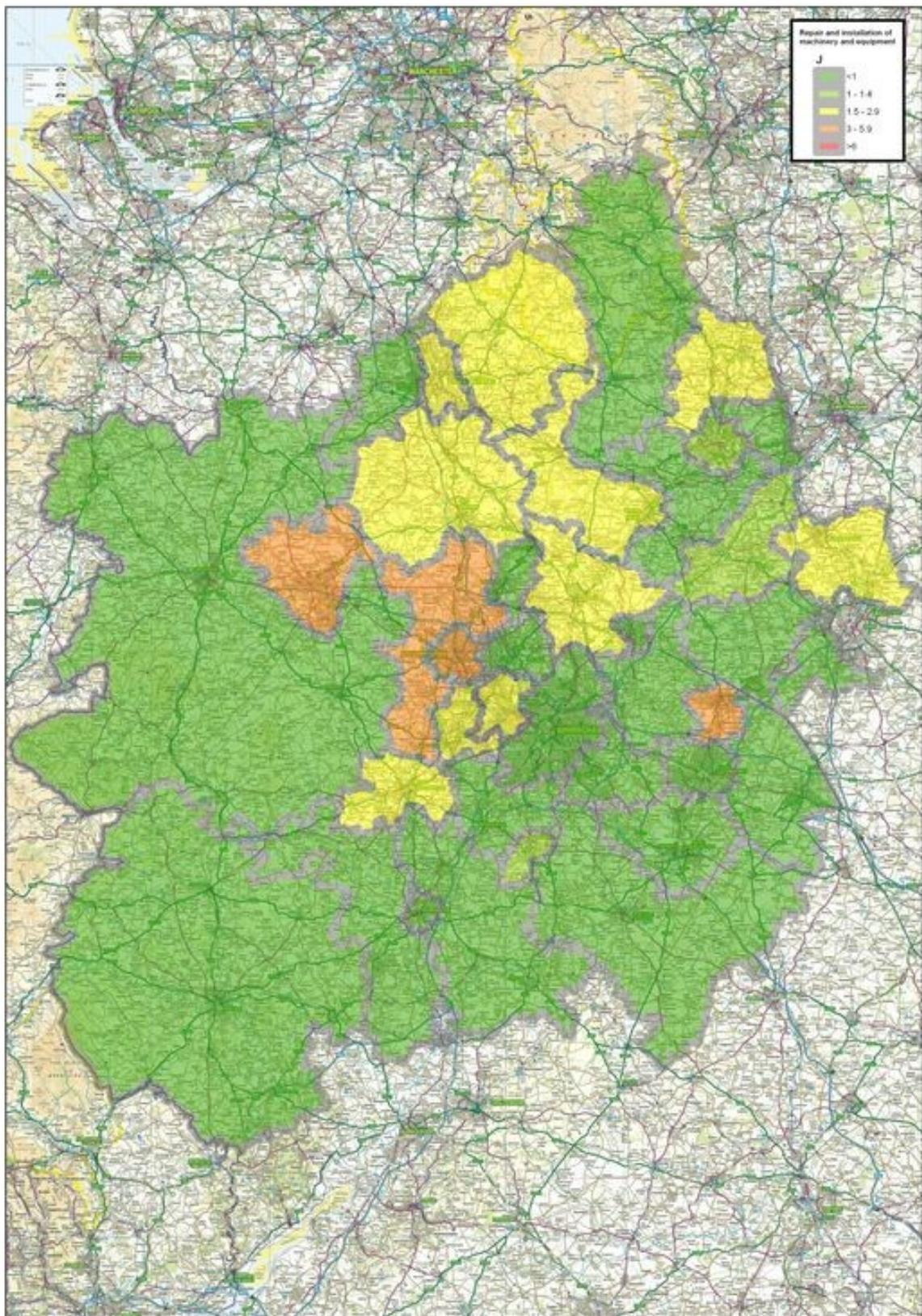
## 7: Manufacture of Beverages



## 8: Manufacture of Computer, Electrical and Optical Products



## 9: Repair and Installation of Machinery and Equipment



## **Appendix 2: Early stage interviews: structured questions**

1. Describe (organisations) policy objectives, aspirations, priorities and vision
2. Describe the shape and structure of (your) economy
3. Who are your key local influencers and support organisations
4. Who are your key local firms, employers, sectors and clusters
5. What are your key economic centres, points or nodes
6. What networks operate in your area (lobbying, pressure groups, business representation, influencing)
7. Describe your cross-boundary relationships
8. Describe your support structures and programmes
9. Describe your intelligence sources
10. What are your expectations of the Southern Staffordshire research

### Appendix 3: National Policy Documents in sub-national economic development

2000-12

<u>Document</u>	<u>Department</u>	<u>Published</u>
No Stone Unturned: in pursuit of growth	Lord Heseltine / BIS	October 2012
National Planning Policy Framework	CLG	March 2012
Unlocking Growth in Cities	HM Government	December 2011
A plain English guide to the Localism Act	CLG	November 2011
The Plan for Growth	HM Treasury / BIS	March 2011
Enterprise Zone Prospectus	CLG	March 2011
Decentralisation and the Localism Bill: an essential guide	HM Government	December 2010
Local Growth: realising every place's potential	HM Government	October 2010
Functional Economic Market Areas: an economic note	CLG	February 2010
New Industry, New Jobs	HM Government	April 2009

Review of Sub-national Economic Development and Regeneration	HM Treasury / DBER / CLG	July 2007
Planning for a Sustainable Future	HM Government	May 2007
Strong & prosperous local communities	DCLG	October 2006
State of the English Cities	ODPM	March 2006
Devolving decision making (3): meeting the regional economic challenge: The importance of cities to regional growth	HM Treasury / DTI / ODPM	March 2006
Devolving decision making (2): meeting the regional economic challenge: increasing regional and local flexibility	HM Treasury / DTI / ODPM	March 2004
Our towns and cities: the future	ODPM	November 2000

**Appendix 4: Sub-national Policy Documents (by spatial area)**

<u>Document</u>	<u>Organisation</u>	<u>Published</u>
<b>West Midlands</b>		
Connecting to success: West Midlands Economic Strategy	Advantage West Midlands / West Midlands Regional Assembly	December 2007
Regional Spatial Strategy for the West Midlands	Government Office for the West Midlands	January 2008
<b>Greater Birmingham and Solihull</b>		
Delivering growth: the GBS LEP strategy for growth	Greater Birmingham and Solihull Local Enterprise Partnership	2012
GBS Strategic Economic Plan	Greater Birmingham and Solihull Local Enterprise Partnership	2014
<b>Stoke &amp; Staffordshire</b>		
Strategic Economic Plan	Stoke & Staffordshire Enterprise Partnership	March 2014
Local Economic Assessment of Staffordshire	Staffordshire County Council	September 2008

Strategic Plan 2012-2017	Staffordshire County Council	2012
<b>Southern Staffordshire</b>		
Southern Staffordshire Tomorrow: an economic regeneration strategy for Southern Staffordshire	Southern Staffordshire Partnership	October 2006
<b>Cannock Chase</b>		
The Future of Cannock Chase Sustainable Community Strategy 2011- 2021	Chase Community Partnership	2011
Cannock Chase Local Plan (proposed submission)	Cannock Chase Council	2013
Corporate Plan 2011-2014	Cannock Chase Council	2011
<b>East Staffordshire</b>		
East Staffordshire Local Strategic Partnership Sustainable Community Strategy 2008-2020	East Staffordshire Borough Council	November 2012

East Staffordshire Local Plan	East Staffordshire Borough Council	July 2006
Working for you with you: A plan for 2011-2015	East Staffordshire Borough Council	2012
East Staffordshire Economic Regeneration Strategy 2007-2012	East Staffordshire Borough Council	2007
<b>Lichfield</b>		
A sustainable community strategy for the District of Lichfield 2006-2021	Lichfield District Strategic Partnership	2006
Lichfield District Local Plan: our strategy (proposed submission)	Lichfield District Council	July 2012
Strategic Plan 2008-2012	Lichfield District Council	2008
Economic Development & Enterprise: Delivery Plan	Lichfield District Council	2007
<b>South Staffordshire</b>		
South Staffordshire Sustainable Community	South Staffordshire Local Strategic Partnership	2008

Strategy 2008-2020		
Core Strategy Development Plan Document	South Staffordshire Council	December 2012
South Staffordshire Council Plan 2012-2016	South Staffordshire Council	2012
Economic picture of South Staffordshire	South Staffordshire Council	2009
<b>Tamworth</b>		
Tamworth Strategic Plan	Tamworth Strategic Partnership	April 2011
Tamworth Local Plan 2001-2011	Tamworth Borough Council	July 2006
Corporate Plan 2012-13	Tamworth Borough Council	2012

## **Appendix 5: Firm Interviews: structured questionnaire**

### **1: Firm Details**

<b>Firm Name</b>

<b>Subject Name</b>
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<b>Subject Position</b>
<b>Years with Firm</b>

<b>Sector/Industry</b>
<b>SIC No.</b>

<b>Total Employees</b>
<b>Employees registered at Staffordshire office</b>
<b>Employees based at Staffordshire office</b>

<b>Years trading</b>
<b>Years trading in Staffordshire</b>
<b>Years trading from current location</b>
<b>If not always in Staffordshire where did you move from?</b>

<b>Why did you select your current location and area?</b>
<b>What keeps you in this location and area?</b>

<b>How does your office fit within the corporate structure of the firm?</b>
<b>What decisions can be made at this location?</b>
<b>Describe your firms activities (in Staffordshire)</b>

## **2: Trade, Relationships and Networks**

<b>Where are your customers based? (by volume and value of trade) Which of these are critical markets/clients?</b>
<b>How do you promote yourself and your goods/services to your customers?</b>
<b>How do you keep up-to-date or stay ahead of the changing demands of your customers and their industry?</b>

<b>Where are your suppliers based? Which of these are critical to you?</b>
<b>How do you manage your relationships with your suppliers?</b>
<b>How do you keep up-to-date or stay ahead of the changing products or potential developments within your suppliers?</b>

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<b>Where are your competitors based?</b>
<b>How do you manage your relationship with your competitors?</b>
<b>How do you keep up-to-date or stay ahead of the changing goods/services and capacity of your competitors?</b>

<b>How have your products and/or services changed during the past 10 years?</b>
<b>What has influenced these changes?</b>
<b>How have you achieved these changes? What has been pivotal to their achievement?</b>

### **3: Public Sector Investment and Engagement**

<b>From your firm's perspective, what do you see as the main priorities for public sector investment?</b>

<b>Who do you recognise as responsible for delivering these? Who do you speak with to raise attention of these issues?</b>

<b>Do you have a government or public sector engagement plan or strategy? If so, what is it?</b>
<b>Who do you target via this?</b>

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**Is your firm a member of any business or trade representation or support organisations? If yes, which ones and how do you engage with them?**

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**How has your public sector engagement activity changed during the past 10 years?**

--

**What do you know about the Local Enterprise Partnerships?**

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**During your tenure with the firm, how has public sector investment or activity benefitted your business?**

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## Appendix 6: Manufacturing Industry by Sub-sector

10 : Manufacture of food products
11 : Manufacture of beverages
12 : Manufacture of tobacco products
13 : Manufacture of textiles
14 : Manufacture of wearing apparel
15 : Manufacture of leather and related products
16 : Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
17 : Manufacture of paper and paper products
18 : Printing and reproduction of recorded media
19 : Manufacture of coke and refined petroleum products
20 : Manufacture of chemicals and chemical products
21 : Manufacture of basic pharmaceutical products and pharmaceutical preparations
22 : Manufacture of rubber and plastic products
23 : Manufacture of other non-metallic mineral products
24 : Manufacture of basic metals
25 : Manufacture of fabricated metal products, except machinery and equipment
26 : Manufacture of computer, electronic and optical products
27 : Manufacture of electrical equipment
28 : Manufacture of machinery and equipment n.e.c.
29 : Manufacture of motor vehicles, trailers and semi-trailers
30 : Manufacture of other transport equipment
31 : Manufacture of furniture
32 : Other manufacturing
33 : Repair and installation of machinery and equipment

**Appendix 7: Extended Regional Geography: list of localities**

<b>Locality / Local Authority</b>	<b>County / Sub-region</b>
Cannock Chase East Staffordshire Lichfield South Staffordshire Tamworth	Southern Staffordshire
Birmingham Solihull Dudley Sandwell Walsall Wolverhampton	West Midlands Conurbation
Newcastle-under-Lyme Stafford Staffordshire Moorlands Stoke-on-Trent	Staffordshire*
Herefordshire	Herefordshire
Shropshire Telford & Wrekin	Shropshire
Coventry North Warwickshire Nuneaton & Bedworth Rugby Stratford-on-Avon Warwick	Warwickshire

Bromsgrove Malvern Hills Redditch Worcester Wychavon Wyre Forest	Worcestershire
Amber Valley Derby Derbyshire Dales Erewash South Derbyshire	Derbyshire
Blaby Charnwood Hinkley & Bosworth Leicester North West Leicestershire	Leicestershire

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