

# '10

EDA PHILADELPHIA ECONOMIC DEVELOPMENT  
REGIONAL TRAINING CONFERENCE

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# *Know Your Region*

## Economic Development Data Tapping Valuable Resources

This interactive session will provide examples of freely available data that can be used for comprehensive economic development planning.

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# statsamerica.org/innovation

- The Index of Innovation
- Industry Cluster Analysis
- Occupation Cluster Analysis
- Roadmap for Public Investment
- Project reports
- Practitioners Guide
- Data!

- Guide EDPs in formulating a **regional development strategy**
- Provide insights for making **regional investment decisions**

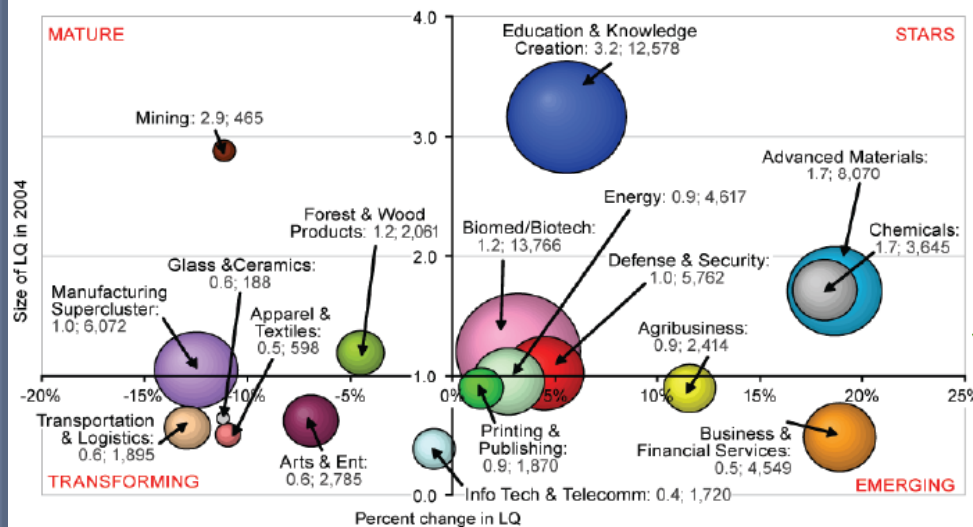
- Foster regional discussions**

  - Strengths and Weaknesses / Threats and Opportunities**

- Equip EDPs with **new data & analytical tools**
- Flexible **regional approach**
- Focus on **innovation-based growth**
- Role of **industry clusters** and **occupation clusters** in economic growth
- Assess **innovation capacity & innovation activity**

# Reports Offer In-depth Findings

Figure 23. EGR 8 Cluster Size, Location Quotients and Percent Change in LQ, 2001-2004

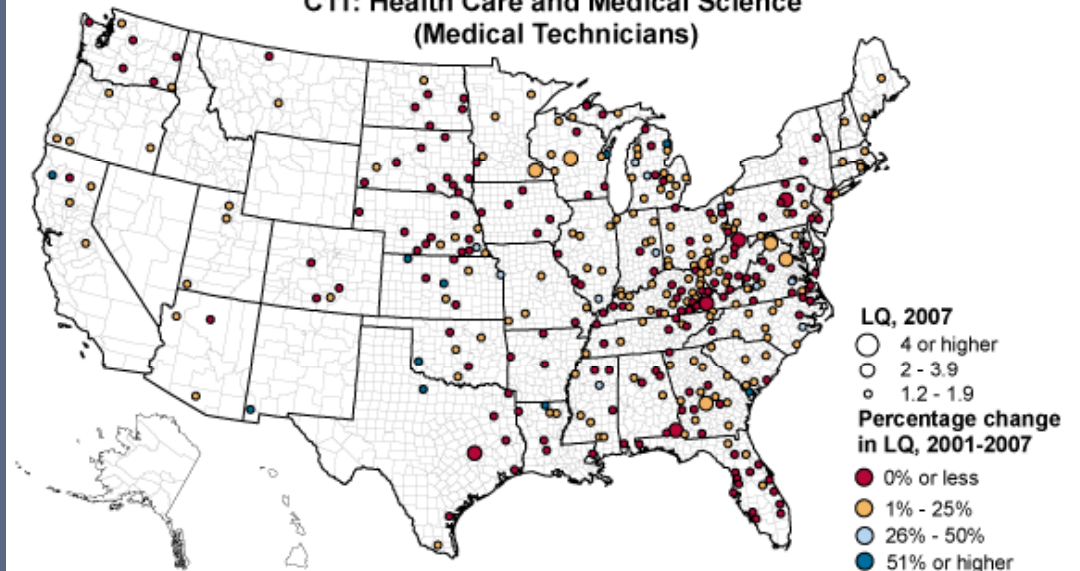


Industry cluster concentration & change over time

Occupation cluster concentration & change over time

Occupation Cluster Location Quotients and Percentage Change in LQs, 2001-2007, U.S. Counties

C11: Health Care and Medical Science (Medical Technicians)



# Developing an Innovation Index

## Innovation Defined

- **Innovation puts ideas into action**
  - **new or improved goods and services**
  - **new technologies and processes**
  - **increases value & productivity**
  - **increases profits and/or compensation**
  - **incremental or radical**
  - **ability to move from lower value-added to higher value-added production**
- **Innovation increases GDP—more specifically, compensation and profits**

# Categories of Innovation Indicators

- **INPUTS:** The capacity to innovate
  - **Human Capital**
  - **Economic Dynamics**
- **OUTPUTS:** The results of innovation
  - **Productivity and Employment**
  - **Economic Well-being**

# Measuring Innovation: Input

## Human Capital

- Educational Attainment
  - bachelor's degree or higher
  - associate's degree or some college
- Young Adult Population Growth (ages 25 to 44)
- High-Tech Employment Share
- Technology-Based Knowledge Occupations

## Economic Dynamics

- Venture Capital
- Private R&D
- Broadband Density and Penetration Rate
- Establishment Churn
- Establishment Size
  - small < 20 workers
  - large > 500 workers

# Measuring Innovation: Output

## Productivity and Employment

- Change in High-Tech Employment
- Job Growth
- Gross Domestic Product per Worker
- Patents
  - Average per 1,000 Workers

## Economic Well-being

- Poverty Rate
- Unemployment Rate
- Average Net Migration
- Growth in Per Capita Personal Income
- Compensation
  - wages & salaries
  - proprietor income

# Human Capital

- Capacity of the population to engage in innovative activities
  - Young-adult population growth rate, ages 25-44
  - Percent of the population with some college or an associate's degree
  - Percent of the population with a bachelor's degree or higher
  - Percent of jobs in technology-based knowledge occupation clusters
  - High-tech employment share of total employment

# Economic Dynamics

- Local resources available to entrepreneurs and businesses to encourage innovation
  - **Average venture capital investment**
  - **Average private research and development funding**
  - **Broadband density and penetration**
  - **Establishment churn**
  - **Average small establishments per worker**
  - **Average large establishments per worker**

# Productivity and Employment

- Measures economic progress and direct outcomes of innovation
  - **Job growth**
  - **Change in share of high-tech employment**
  - **Gross domestic product per worker**
  - **Change in gross domestic product per worker**
  - **Average patents per 1,000 workers**

# Economic Well-Being

- Measures regional desirability and changes in the standard of living
  - Average poverty rate
  - Average unemployment rate
  - Average net migration
  - Per capita personal income growth
  - Change in annual wage and salary earnings per worker
  - Change in proprietors' income per proprietor

# Portfolio Innovation Index

The Index is composed of the four sub-indexes, weighted as follows:

**30% Human Capital**

**30% Economic Dynamics**

**30% Productivity and Employment**

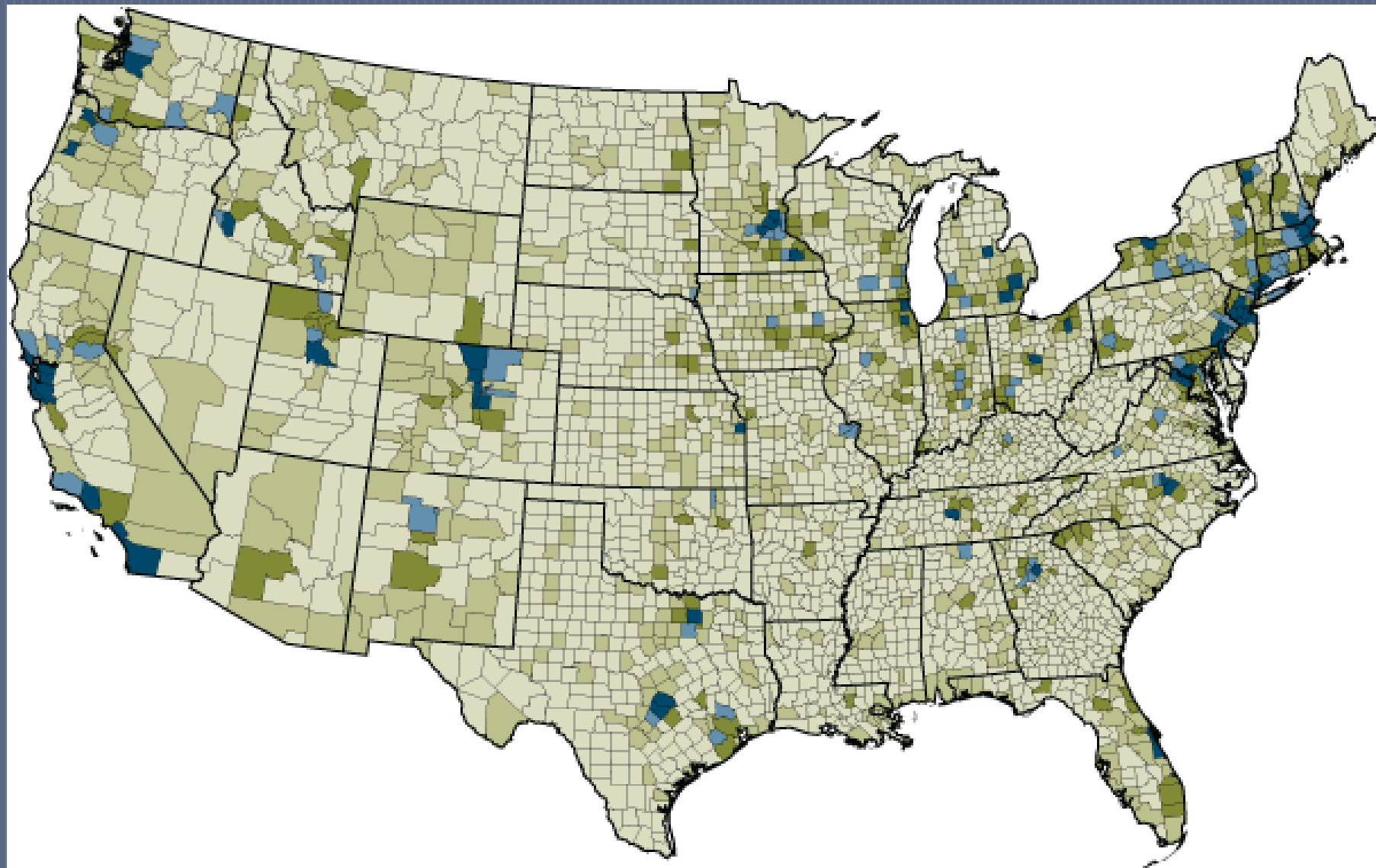
- **More-direct outcome of innovation**

**10% Economic Well-Being**

- **Less-direct outcome of innovation**

**0% State Context, a statewide measure not included in the portfolio index**

# The Innovation Index



# The Innovation Index

## What's in it for me?

- For economic development practitioners
  - **information to guide strategic discussions**
  - **compare with other benchmark regions**
  - **source for data**

# Application for Practitioners

## Premise: Today's economy is driven by innovation

- Undifferentiated commodities, such as soybeans, will tend to go to the lowest bidder—here or abroad
- Innovation can transform low value-added commodities, like soybeans, into higher value-added products like crayons or candles
- Sustained economic development depends on creating new ideas, products, and services that create value

# Application for Practitioners

- The innovation index tool can assess how well a regional economy innovates
  - **Compare a region's innovation capacity and innovation results against the nation and other regions**
  - **Test regional scenarios with different sets of county partners**
  - **Communicate the need for new development and coordinated action**
  - **Reveal a region's relative strengths and weaknesses**

# Application for Practitioners

- You can explore innovation in your region by guiding questions and conversations about the region's performance

	U.S.	WAEM	Southern Minnesota	Indiana EGR 11
Innovation Index	100	77.3	93.1	87.6
Human Capital	100	67.8	102.1	86.5
Economic Dynamics	100	82.6	90.8	89.6
Productivity & Employment	100	76.4	83.4	81.4
Economic Well- Being	100	92.8	102.5	103.6

**Let's go online!**

**Statsamerica.org**

