

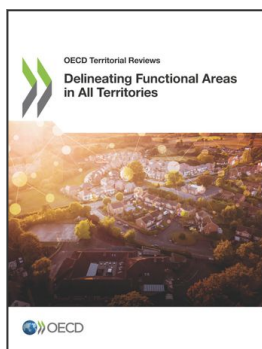
Conclusion

Economic, territorial linkages are an important factor in both statisticians' and regional development policy makers' work and decisions. In considering the connection between different areas and their economic and social interdependence, policy makers can target policies at the right geographic scale that takes into account such interconnectedness. The concept of functional areas, or local labour market areas, offers exactly this consideration of territorial linkages by identifying close labour market links, through commuting flows, between different geographic units and different types of settlements.

Due to the advantage of taking into account geographies that reflect the territorial linkages created by the daily movement of people, various OECD countries have identified and established functional areas for statistical and policy-making purposes. However, these functional geographies are often limited to cities and their area of economic influence (e.g. commuting zone) even though functional areas exist in all types of territories, rural and urban alike. Therefore, this report offers a fresh examination of existing practices, reviews the policy relevance of functional areas and provides methodological guidelines as well as an experimental mapping exercise that illustrate how functional areas can be delineated in all types of territories.

While functional areas might not be suitable for all statistical purposes, they can complement territorial statistics on administrative units. No specific geographic unit, including functional areas and administrative areas, is ideal for all types of spatial analyses. Instead, the most appropriate geography depends on the purpose of each specific analysis. Consequently, functional areas can enrich both policy design and territorial statistics, especially in terms of assessing and designing policies for labour market areas that do not correspond to traditional geographies. Even though the method applied in this report builds on commuting-to-work flows, which primarily provide a key measure of the extent of local labour markets, it can also delineate a reference geography for improving the efficiency and organisation of service provision in different types of areas.

In reviewing and applying methods to delineate functional areas, this report also makes a twofold contribution to the modernisation of statistical systems. First, it demonstrates how functional geographies can be identified or extended to a country's entire national territory with open-source software, building on transparent and replicable methods. Second, the report illustrates how novel, unconventional data sources present promising opportunities to enrich traditional statistics and can inform both the creation of territorial indicators and the delineation of functional geographies.



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