

## NFG Jobs Toolbox: A Funder's Guide to Jobs

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# Sectoral Development Strategies

**Sectoral development refers to strategies that expand the number or quality of jobs in a particular economic sector. These strategic interventions within an industry are designed to improve that sector's competitiveness, expand the number of jobs within the sector, or affect its supply of workers. All of these results can have a positive impact on low-income communities.**

As the name implies, sectoral strategies focus on a particular economic sector. A sector is commonly defined as a group of firms which share some common characteristics. The characteristics might be a product (e.g., socks and hosiery), a market (hardware stores) a technology (metal working equipment), a resource (wood), or even a workforce need (electronic technicians). The most common usage of the term is to describe a group of firms with a common product.

Whatever the commonality, an organization can devise an intervention strategy based upon the specific barriers and opportunities relevant to the targeted businesses. By working intensively with a group of employers who share common issues, an organization can develop deeper relations with targeted firms and work collaboratively with them to advance common goals.

A sectoral strategy or project encompasses the following attributes:

- A clearly defined "sector" that is explicitly targeted;
- A clear vision and goals established from the outset of the project;
- An understanding of the dynamics of the targeted sector; and
- A comprehensive approach that seeks to create systematic change within a sector by changing institutional relationships among businesses, between business and labor, and among business, government and training providers.<sup>30</sup>

## What Makes a Sectoral Strategy?

Sectoral strategies have several special attributes:

- Sectoral strategies can either create jobs (sectoral economic development) or help disadvantaged persons find jobs (sectoral employment development). Creating jobs is sometimes called "working on the demand side of the labor market," while training workers and helping them obtain jobs is called "working on the supply

side of the labor market."

- Organizations can develop specialized competencies with which to add value. Instead of being "all things to all people," sectoral strategies develop specialized knowledge about employer or business needs and figure out ways to fill those needs in the best interest of their members or constituents.
- By focusing on a sector, organizations can develop enduring relationships with employers and other elements of their support infrastructure (e.g., community colleges and skills training programs). These relationships can help the organization achieve systemic change in the ways firms recruit, hire and train workers.



## Supporting Sectoral Strategies

Funders can support sectoral projects in at least four ways:

- Fund a nonprofit organization to initiate and manage a sectoral economic development (job creation) project;
- Fund a nonprofit organization to initiate and manage a sectoral employment development (job access) project;
- Fund a nonprofit organization to advocate for policy changes in existing sectoral economic or employment development projects managed by units of government, civic associations or business organizations;
- Fund a nonprofit organization to undertake complementary, neighborhood-based employment development or economic development activities which will "piggy-back" onto an existing sectoral program.

The rest of this chapter will explore sectoral economic development (job creation) strategies and sectoral employment development strategies (job access), as well as programs which combine both approaches.

## Sectoral Economic Development Strategies

Sectoral economic development programs originated in the early 1980s, when states and localities began experimenting with economic development strategies targeted to key industries or sectors of their economy. Several early examples in Massachusetts - the Needle Trades Action Project, the Machine Trades Action Project and the Massachusetts Metalworking Partnership - were created to revive and strengthen that state's mature industries. Similarly, the city of Chicago was an early pioneer of sectoral approaches for local governments, creating task forces and action programs targeted to several key manufacturing sectors, including the steelmaking industry.

The distinguishing feature of these sectoral efforts is that they started with an analysis of the local economy, identified key sectors, and organized programs around those sectors. Programs or services were tailored from this

analysis. Typically, the range of programs included:

- Organizing and promoting cooperation among firms in the sector;
- Researching and developing new technology or new products;
- Transferring or modernizing technology to assist firms in adopting up-to-date technology;
- Developing specialized financing to fill capital needs not met by banks and other conventional financing sources;
- Creating employment and training programs to assure an adequate and skilled workforce;
- Setting up marketing programs to help firms access new markets and generate more sales; and
- Addressing other key competitiveness issues revealed by the industry analysis. Examples include transportation, zoning or land use impediments, or the cost of energy.

These programs and services are not new. The sectoral approach adds value by custom-fitting services to the needs of a particular sector and a particular set of employers.

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<sup>30</sup> Beth Siegel and Peter Kwass. *Jobs and the Urban Poor: Publicly Initiated Sectoral Strategies*. Sommerville, MA: Mount Auburn Associates. 1995, p. 3.

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