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Using Employment Data to Better Understand Your Local Economy

**Tool 6. Qualitative Analysis
Can Provide Unique Insights
into Local Economic
Performance**



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Summary

Because they provide insights into local trends that may not be measurable, practitioners may find qualitative assessments of the local economy are a useful complement to the quantitative tools described elsewhere in this series. Alternatively, qualitative analysis can be seen as a way to tap into local expertise, thus providing information on the local economy that does not appear in official statistics.

Overview: Qualitative Analysis Complements Other Tools

Most of the material in this series focuses on techniques for analyzing secondary data that is readily available and accessible. However, secondary data analysis cannot provide all of the answers when trying to understand the local economy. The shortcomings in secondary data analysis may arise from a number of factors, including data limitations such as unavailability at more detailed levels of analysis (perhaps for confidentiality reasons). Or, the data may not provide sufficient insight into the linkages between various sectors of the local economy.

Qualitative analysis refers to identifying and assessing factors that may not be easily quantified. Qualitative analysis is especially useful in helping identify local key industries that are deemed “important” for reasons other than the number of jobs or amount of payroll they create. For example, a local business may not be large in terms of employment levels, but nonetheless is viewed as important because it has attributes that local citizens, government officials, and development practitioners find desirable. In short, qualitative analysis allows researchers to both find out why certain trends in data have occurred and complete the story quantitative analysis provides.

Though not easily quantified, the following list shows some attributes used by states, regions, cities, and other areas when assessing industries in their economic development analysis.

The industry

- is environmentally clean,
- has manageable infrastructure needs,
- has low energy needs,
- supports desirable workforce skills,
- provides training and skill enhancement,
- offers economic diversity,
- may attract other businesses to the area,
- utilizes high-tech processes,
- has manageable transportation needs,
- is “family friendly,”
- contributes positively to the local quality of life, and
- is a business headquarters or a hub.

By assessing local businesses and industries according to these or similar criteria, your community can gain additional insight into the structure of the local economy. In addition, these attributes can be used to establish parameters for new local economic development initiatives.

How This Information Is Used in Economic and Community Development

Establishing local priorities and economic development objectives is helpful when formulating the key qualitative and quantitative criteria that you will use to evaluate local industries. The strategic planning process offers one way for your community or organization to determine these objectives. As part of the planning process, qualitative approaches such as key informant interviews, focus groups, surveys, and case studies can be used to identify key industries, values, skills, or resources that your community would like to strengthen or promote. After drawing up a list of desirable characteristics, you can see not only how local industries reflect these attributes, but you can also use this list to identify and evaluate future development prospects.

Qualitative approaches have been very useful to states and regions looking at developing industry clusters. Many states use interviews and focus groups with business leaders, for example, to categorize important forward and backward linkages among local industries. These techniques can also be used to discover common and complementary labor, infrastructure, and input needs among businesses. Finally, some states identify industry clusters through interviews with firms about their suppliers. Regardless of whether such analysis is done using formal or informal survey methods, such meetings can provide information on the linkages

among local industries, as well as their anticipated workforce changes and other needs.

Qualitative methods can also help you rethink your overall approach to economic analysis. The recent State and Local Policy Program (SLLPP) survey conducted by the University of Minnesota's Humphrey Institute reported some states group industries by "function" rather than "product." The study also indicates that some states are beginning to group industries based on labor, energy, and transportation requirements as well as common technologies and workforce skills.

As an example of alternative approaches, the SLLPP cites a region that has defined a key cluster of industries it wants to promote according to a major input requirement—namely, warm water. This cluster was identified after noting that the region's energy plants generate large amounts of warm water that could be recycled. By finding a use for this input, the region promoted the local development of a cluster of greenhouses and related businesses.

A Few Caveats

You can devise a number of possible qualitative indicators to measure factors such as "family friendly," "environmentally sound," and "good corporate citizen." Unfortunately, there is usually no one agreed upon measure for them. As a result, certain qualitative indicators may be contentious.

While quantitative measures used to define key industries—employment, wages, earnings—are often common and well understood across states, regions, and communities, qualitative criteria can vary widely from place to place. Ideally, qualitative criteria should reflect an area's unique character, priorities, and reality.

For More Information

Focus groups and key informant interviews are two techniques commonly used in qualitative analyses. While a detailed discussion of these techniques is beyond the scope of this bulletin, the Internet provides several useful sets of material, including:

- *How to Conduct a Focus Group* by Judith Sharken Simon (www.tgci.com/publications/99fall/conductfocusgp.html). This article appeared in the fall 1999 issue of *The Grantsmanship Center Magazine* (www.tgci.com). If you are a staff member of a nonprofit organization or government agency you can receive a free subscription to this magazine.

- *Guidelines for Conducting a Focus Group Interview* by Jim Meyer (www.uwm.edu/Dept/CUTS/focus.htm). These guidelines were produced by the center for Urban Transportation Studies at the University of Wisconsin–Milwaukee.

- *Key Informant Interviews* (www.aces.uiuc.edu/~PPA/KeyInform.htm). This site, developed by University of Illinois Cooperative Extension, provides a detailed overview of this important survey technique. Covered topics include using key informant interviews, tips for managing a key informant survey, conducting a key informant interview, writing the introduction for key informant

interviews, asking open-ended questions and probing the answers, and recording and summarizing the results.

- Another useful review is provided by *The Access Project* at www.accessproject.org/downloads/final%20document.pdf. While this document talks about key informant interviews in the context of local health care access, its principles are applicable to a broad array of topics.

Prepared by Martin Shields, assistant professor of agricultural and regional economics

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Penn State College of Agricultural Sciences research, extension, and resident education programs are funded in part by Pennsylvania counties, the Commonwealth of Pennsylvania, and the U.S. Department of Agriculture.

This publication is available from the Publications Distribution Center, The Pennsylvania State University, 112 Agricultural Administration Building, University Park, PA 16802. For information telephone 814-865-6713.

Issued in furtherance of Cooperative Extension Work, Acts of Congress May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture and the Pennsylvania Legislature. T. R. Alter, Director of Cooperative Extension, The Pennsylvania State University.

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Produced by Information and Communication Technologies in the College of Agricultural Sciences

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