

Local Economic Development in Disadvantaged Neighbourhoods

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Abstract

Until today, urban renewal and regeneration strategies have not managed to reverse the processes of social exclusion and economic segregation. Still, people living in disadvantaged neighbourhoods have fewer options to improve their quality of life than the mainstream resident. Individual problems remain in spite of all efforts to improve social conditions by physical upgrading and improved public services. One of the most important causes is unemployment. There is an obvious need for local economic development (LED) in disadvantaged neighbourhoods, which has been recognised throughout Europe.

The Swedish Government relies on the economic growth in small and medium sized enterprises to solve the unemployment crisis. At the local level, in municipalities and city districts, it will become necessary to promote these enterprises to contribute effectively to economic growth and to reduce unemployment. Being a neglected area, there is a great need for knowledge about local economy and its impacts on the social conditions. Strategies aiming at local economic development have the potential to reach beyond the creation of job occasions. The image of a neighbourhood is very important in regeneration projects and can be positively influenced by LED strategies. Further, LED approaches have the potential to provide residents with the self-confidence, knowledge and skills to enter the ordinary labour market.

The responsibility for urban renewal lies with a number of organisations. A common situation is that there is a municipal or regional political body (local authorities). In addition, there might be

one or several organisations involved in local economic strategies e.g. housing companies, consultants, schools, businesses, or organisations set up for specific development purpose. These actors and the relations between them are all important. Further, it has become increasingly important to acknowledge the local residents as main stakeholders. The focus in this study is on the role of, and interrelations between, authorities, housing companies, and residents.

Objective

The study aims at exploring new approaches within the field of local economic development. The focus will be on a) best practices in European countries and b) current literature discussing local economic development. Important issues to be dealt with are: What strategies are local authorities and other organisations implementing to improve local economic, physical and social conditions? Are local economic development strategies creating an added value? How effective are they? Are the policies relevant in comparison with the dimensions of the problem? How do different institutional and organisational structures and interrelationships condition the effectiveness of local economic development initiatives?

Research Methodology

The empirical background is case studies from six European countries made in 1998 within the framework of the research project Evaluation of Socio-Economic Strategies in European Neighbourhoods (ELSES). The method used in these case studies is a combination of qualitative and quantitative data collection. In-depth interviews have been carried out with about 30 politicians, local stakeholders, project leaders and beneficiaries in each country (giving access to approx. 180 interviews). Longitudinal statistical data has been collected in a common format, reflecting the socio-economic conditions in the case study areas over time. Complementary sources will be used to broaden the empirical material i.e. research reports and evaluations. The theoretical framework will include theories regarding Social Exclusion, Collaborative Planning, Local Economic Development, Community Development and Neighbourhood Regeneration.

Current state of research

Currently the preparation of the second main part i.e. the trans-national comparison is carried out. This is being done after one year of collecting data about local economic development in the six

participating countries; Sweden, Germany, the Netherlands, Italy, France and Scotland. Having the national interim reports gives a broad base for the comparative work and a critical discussion. It also rises some questions about transferability. Some obstacles recognised so far are the different political and institutional structures in European countries and the complexity in problems dealing with peoples' well being. Further, a major obstacle has arisen when trying to obtain relevant bibliographic information, namely references for a theoretical discussion.

Some preliminary results

Local Economic Development Strategies have impact on the local conditions; a) peoples' possibilities to enter the labour market are increased, b) the image of the neighbourhood is improved, and c) participants consider the initiatives essential for their personal and professional success. Several of the studied approaches focus on human resource development or business development. These approaches often have an outspoken objective about providing the participants with qualifications and skills to enter the labour market and thereby stabilising their socio-economic situation. The participants' assessments of the project impacts have been positive.

Strategies with a business development approach have shown to have considerable impact on the image of the neighbourhood. It has provided many non-local residents with a reason to go to the area, and then discover that it is not as bad as its reputation. At least in Sweden, a main problem for disadvantaged neighbourhoods has been the slandering processes going on at the 'outside'. Increasing the exchange between the neighbourhood and the 'outside' change peoples attitudes.

There is a great potential in the undeveloped entrepreneurial spirit in disadvantaged neighbourhoods. A large part of the residents have a background in business, but are not familiar with their new country's system and have not received enough support to get a new business going. Adopting new approaches, focused on this potential has been very successful. There are many business ideas, networks and people with glowing energy in the disadvantaged neighbourhoods that has not been recognised by previous strategies. Further development within this field will provide new possibilities to change the local conditions both at the individual and the neighbourhood level.

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