



# Centre-Val de Loire's High Impact Action:

SME Executive Recruitments and Skills Competence Audits and  
Regional Attractiveness Strategy

**In-depth assessment**

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# In Brief

## Industrial transition in Centre-Val de Loire

Centre-Val de Loire is an industrial region in France, with industry accounting for 141 400 regional jobs in 5 500 companies and representing 22.4% of the region's private sector employment. The manufacturing industry accounted for almost 89% of all industrial employment with 125 674 employees. The industrial fabric of the region is highly specialised in the pharmaceutical, rubber (plastics), metals processing and machinery and equipment sectors.

It is a significant challenge for many regions undergoing an industrial transition to ensure an appropriate skills base. In Centre-Val de Loire, the lack of skills is concentrated in higher-level management and administrative posts, which is linked to the limited ability of firms in the region to recruit such talent effectively. In 2019, a regional industrial employment survey by the French national employment agency found that 70% of roles were considered difficult to fill due to a lack of suitable candidates. The region faces another, related, industrial transition challenge: a lack of regional attractiveness (or ability to attract and retain businesses, investors, and skilled workers). As such, Centre-Val de Loire's smart specialisation strategy includes a focus on strengthening skills to better integrate innovation into its economic fabric and to overcome the recruitment challenge facing industrial companies in the region.

### Centre-Val de Loire's High Impact Action (HIA)

Centre-Val de Loire's High Impact Action consisted of a four-step process to help SME managers improve their recruitment practices and improve the region's attractiveness to a young and highly-skilled workforce. First, the Centre-Val de Loire region and its innovation agency Dev'Up mapped all sub-regional actors that could support territorial attractiveness. The latter also developed a series of actions to promote exchange on sub-regional initiatives aimed at supporting regional attractiveness. Second, Centre-Val de Loire and French employment association APEC designed and hosted a regional workshop to reinforce collective awareness of recruitment strategies in industrial SMEs, to evaluate practices within these companies, and to inspire innovative practices.

Third, APEC designed and implemented company audits for industrial SMEs, which assessed the recruitment, management, and employee retention practices of participating companies. The objective of the audits was to develop better management practices to attract and retain talent. Fourth and finally, Centre-Val de Loire participated in APEC's 2021 recruitment fair in Paris to attract talent to the region. During the fair, APEC presented 22 job offers from the region to over 1 500 candidates, while the region also organised a workshop at the fair on the benefits of working and living in the various territories of the Centre-Val de Loire region. This helped to not only attract regional talent but also to retain such individuals.

### Governance and Management of the HIA

The HIA relied on several governance mechanisms that successfully supported its implementation and impact. First, strong co-operation between regional partners APEC and Dev'Up in their respective areas of expertise enabled the issues of recruitment to be addressed in a holistic manner. Second, the HIA mobilised a large number of regional stakeholders around recruitment and regional attractiveness through clusters and competitiveness poles, which were involved in identifying, and contacting industrial

SMEs in need of support. In addition, APEC fostered strong relationships with SME managers and interested candidates in the region through a personalised outreach approach.

Third, during and following the implementation of the HIA, APEC and the Centre-Val de Loire Region collected a range of quantitative and qualitative data for the different activities, using a variety of techniques, in order to process and analyse them and use them for future actions. These included company audits to identify the skills needs of employers, and data collection at the recruitment fair to build profiles of interested candidates and their expectations.

### Results of the HIA and impact on Centre-Val de Loire's industrial transition

The HIA successfully supported the industrial transition challenge of ensuring a skilled labour force and preparing for the jobs of the future. Doing so required the region to address difficulties in recruitment and retention of qualified people, particularly experienced managers, and administrators. In particular, the HIA stands out from previous actions of collective support and awareness-raising in industrial SMEs through the way that it provided individualised assistance to industrial SME managers coupled with regional attractiveness measures. This was a first for the region.

### Policy experimentation, lessons learned and scalability of the HIA

In terms of policy experimentation, the HIA tested an entirely new approach to industrial SME support in the spheres of recruitment and skills availability required to meet industrial transition challenges. To turn this objective into action, the Centre-Val de Loire regional government developed a strategy that provided targeted support to help attract highly qualified profiles. The strategy complemented previous approaches, which tended to offer more generic, one-way support, such as providing information about the region on its website.

Novel elements from the HIA included the regional attractiveness mapping, which was undertaken for the first time in the Centre-Val de Loire region and helped it to develop an overview of who is doing what in terms of supporting territorial development. They also included the workshop series "From recruiting to seducing talent", which included a workshop designed specifically for executive managers of industrial SMEs. It focused on the ways in which talent can be attracted, including by better understanding candidate expectations and how to improve employer branding to attract qualified candidates.

The HIA was also experimental in its approach to dealing with implementation challenges. For example, during implementation, APEC experimented with different ways of motivating industrial companies to take part in the audit. In a first attempt, it had contacted many companies by email and received only two responses out of 285 outreach emails sent. APEC concluded that the email approach was not effective and turned to direct phone calls instead, which yielded significantly better results and helped secure a critical mass of businesses willing to participate in the company audits.

In terms of continuity and scalability, APEC took a series of steps to continue HIA activities, including supporting rural areas, reviewing the audit process, providing talent attraction workshops, and better understanding candidate expectations.

The HIA also generated a series of policy lessons that may be instructive for policy makers looking to support industrial transition, including the following:

- To ensure a skilled workforce, a thorough and well-rounded strategy is necessary.
- Supporting industrial transition and the future of jobs requires individualised support and awareness-raising coupled with regional attractiveness measures.
- Geographical location plays an important role in the attractiveness of industrial roles that need to be filled.



A well-designed sequence of experimental policy actions, such as those taken in the HIA, can provide valuable information to support future industrial transition initiatives.

## Introduction

This case study provides an in-depth assessment of the High Impact Action (HIA) carried out by Centre-Val de Loire region (France). Centre-Val de Loire's HIA aimed to ensure a skilled workforce in the region, particularly in high-level managerial and administrative positions. To do so, the HIA addressed two main obstacles. First, it provided support for human resources management on topics such as recruitment, employer branding and employee loyalty in industrial-sector companies with fewer than 500 employees. Second, it developed regional attractiveness measures that could entice highly qualified and high potential profiles to work in the region. The HIA was developed based on the region's Smart Specialisation Strategy 2014-2020 and a study carried out by the *Association Pour l'Emploi des Cadres* (APEC) in 2019, both of which confirmed the lack of high-level managerial and administrative leaders in industrial SMEs as a major challenge to the region's industrial transition. The actions designed and implemented under the HIA framework were unprecedented in the region, leading to a distinctive learning opportunity.

The purpose of this case study is to highlight the value of experimental governance and policymaking for regions in industrial transition. It offers an assessment of the benefits and challenges of testing new approaches to industrial transition. Experimental governance is an iterative process of goal setting, exploring alternative approaches, and learning and monitoring (Wolfe, 2018<sup>[1]</sup>; Morgan, 2018<sup>[2]</sup>). This case study shows that adopting such an approach is not without preconditions and challenges but can help advance industrial transition if done well. As such, it may serve as inspiration for practitioners and policy makers from other regions in industrial transition, and notably those that did not participate in the industrial transition pilot.

This case study consists of five sections. The first section describes the industrial transition challenges and smart specialisation policy frameworks in the Centre-Val de Loire region. The second analyses the HIA, including its objectives, activities, governance mechanisms and contribution to industrial transition. The third section elaborates on the experimental nature of the HIA. The fourth section provides a series of policy lessons from the HIA for advancing industrial transition. The final section concludes the case study.

## Industrial transition challenges and the smart specialisation strategy in the Centre-Val de Loire region

In 2018, industry represented 141 400 jobs in 5 500 companies in France's Centre-Val de Loire region, which is located just south of Paris. This accounted for 22.4% of all private sector employment in the region. The manufacturing industry accounted for almost 89% of all industrial employment with 125 674 employees. On a cross-regional basis, the region has the fourth-highest share of industrial employment among France's 13 regions, just behind Bourgogne-Franche-Comté (24.3%), Pays-de-la-Loire (22.6%), and Normandie (22.6%) (Dev'up Centre-Val de Loire, 2019<sup>[3]</sup>). Most of the industrial companies present have their headquarters in the region, which means that they are less dependent on external decision-making centres and, as a result, are able to take decisions more quickly. The industrial fabric of the region is highly specialised in the pharmaceutical, rubber (plastics), metals processing and machinery and equipment sectors, all of which are reflected in the region's smart specialisation strategy (see below). However, the region has large territorial disparities in industrial employment, with rates varying from 16.4%

in the Tours employment zone to 47.8% in the Issoudun employment zone (Association Pour l'Emploi des Cadres, Dev'up, 2019<sup>[4]</sup>).

Ensuring an appropriate skills base is a significant challenge for many regions in industrial transition. For Centre-Val de Loire, the lack of skills is concentrated in higher-level management and administrative posts, and the limited ability of firms in the region to recruit such talent appears to be the core of the problem. Each year, the French national employment agency *Pôle emploi* sends out a questionnaire to industrial establishments throughout France to learn about their recruitment needs in order to anticipate recruitment difficulties, improve the orientation of job seekers and inform them of opportunities. In 2019, the corresponding survey reported 243 000 recruitment projects in French industry, including more than 10 000 in the Centre-Val de Loire region. Yet, more than 70% of the recruitments in the Centre-Val de Loire region were considered difficult to fill due to a lack of suitable candidates (Dev'up Centre-Val de Loire, 2019<sup>[3]</sup>). This affects the region's ability to achieve the aims of its industrial transition in several ways. First, it makes it difficult for companies to find the talent they need to advance their industrial modernisation. Second, if companies are unable to find the talent they need, they may be forced to look elsewhere to expand, which can lead to a loss of economic activity and jobs in the region. Third, brain drain can contribute to recruitment challenges, where talented individuals leave the region in search of better job opportunities elsewhere. This can further exacerbate the recruitment challenges faced by companies in the region and make it even harder to attract and retain the talent needed to reach the region's industrial transition goals.

The Centre-Val de Loire region faces another, related, industrial transition challenge: a lack of regional attractiveness, which refers to the region's ability to attract and retain businesses, investors, and skilled workers. This challenge arises due to several factors, such as:

- **the region's proximity to the neighbouring Île-de-France region:** Île-de-France is one of the most prosperous regions in France, with a highly diversified economy and a large number of businesses and industries. This creates competition for Centre-Val de Loire in terms of attracting businesses and investment, as companies may prefer to locate in Île-de-France to take advantage of its economic opportunities and proximity to Paris, as well as its pool of experienced management and administrative professionals.
- **the perceived lack of attractiveness of traditional industries such as manufacturing for a young and diverse workforce:** traditional industries such as manufacturing are often perceived as working with outdated technologies and methods and offering low-paying jobs and poor working conditions. This can make such industries less appealing to young and diverse workers, who may be looking for more modern and innovative job opportunities with better pay and more comfortable working conditions.
- **the region's urban-rural divide based on its geography and demography:** the region has a clear urban-rural divide, where its largest city, Orléans, along with other urban areas such as Tours, Chartres, and Bourges, are hubs of economic activity, education, and cultural events. Like other urban areas, they are more densely populated, offer more job opportunities, and better infrastructure as well as services (e.g. transport). The region's rural areas are less populated, have lower levels of economic development, and tend to have more limited access to services such as healthcare, education, and transport. The population of rural areas is also generally older, and there are often issues with outmigration of young people to urban centres. At the same time, many industrial SMEs in the region are still located in more rural areas. It is these companies that struggle the most to fill high-level managerial positions in their companies (OECD, 2022<sup>[5]</sup>; OECD, 2022<sup>[6]</sup>).

Combined, these factors compound the region's ability to attract and/or retain skilled workers. The HIA was specifically designed to address these challenges and advance the region's industrial transition in line with its smart specialisation strategy.

### ***The regional smart specialisation strategy***

Since 2014, the Centre-Val de Loire region has been implementing an ambitious smart specialisation strategy. Among its objectives are to strengthen skills, particularly in R&D, to better integrate innovation into its economic fabric, and to overcome the recruitment challenge in industrial companies in the region. Historically the region has focused on industrial subcontracting (i.e., taking orders from larger companies outside the region to produce specific industrial inputs), which left little room for innovation. Through its smart specialisation strategy (S3), the region decided to consolidate its innovation ecosystems in sectors where it has a competitive advantage (e.g. cosmetics, pharmaceuticals, and tourism), and to invest in emerging industries linked to sustainable development (e.g. environmental engineering and energy storage) (Region Centre-Val de Loire, 2017<sup>[7]</sup>)

The COVID-19 pandemic highlighted the strategic importance of certain industrial specialisations in the region, such as pharmaceuticals, and provided an opportunity to set new and even more ambitious innovation objectives related to the green and digital transition. These innovation objectives have been integrated into the revised S3 for the period 2021-2027, which includes a new horizontal measure on industrial transition and relocation as well as a specific taskforce dedicated to industrial transition. The task force reports regularly to the regional S3 steering committee on industrial transition actions in the region, including those developed as a follow-up to the HIA (see the section on continuity of the action, below) (OECD, 2022<sup>[5]</sup>). In addition, a specific S3 working group dedicated to skills and recruitment challenges in industry was created. In parallel, two regional clusters – Cosmetic Valley and the France Water Team (in charge of water management in the region) – have been integrated in two newly created S3 platforms: Go for Cosmetic and Smart Water Territories. These thematic platforms mainly address industrial transition challenges, such as ensuring sufficient skills and capacity to manage the modernisation of production processes in the region's S3 sectors (Smart Specialisation Platform, 2022<sup>[8]</sup>)

### **Centre-Val de Loire's High Impact Action**

This HIA for Centre-Val de Loire was co-ordinated by the region in consultation with its partners, particularly the Centre-Val de Loire's economic development agency (DEV'UP) and APEC, both of which handled the day-to-day implementation of the HIA. Dev'Up was responsible for conceptualising and implementing activities related to promoting regional attractiveness and APEC oversaw the implementation of recruitment related activities. The collaboration between the two organisations was the first time that explicit synergies were sought in order to better align the region's development agendas in terms of: 1) promoting the region as an attractive place to live and work and; 2) supporting companies in their recruitment practices. Additionally, it marked the first instance of regional institutions collaborating in a structured manner through a well-designed policy action to address the challenge of a shortage of skilled workers, in industrial SMEs. The collaboration was perceived as effective and useful for the development of future actions on ensuring an appropriately skilled workforce (OECD, 2022<sup>[6]</sup>).

The HIA officially ran from October 2019 to 31 December 2021, though several actions continue.

### ***High Impact Action activities***

The High Impact Action was designed jointly by Dev'Up and APEC, as a well designed step-by-step series of actions. The actions focused on supporting SME managers in recruiting a skilled workforce, in particular senior managers and individuals with engineering and technical profiles. It also sought to improve the region's attractiveness to a young and well-trained workforce. Concretely, the following lines of action were taken.

### *Supporting regional attractiveness through a mapping of the regional landscape*

In a first step, the Centre-Val de Loire Region, together with its innovation agency Dev'Up, identified and listed all sub-regional actors that could, in principle, take action to support the attractiveness of the territory. This inventory included institutions such as agencies charged with enhancing the region's attractiveness, departments, and municipalities. Based on the inventory, DEV'ÚP developed a series of actions to share experiences and promote exchange on sub-regional initiatives aimed at supporting regional attractiveness (OECD, 2022<sup>[5]</sup>).

#### *Workshop series "From recruiting to seducing talent"*

APEC, in partnership with the Centre-Val de Loire regional government, designed a workshop format specifically for the HIA. The workshop targeted all actors responsible for the strategy and/or recruitment process in industrial sector SMEs wishing to improve and/or develop their recruitment techniques – from attracting candidates to retaining employees. The objectives were to reinforce collective awareness of recruitment strategies, to evaluate practices within these companies and to inspire innovative practices (OECD, 2022<sup>[6]</sup>).

The four-hour workshop was held several times in different parts of the region in small groups to encourage the exchange of practices built around concrete cases experienced by the participants. The workshops were accompanied by a follow-up interview to enable each participant to crystallise what they had learned during the workshop. In total, 24 sessions took place between 13 February 2020 and 30 September 2021. Except for two workshops, all the sessions were held remotely in order to comply with COVID-19 measures. Each session had between one and ten participants, with a total of 123 participants (Centre-Val de Loire, 2022<sup>[9]</sup>).

#### *Company Audits "Managing Skills Evolution in Industry"*

In addition to the workshop series, APEC also designed and implemented company audits, which were open to all industrial SMEs, that assessed the recruitment, management, and employee retention practices of participating companies. The objective of the audits was to develop better management practices to attract and retain talent. During these audits, APEC advisors identified the company's strengths and areas for improvement. Following the audit, a personalised action plan was created for each participating company and APEC encouraged the development of new practices within the audited company.

Twelve companies completed the audit process, which was accompanied by an APEC consultant. The consultant provided feedback to each of the companies in the form of a two-hour interview and a written summary with realistic and personalised recommendations. APEC also delivered a comprehensive overview of these audits to the regional government (Centre-Val de Loire, 2022<sup>[9]</sup>).

#### *APEC "Compétences Cadres" recruitment fair in Paris*

In a fourth and last activity of the HIA, the Centre-Val de Loire Region participated in APEC's 2021 "Compétences Cadres" recruitment fair in Paris to bring talent to the region. During the fair, APEC presented 22 job offers from the Centre-Val de Loire region to over 1 500 candidates. Company leaders from the region reported high-quality exchanges with very well-qualified candidates, with more than half of the CVs retained and one-third exceeding expectations. The region also utilised the fair to showcase the appeal of its less developed territories and organised a workshop on working and living in the various territories of the Centre-Val de Loire region. This helped to not only attract but retain talent as well, by demonstrating the various benefits of living and working in different parts of the region.



## **Governance and management of the HIA**

The HIA relied on several governance mechanisms that successfully supported its implementation and impact, as outlined below.

### *Strong co-ordination among regional partners*

The HIA's experimental nature lies in bringing together regional partners that did not co-operate closely prior to the HIA implementation. Day-to-day implementation of the HIA was the responsibility of two organisations, APEC and Dev'up. While they had not co-operated closely in the past, in working together through the HIA, they built a strong relationship that helped tackle the issues of recruitment (under the responsibility of APEC) and regional attractiveness (under the responsibility of Dev'Up) in a joint manner rather than in a siloed fashion as had been the case prior to the HIA (OECD, 2022<sup>[6]</sup>).

### *Engaging local and regional stakeholders through regional networks*

The HIA mobilised a large number of regional stakeholders around recruitment and regional attractiveness. The two main partners, Dev'Up and APEC, handled the implementation together with local authorities in the region. Clusters and competitiveness poles were also involved in identifying and contacting industrial SMEs in need of support. In addition, APEC fostered strong relationships through a personalised approach with SME managers and interested candidates in the region. To do this, APEC assigned a specific staff member to each SME. The idea was to provide a personalised touch and make it easier for SME managers and potential members to get information and support from APEC (OECD, 2022<sup>[6]</sup>).

### *Well-developed monitoring and data collection during and after the HIA*

Throughout the HIA, APEC and the Centre-Val de Loire Region collected a set of quantitative and qualitative data for the different activities, using a variety of techniques, in order to process and analyse them and use them for future actions (Box 1):

- **Questionnaires:** during the company audits, APEC collected quantitative and qualitative information through a questionnaire completed by the participating companies. It covered the structure of the company and its workforce, as well as recruitment and management practices, and the perception of the situation and expectations of candidates.
- **Firm database:** APEC prepared an inventory with data on companies that were targeted and/or contacted. Such an inventory of actual and potential beneficiaries was created with future action in mind, thereby avoiding any need to research the companies again.
- **Interviews:** At the recruitment fair, data was collected on profiles of interested candidates and their expectations, and the relevance of the recruitment fair event itself. Interviews were organised with companies after the recruitment fair to collect stakeholder perceptions of the event and clarify what would happen next in their recruitment process.

#### **Box 1. Data points collected by APEC for different HIA activities**

The following indicators were collected by APEC to analyse the success of the company audits that took place within the context of the HIA:

- Number of companies contacted/interested/refused/not responding/left in the process
- Online questionnaire completed by the company

- Company interview grid conducted
- Qualitative and quantitative summary for the companies following the diagnosis and recommendation
- Overall summary of the results of the questionnaire for all the companies that responded (anonymised)

Indicators collected for analysing the success of the recruitment fair:

- Impact analysis (nature of changes in the implementation of the HR recruitment strategy and operational process)
- Number of job offers prepared and/or revised
- Number of CVs received (intra-regional profile; extra-regional profile; age category; city)
- Number of interviews/candidates shortlisted
- Number of actual hires (intra-regional profile; extra-regional profile; age category; city)
- Issues of a more qualitative nature such as difficulties in finding "partner jobs" that could also emerge from the discussions
- Comparison of data with the study carried out by APEC and Dev'up in 2019

Indicators collected to analyse the success of the recruitment fair:

- Workshop materials
- Data on number and type of enterprises and their location for potential participation
- Number of workshops completed/not completed
- Number of companies/recruiters per workshop

Source: (Centre-Val de Loire, 2022<sup>[9]</sup>)

At the end of the HIA, APEC and the region concluded that the data provided was very rich, but at the same time narrow because it was specifically collected as part of the HIA and hence limited in its ability to draw broader conclusions on regional recruitment and talent attraction practices and obstacles. This led APEC and the region to develop a strategy to update the data and to enlarge the data collection beyond companies participating in the HIA. By doing so, they managed to obtain data that was more representative of the regional recruitment dynamics of industrial SMEs (OECD, 2022<sup>[5]</sup>). The HIA was, therefore, helpful in collecting a certain set of information and in raising awareness of existing data gaps.

### ***Industrial transition challenges that were addressed by the HIA***

The actions carried out by the Centre-Val de Loire region are based on a 2019 joint study by APEC and Dev'Up (Association Pour l'Emploi des Cadres, Dev'up, 2019<sup>[4]</sup>) as well as the regional smart specialisation strategy. The recruitment and retention of qualified people is considered a major problem for industrial SMEs in the region, particularly in the areas of digital, automation, and energy management. In addition, SMEs find it difficult to express their specific skills needs in these areas. At the same time, the APEC study revealed that nearly 69% of qualified employees ("cadres") in the Île-de-France region—the majority of whom are under 30—would be willing to live and work in the Centre-Val de Loire region (Association Pour l'Emploi des Cadres, Dev'up, 2019<sup>[4]</sup>). The study identified various levers companies could use to increase their attractiveness to executives. The three main levers proposed were: (i) to better promote the position and the work environment offered and to highlight the attractiveness of the region; (ii) to better adapt recruitment processes to the targeted profiles; and (iii) to deploy measures that make taking the position more attractive (e.g. promoting a family-friendly environment or inexpensive housing compared to Île-de-France).

The HIA supported the industrial transition challenge of ensuring a skilled labour force and preparing for the jobs of the future. Doing so required the region to address difficulties in recruitment and retention of qualified people, particularly experienced managers, and administrators. The HIA stands out from previous actions of collective support and awareness-raising in industrial SMEs in how it provided individualised support to industrial SME managers coupled with regional attractiveness measures. This was a first for the region. In this respect, the HIA also recognised that not all companies are on the same footing when it comes to recruitment, as their geographical location plays an important role in the attractiveness of the positions to be filled. In addition, smaller industrial companies may lack sufficient HR resources, or may suffer from an image deficit because their activity may not be attractive to younger generations (OECD, 2022<sup>[5]</sup>).

Furthermore, the company audits contributed to the region's understanding of the current situation within the region's industrial SMEs, which could help support industrial transition policy making, including by promoting the attractiveness of the region as a place to work.

## The experimental nature of the HIA, lessons learned and scalability of the HIA

The HIA for Centre-Val de Loire took an experimental approach to meeting the need for high-level managerial and administrative positions in industrial SMEs. The actions designed and implemented in the context of the HIA had not been previously employed in the region, resulting in a unique learning experience. Furthermore, the HIA activities were easily adaptable to changing circumstances, such as the COVID-19 pandemic that took place during the implementation period.

### *The novelty of the HIA compared to previous policy approaches*

The objective of the HIA was to test an entirely new approach to industrial SME support for recruiting and acquiring the skills needed to meet the challenges of industrial transition, particularly in terms of finding talent that can fill leadership positions in industrial SMEs. To turn this objective into action, the Centre-Val de Loire regional government developed a strategy that provided targeted support to attract highly qualified profiles. The strategy complemented previous approaches of offering more generic, one-way support, such as providing information about the region on its website.

The following aspects of the developed HIA actions were new to the region (OECD, 2022<sup>[6]</sup>):

- **The regional attractiveness mapping:** Such an approach was undertaken for the first time in the Centre-Val de Loire region. It enabled the various regional representatives involved in regional attractiveness schemes to meet and exchange views and it helped the region develop an overview of who is doing what in terms of supporting territorial development.
- **Workshops:** The workshop series "From recruiting to seducing talent" was designed specifically for the HIA and was the first workshop designed by APEC for executive managers of industrial SMEs. It focused on how to attract talent by better understanding candidate expectations and how to improve employer branding to attract qualified candidates.
- **Enterprise audit:** The "Managing the Evolution of Skills in Industry" audit was specifically created to meet the industrial transition challenges identified during the pilot programme. Audit reports presented quantitative and qualitative results clarified needs and areas for development in industrial SMEs and helped generate the support that will continue after the pilot ends (see "The continuity and scalability of the HIA", below).
- **Targeting industrial SMEs at the recruitment fair:** The recruitment fair targeted industrial SMEs exclusively, a first for the region. This decision was made based on the realisation that the most pressing need for qualified personnel ("cadre") is in industrial companies with fewer than 500

employees. This understanding was reached through the comprehensive regional mapping and the company audit provided under the HIA.

### ***Challenges encountered and experimental solutions to make the HIA successful***

The biggest challenge to the HIA's successful implementation was the COVID-19 pandemic. It made contacting companies and generating interest in the HIA more difficult because of public health restrictions. The region's industrial SMEs found themselves in a period of uncertainty in terms of future development and recruitment. At the same time, the health crisis also provided an opportunity to mobilise candidates from the Île-de-France region to the Centre-Val de Loire region, with the argument of offering a higher quality of life.

#### *Broadening the HIA target group in light of the COVID-19 pandemic*

When the HIA was designed, eligible companies were small industrial companies facing difficulties in recruiting the skills necessary for the company's development and attractiveness. In agreement with the European Commission, the target group had to be widened to include medium-sized companies as well, as it appeared difficult to mobilise especially small companies during the COVID-19 health crisis, given their limited resources and preoccupation with the pandemic. The region therefore decided to also include medium-sized industrial companies with 250 to 500 employees, provided that they were headquartered in the region. To encourage these companies to take part in the HIA, the Centre-Val de Loire Region, Dev'up and APEC worked with relevant business networks, such as regional clusters (OECD, 2022<sup>[6]</sup>).

#### *Creating sufficient interest in local industrial businesses to rethink their recruitment strategies*

Although industrial SMEs in the region expressed a clear need for better recruitment strategies to attract and retain talent, a regional representative and APEC noted that it was still difficult to move companies from expressing their needs to taking concrete action (OECD, 2022<sup>[6]</sup>). The main reason was that many companies had to manage other priorities that arose due to the COVID-19 pandemic, such as supply chain problems – be it for raw materials, components, or materials – the implementation of public health measures, and management of in-person versus remote work. For example, for the recruitment fair, which took place on 7 December 2021, APEC contacted approximately 100 companies from the region. They managed to promote 43 job offers from around 20 of the 100 contacted companies, of which only six were able to be physically present at the stand (Centre-Val de Loire, 2022<sup>[9]</sup>).

#### *Experimenting with how to approach businesses*

Regarding the company audits "Managing Skills Evolution in Industry", during the HIA APEC experimented with different ways of motivating industrial companies to take part in the audit. In a first attempt, APEC had contacted many companies by email. However, of the 285 emails that were sent, only two responded positively in June 2021. APEC concluded that the email approach was not effective and turned to direct phone calls instead. APEC made 151 direct phone calls, which generated 95 expressions of interest. Out of those, 39 companies started the audit process, and 12 completed it. Most companies stopped the audit due to a lack of time to complete it. This led APEC to conclude that a shorter audit may work better to spur company interest in improving recruitment strategies (OECD, 2022<sup>[6]</sup>). Considerations to implement a shorter survey in the future are currently underway.

#### *Capitalising on the COVID-19 pandemic to change recruitment strategies in industrial SMEs*

The COVID-19 pandemic negatively affected the HIA in terms of making it more difficult to encourage companies to engage with the HIA during the lockdown phases. At the same time, it also pushed industrial

SMEs in the Centre-Val de Loire region to reconsider their management and recruitment practices. For example, many were forced to establish a digital presence even if they did not have one prior to the pandemic. According to APEC, this has sharpened management and recruitment strategies. The managers mention more regular team meetings, while executives exchange more with their staff. These developments can potentially improve the quality of work life for candidates and existing employees in industrial SMEs, regardless of the firm's size or sector of activity. APEC also managed to capitalise on the COVID-19 pandemic by highlighting the quality of life in the region, as compared to the more crowded and urbanised Île-de-France, for example (Centre-Val de Loire, 2022<sup>[9]</sup>).

### ***Continuity and scalability of the HIA***

APEC took a series of steps to continue the HIA activities, including offering support for rural areas, reviewing the audit process, providing talent attraction workshops, and better understanding candidate expectations:

1. APEC sat down with companies that are based in the region's more rural areas to provide new perspectives on how to make an employment offer that combined an attractive position with a good quality of life. This included rethinking mobility options (e.g. exploring the option to offer more bus lines for children in remote areas to help companies attract workers with young families to these regions), offering a 4-day work week, or providing more information to companies about where they could send new employees to get support for housing, schooling etc. As a follow-up to the HIA, the Centre-Val de Loire region and APEC also organised a meeting on "Perspectives and opportunities in the Centre-Val de Loire". Through this, they collected insights on the support needs of industrial SMEs that did not participate in the original HIA (OECD, 2022<sup>[5]</sup>).
2. APEC has reviewed the company audit process. The agency concluded that one way to encourage more companies to participate in these audits could be to offer a staggered audit process. There may be a need for future audits to be shorter, with an optional in-depth audit for those companies that are interested in getting a more in-depth analysis of their strategies (OECD, 2022<sup>[6]</sup>).
3. APEC is continuing the workshop series on talent attractiveness that was developed through the HIA. APEC is also considering dedicated training sessions for industrial SMEs on how to better market their companies. This may require developing a specific HR training programme for SME executives on how to promote their companies as attractive employers, including through a well-developed web presence (OECD, 2022<sup>[6]</sup>).
4. The recruitment fair helped APEC better understand candidate expectations. In the wake of the COVID-19 crisis, young professionals have explored moving out of the Île-de-France region. The Centre-Val de Loire region has taken steps to capitalise on this by promoting its region as offering better air quality (in comparison with Paris) and more affordable rents and property prices, while still being close to Paris. It has also used opportunities such as the fair to communicate the fact that lower wages do not necessarily equate to lower economic well-being, highlighting, for example, the region's relatively low rent costs (OECD, 2022<sup>[6]</sup>).

### **Policy lessons from the HIA for advancing industrial transition**

In addition to providing an opportunity to experiment, the HIA also confirmed and further deepened a set of insights regarding the challenge of ensuring a skilled workforce in the region. Thanks to the HIA and the data collected from its different activities, the following policy lessons can be drawn to advance industrial transition:

- **To ensure a skilled workforce, a thorough and well-rounded strategy is necessary.** This involves identifying the specific skills shortages and implementing measures that help overcome



obstacles to talent attraction and retention. Indeed, the HIA was based on a joint study and the region's smart specialisation strategy, which identified the major skills gaps in industrial SMEs in the region and proposed a combination of policy levers to ensure there is a skilled management workforce in the region.

- **Supporting industrial transition and the future of jobs requires individualised support and awareness-raising coupled with regional attractiveness measures.** The HIA initiative recognised that industrial SMEs located in rural areas can benefit from promoting not just their company's position but also the region's quality of life and appeal to potential employees. The initiative supported developing a regional brand and messaging that highlighted the unique selling points of the region and the benefits of living and working in the area. This branding and messaging will be used by individual companies to promote their position and the attractiveness of the region to potential employees.
- **Geographical location plays an important role in the attractiveness of positions to be filled.** The APEC study revealed that nearly 69% of qualified employees in the Île-de-France region would be willing to live and work in the Centre-Val de Loire region, but not necessarily in its rural areas. This suggests that the region needs to promote the attractiveness of the region and highlight the advantages of living and working specifically in more rural and remote areas to attract qualified managers from other regions.
- **A well-designed sequence of experimental policy actions, such as those taken in the HIA, can provide valuable information to support future industrial transition initiatives.** When regions are faced with the need for transition, it can be challenging to determine which strategies might be the most effective. Experimenting with various policy actions can help identify the most promising options and determine which ones should be prioritised. For example, in Centre-Val de Loire, the company audits helped the region identify relevant information on the current situation within the region's industrial SMEs that helped shape the content, format, and scope of future audits and the workshop series.

In summary, the policy lessons from the HIA emphasise the importance of a comprehensive approach to ensuring a skilled workforce, including the need for individualised support and awareness-raising coupled with regional attractiveness measures.

## Conclusion

The HIA implemented by the Centre-Val de Loire region proved to be instrumental in tackling a significant industrial transition challenge: ensuring the region has a skilled workforce that is prepared for jobs of the future. This required the region, firms, and other stakeholders to re-evaluate the overall approach to recruiting and retaining skilled professionals in small- and medium-sized industrial-sector firms. The region faces a scarcity of suitable candidates for job openings, particularly in the domains of digital technology, automation, and energy management. Moreover, industrial SMEs struggle to define their specific skill requirements in these areas. By strengthening ties among regional public actors and industrial SMEs, the HIA helped the region gain a better understanding of firm needs and expectations. The initiative is distinct from prior approaches because it addresses recruitment barriers and obstacles related to misperceptions about the region's attractiveness.

The close co-operation between two regional partners, APEC and Dev'up, to implement the HIA was also innovative. The HIA also managed to overcome obstacles posed by the COVID-19 pandemic, including drumming up interest in the pilot and implementation challenges caused by public health measures. It did so by leveraging business networks and targeting companies individually, while playing to the post-COVID desire of many people to relocate away from dense urban centres. Moving forward, the Centre-Val de Loire

region plans to continue the HIA and use insights generated by the initiative to generate follow-up actions, including through its 2021-2027 smart specialisation strategy.

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## Annex: The EC-OECD Pilot Action on Regions in Industrial Transition

In 2018, the European Commission/DG REGIO with support from the OECD launched the pilot action *Regions in Industrial Transition* to support ten regions and two countries<sup>1</sup> in industrial transition prepare their Smart Specialisation Strategies (S3) and innovation policies for the 2021-2027 period. The pilot action was designed in two phases. The OECD supported the first phase with a series of five thematic workshops held with two cohorts of participants, each including five regions and one country. The findings from these workshops were collated into an OECD synthesis report, [Regions in Industrial Transition: Policies for People and Places](#).

As part of the project, eight of the original regions and the two countries received a EUR 300 000 grant from DG REGIO as well as tailored advisory services to design a High Impact Action that could support their industrial transition strategies.

The OECD is supporting the European Commission with an assessment of each High Impact Action. The aim is to take stock of the potential benefits of different types of High Impact Actions on industrial transition and of the policies that support them. Each assessment considers the actual or expected results of individual High Impact Actions through an understanding of their objectives, activities, governance mechanisms and experimental nature. The in-depth analysis also explores how each pilot region/country expects their individual High Impact Action to contribute to their industrial transition and advance their smart specialisation strategies and governance.

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<sup>1</sup> The regions are Cantabria (Spain), Centre-Val de Loire (France), East North Finland (Finland), Grand Est (France), Greater Manchester (UK), Hauts-de-France (France), North Middle Sweden (Sweden), Piedmont (Italy), Saxony (Germany) and Wallonia (Belgium). The countries are Lithuania and Slovenia.

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