Crossing the Next Regional Frontier

Information and Analytics Linking Regional Competitiveness to Investment in a Knowledge-Based Economy

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Purpose

This project developed practical tools and frameworks to help guide economic development strategy and decision making for regions throughout the United States—especially rural regions where strategic support is often lacking.

Practitioner Benefits

New approaches to economic development that emphasize investments in knowledge and innovation are emerging rapidly. This project puts practical tools in the hands of regional leaders to save them time and money, as they navigate this new terrain. These tools can help practitioners focus their strategies in ways that reflect a region’s comparative advantages.
Pilot Test Regions

Tool development and analysis focused on the following four rural regions:

**Indiana Economic Growth Region 6**
Located in east-central Indiana, EGR 6 contains nine counties and has a population of 340,392.

**Indiana Economic Growth Region 11**
Located in southwest Indiana, EGR 11 includes nine counties and has a population of 421,560.

**Western Alabama, Eastern Mississippi**
Centered on the Alabama-Mississippi border, the WAEM region includes 37 counties and has a population of 1,079,869.

**Riverlands**
Spanning portions of Wisconsin, Illinois and Iowa, the Riverlands region includes 17 counties and has a population of 598,087.

Note: Population estimates are for 2007.
Occupation Clusters

This study developed a new set of 15 occupation clusters with detailed, county-level data and coupled it with industry cluster data. This database offers regional planners valuable insight into their workforce dynamics, helping them examine how well the kinds of jobs that are in increasing demand match the mix of industries found in the region. This helps planners understand the opportunities and challenges they face in charting a strategic path for their region’s development. The two Indiana pilot regions were analyzed in-depth, illustrating the practical value of such analysis for “on the ground” planning efforts.
The 15 Occupational Clusters Defined in this Study

1. Agribusiness and Food Technology
2. Arts, Entertainment, Publishing and Broadcasting
3. Building, Landscape and Construction Design
4. Engineering and Related Sciences
5. Health Care and Medical Science (Aggregate)
   a. Medical Practitioners and Scientists
   b. Medical Technicians
   c. Therapy, Counseling, Nursing and Rehabilitation
6. Information Technology
7. Legal and Financial Services and Real Estate
8. Managerial, Sales, Marketing and HR
9. Mathematics, Statistics, Data and Accounting
10. Natural Sciences and Environmental Management
11. Personal Services
12. Postsecondary Education and Knowledge Creation
13. Primary/Secondary and Vocational Education, Remediation and Social Services
14. Public Safety and Domestic Security
15. Skilled Production Workers: Technicians, Operators, Trades, Installers and Repairers

Health Care and Medical Science Cluster Location Quotients

Legend:
- 4 or higher
- 2 - 3.9
- 1.2 - 1.9
- 0% or less
- 1% to 25%
- 26% to 50%
- 51% or higher
Portfolio Innovation Index

Innovation is a key ingredient in an economy’s ability to increase the standard of living for the region’s residents. Building on past research, this study developed a new index of innovation derived from a number of individual indicators.

Sub-Indexes
The innovation index consists of four sub-indexes, each based on five to seven separate variables:

1. **Human Capital**
   reflects the ability of a county’s population and labor force to engage in innovative activities

2. **Economic Dynamics**
   measures business conditions and resources available to entrepreneurs and firms

3. **Productivity and Employment**
   suggests the extent to which local and regional economies are benefiting from innovation, generating growth in jobs and output

4. **Economic Well-Being**
   reflects the overall attractiveness of the region and growth in compensation
Analysis of the Portfolio Innovation Index and its sub-indexes revealed just over 1 percent of U.S. counties to be true innovation leaders, scoring above the national average on all four sub-indexes. At the other end of the spectrum, five of every eight counties scored below the national average on all four sub-indexes.

Most high-innovation counties were located in or near metropolitan areas. Nonetheless, a number of rural counties were found to score above average in most or all of the innovation sub-indexes. The underlying causes for such strong rural innovation performance appear to derive from a variety of sources rather than one common characteristic across these counties.
What’s on the Disc?
The CD accompanying this brochure contains a user-friendly practitioner’s guide, the full report of the study and its detailed appendices, as well as links to maps and the most current data for counties and regions.

Get Custom Data on the Web
The project website provides access to the report, practitioner’s guide, maps, a drill-down innovation index and cluster data for user-defined regions, as well as the spreadsheet for the Regional Investment Portfolio Tool.

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Investment Framework

The challenge of selecting strategic economic development investments with good prospects for stimulating a region’s prosperity lies in allocating investment across a portfolio of different kinds of opportunities that minimize investment risk while exploiting the region’s competitive advantages. This study presents a three-phase process to guide investment strategy.

1. Investment Discovery Phase

Strategic investments are classified into five categories representing critical ingredients for competitive regions. Organizing economic development investments and strategic goals into these categories serves as a valuable tool for assessing the alignment of investments and the region’s strategic priorities.
INVESTMENT STRATEGY DECISION PHASE

The Regional Investment Portfolio Tool places into a decision matrix information on the region’s inherent competitive advantages, the national outlook for growth in targeted sectors, the relative economic impact that investment in each sector would create, the region’s fiscal capacity to fund projects, and a list of projects under consideration. The decision matrix helps regional leaders compare different projects in terms of their impacts, prospects and payback timeline. The outcome of this phase is selection of specific economic development investments.

EVALUATION PHASE

This includes monitoring the region’s investments through a well-selected set of metrics to track progress toward the investment goals, providing guidance for future revisions to the region’s investment portfolio.
Collaborators

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