

**ISSUES DE JOUR:**

# **REGIONAL ECONOMIC DEVELOPMENT THROUGH A RESILIENCE PRISM**

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HenleyHutchings



HenleyHutchings

Level 4, 276 Lambton Quay

Wellington, New Zealand

[www.henleyhutchings.co.nz](http://www.henleyhutchings.co.nz)

## Introduction

HenleyHutchings Partners Geoff Henley, John Hutchings and Krystal Black were joined by Professor Paul Spoonley (College of Humanities and Social Sciences at Massey University) and Girol Karacaoglu (Head of School of Government, Victoria University of Wellington and architect of Treasury's Living Standards Framework) at the 2021 EDNZ Conference in late-May 2021, where they presented a workshop titled: *Issues de Jour: Regional Economic Development through a Resilience Prism*.

Their session highlighted how the speed of change (McKinsey refer to it as “the Quickening”) is forcing us to consider how to manage the short and long-rhythm issues that are swirling around us. The session explored the evolution of regional economic development practice and trends towards resilience/wellbeing models of development.



HenleyHutchings

Geoff Henley  
John Hutchings  
Krystal Black

Partners, HenleyHutchings



MASSEY  
UNIVERSITY  
TE KUNENGA KI PŪREHUROA

UNIVERSITY OF NEW ZEALAND

Prof. Paul Spoonley

College of Humanities and  
Social Sciences



VICTORIA UNIVERSITY OF  
WELLINGTON  
TE HERENGA WAKA

Girol Karacaoglu

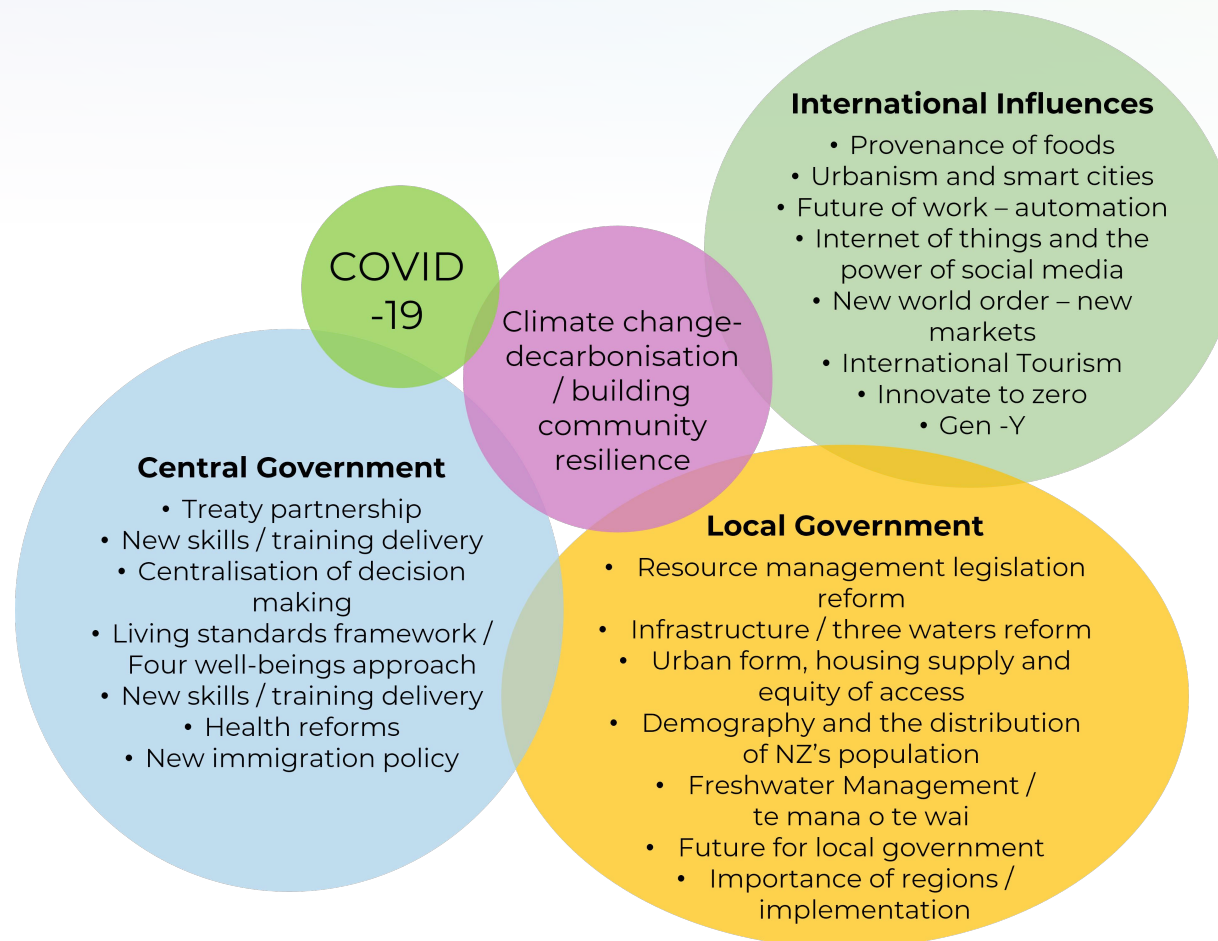
Head of School of Government,  
Victoria University of  
Wellington

## What are the issues?

We all know them, but have we thought about them as a collective whole? We work hard to exercise control over regional economic development, but arguably our efforts are dwarfed, especially by the impact of the powerful long rhythm issues that are upon us every

day. In the places we live, work and play, we are constantly impacted by the issues arising in our own economy and society, but also well beyond it. We have rational and emotional responses to these issues that impact our behaviour, judgement, and actions.

*Figure 1: Challenges to Regional Economic Development in New Zealand*



## What did the EDNZ Conference Participants think were the big issues?

Key: Darker = high number of participants selected this option, lighter = less participants selected this option

Priority Ranking	Central vs. local – future for local govt.	Climate change	Covid-19 recovery	Crown/ Māori relations	Demographic changes	Development of the Māori Economy	Health and skills /training reforms	Housing supply	Provenance of foods, fibres etc.	Resource management legislative reform	Technology and infrastructure	Urbanisation / urban intensification	Value rather than volume in tourism
<b>TOP RANKING</b>													
1st	Light	Dark	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light
2nd	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light
3rd	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light
<b>BOTTOM RANKING</b>													
12th	Light	Light	Light	Light	Light	Light	Light	Light	Dark	Light	Light	Dark	Dark
13th	Light	Light	Light	Light	Light	Light	Light	Light	Dark	Light	Light	Dark	Dark

Participants were asked to rank the most important contextual influences on future Regional Economic Development. *Climate change* was well ahead at the top of the list. A whopping 39.53% placed *Climate change* at their number one spot and 65.12% had it within their top three.

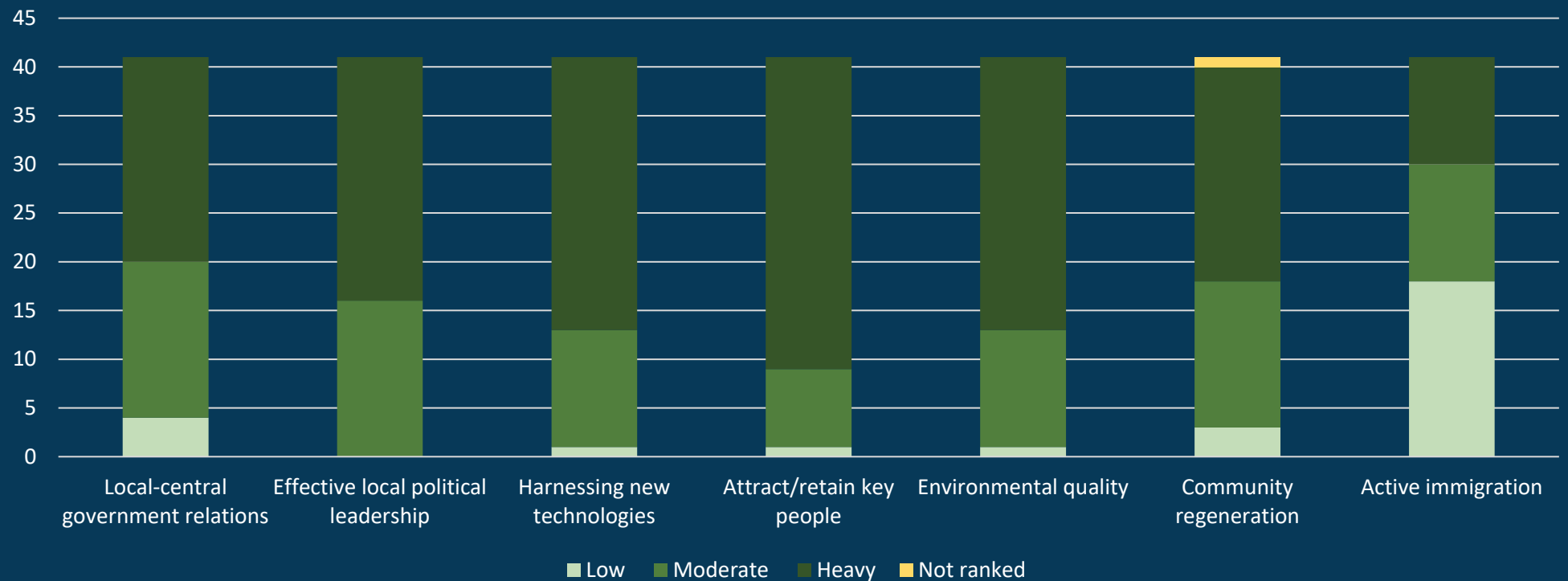
Following in behind (in terms of the number one issue), were: *Central vs. local – future for local government*; *Covid-19 recovery*, and *Housing supply*. At the bottom of the pile were *Provenance of foods, fibres etc.*, (34.88% placing this in their bottom two) *Urbanisation / urban intensification* (32.56% into the bottom two); and *Value rather than volume in tourism* (48.84% in their bottom two).

## How might we respond?

Within the second part of our session, Professor Spoonley presented information about people-related challenges – including, and perhaps most importantly - that the natural increase of our population is not sufficient to meet workforce needs - and yet we retain a level of resistance to immigration to fill the population gap.

This was reflected in the survey results shown in the below chart, with immigration the most likely to be ranked a low priority of those present, and yet the attraction and retention of key people was the element most rated as heavily important. The people-issues of development are high on our collective radars.

EDNZ Conference respondent's assessment of what balance of key elements are most important to rejuvenate regional economies (May 2021)



## The Resilience Prism

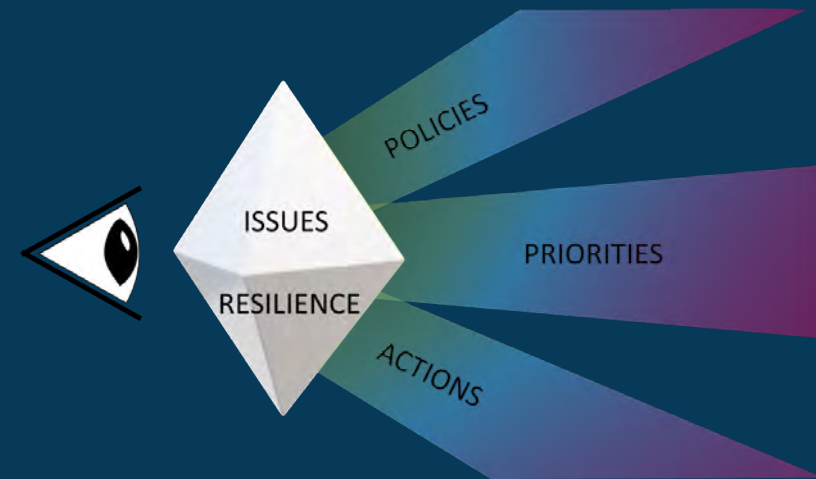
Issues are consequential – especially when they are associated with shocks that shudder the very foundations of our status quo. Demography is an issue of long slow rhythms, so too is climate change. Paul Spoonley illustrated demographic changes we have known of for years, and yet they still surprise us.

There are other issues that can change things in the blink of an eye. The “just in time” supply chain philosophy on which our economy (and the rest of the world) depends has come under close examination with the after-effects of Covid-19, which has massively disrupted supply chains. Currently, this is having a significant disruptive effect on our economy. At moments like these we appreciate reliability, robustness, and accessibility, not just speed and lower costs. Ask anyone trying to build a house at present and experiencing extreme shortages of materials, just when housing is a national priority. Countries are considering the idea of self-sufficiency beside that of economic efficiency and the same considerations are flowing into the region and the locality.

Similarly, it appears Covid-19 has just changed the nature of work, or at least the location of the workplace, in our community, which is already flowing through to the spatial design of our towns and cities. Climate change considerations are having a similar impact.

These changed perspectives are because we are looking through a resilience, not just a development or growth, prism. We are considering what we need to secure and protect as well as what we

Figure 2: The Resilience Prism



want to grow. The idea of resilience is a different way of thinking. Resilience is about responding to issues, threats, and crises directly, and building capacity for adjustment.

We can look through the resilience prism to form policies, priorities, and actions. Resilience responds to felt need. It appeals at the emotive as well as the rational level – emotions such as fear, apprehension and the need for safety and security. Emotions motivate. It’s most basic appeal is to safety and protection, but also to solutions and collaboration in the face of a common threat.

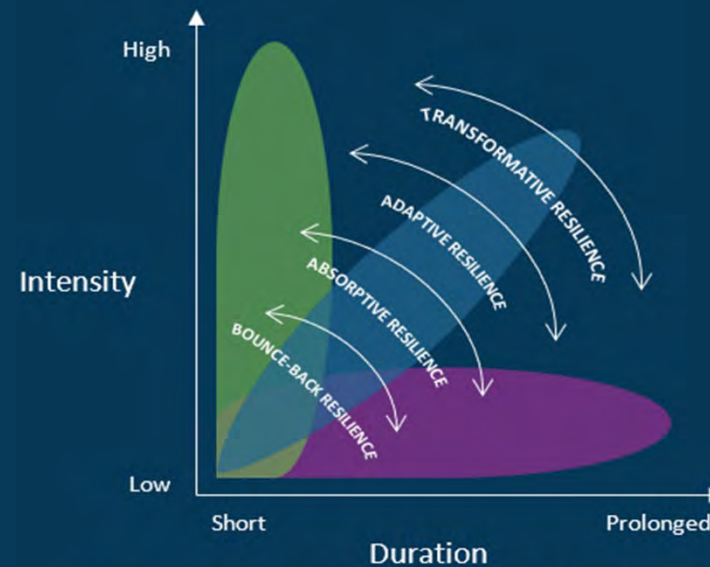


Girol Karacoaglu illustrated that for thousands of years the world economy (using the British economy as a proxy) has experienced disruptive crises, and after every crisis there is a long recovery period. In more recent times we have learnt more about managing this disruption, and as a result, despite our current experiences, the negative effects of disruption are now better controlled. Almost inevitably, disruption adversely affects the least well-off and the most vulnerable, and while it may spawn innovation, there are arguably less calamitous ways to encourage innovation.

The common criticism of resilience thinking is that it is just about the status quo, about keeping things the same, but that's not the case. Resilience is the capacity to bounce back after a shock. Does that mean bounce back to the status quo? Not if we are talking Covid-19 or climate change. These shocks change us forever. Is it the capacity to absorb a shock and adjust as required, but basically keep calm and carry on? It could be. Is it the capacity to bounce forward to a new normal – to adapt and change? Yes, maybe. Is it the capacity to effect transformational change where it is required? It's that too. Is it just responding to events after they happen, or is it also about anticipating threats? Well, yes, it can be that too. Let's look at the Resilience responses diagram (Figure 3, right) and note the types of response.

The resilience prism (Figure 2) opens a whole lot more considerations that involve building local and regional robustness, a degree of self-sufficiency and local competence. Resilience strengthens the position of human values, concerns, and preferences in the context of economically focused policy settings. It also indicates a somewhat more interventionist approach to economic growth and development.

Figure 3: Resilience responses



Source: Adapted from the Handbook of regional Economic Resilience

Resilience thinking involves running the ruler across the various aspects of the local economy and community and identifying and remedying points of vulnerability. It involves building the capacity to deal with issues and shocks in a strategic way. Done well, it involves thinking holistically through a prism of not only growth and jobs, but also a much broader wellbeing context, and using the emotional response to threats like issues and shocks to drive motivation and action. Resilience encourages whole-of-region thinking, not just sectors or similarly siloed responses.

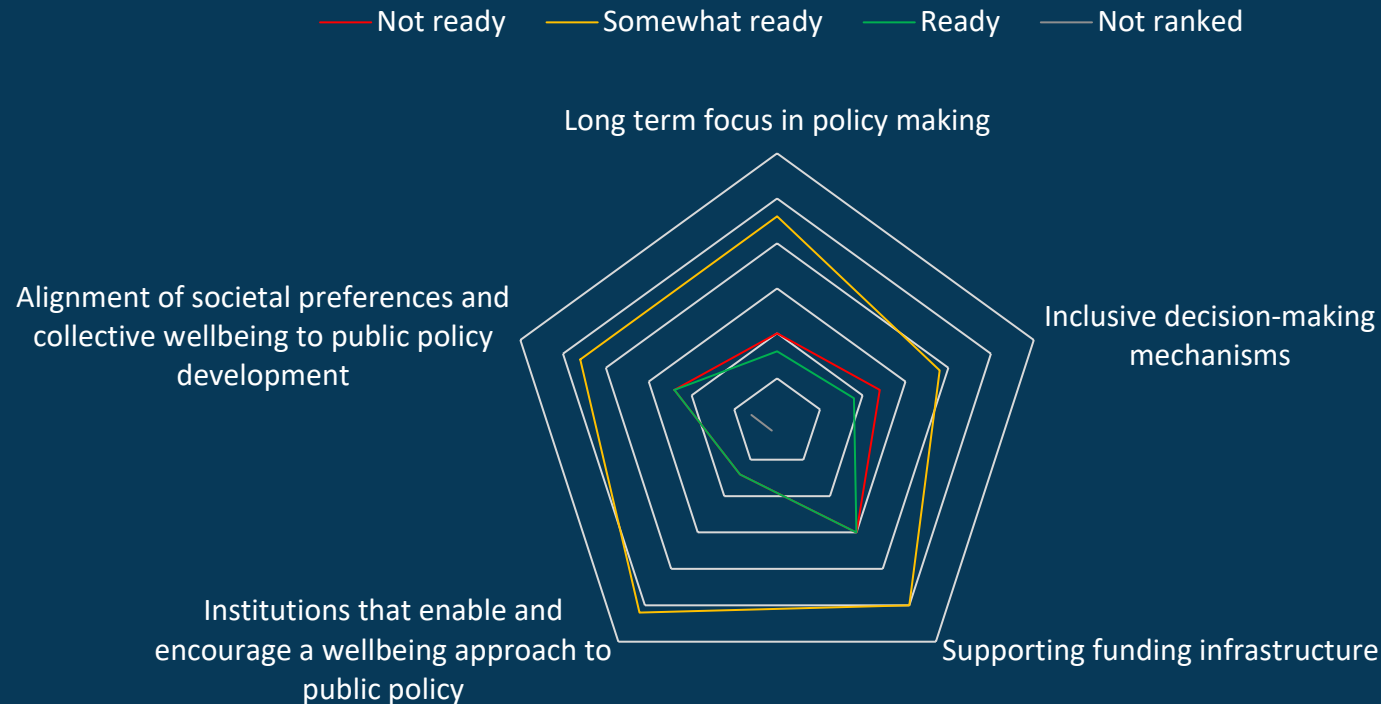
## How ready are the regions to activate wellbeing in their regional development frameworks?

The issues we are facing are all “long rhythm” issues, but solutions are needed more urgently. Resilience must enter the development mix. At the heart of a resilience approach is wellbeing.

We asked participants how ready the regions are to activate wellbeing in their regional development frameworks. Just under half rated the sector as “somewhat ready”, and almost a quarter rated it “ready”, balanced almost equally by those who believed it was “not ready”.

Putting “somewhat ready” and “ready results together, ‘supporting funding infrastructure’ comes out on top, followed by ‘alignment of societal preferences and collective wellbeing to public policy development’, then, ‘institutions that enable and encourage a wellbeing approach to public policy, and then ‘long-term focus in policy making.’ On average, 2 out of 3 participants thought the regions were at least somewhat ready (or ready) across all areas. The collated results of the respondents are shown (below):

EDNZ Conference respondent's assessment of regional readiness (May 2021)





## A Resilience Response

What does the resilience prism and model outlined above tell us about what our response to the issues in our environment should be? First and foremost, it says that we should address them head on, but not in siloes, or by pushing hard for economic growth to stay ahead of the issues. We need to apply a broad framework that creates a joined-up approach and engages all those affected in a coordinated way.

Girol Karacoaglu tells us that there are five elements to resilience – democratic resilience (personal freedoms and political voice), social resilience (social cohesion), economic resilience (potential economic growth), environmental resilience (environmental quality) and, of course, human resilience. This combination leads through equity to ‘sustainable wellbeing’. So, resilience is a means to an end and the end is sustainable wellbeing. All these domains need to be worked on in parallel as we address issues. They require and lead to an integrated response.

Girol advocates a long term, evolutionary, systematic, and joined up approach to resilience. This means being able to think in the present and in the future simultaneously, to act with empathy and to understand the complexity of actions and impacts. It demands that we have well-thought out short and long-term outcomes.

As a sector, do we see value in this type of thinking? If so, are we ready to apply the resilience prism to what we do? Do we have the skills and methods to use it? Is it enough of itself, or is it only partial?

These are all good questions that we will progressively answer over the coming months.