Evaluation of Regional Collaboration for Economic Development

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Definition of Regional Innovation Cluster (RIC)

• Geographic concentration of interconnected firms and supporting or coordinating organizations
  – Purpose is to take advantage of agglomeration economies

• Note: (1) Geographic concentration of interconnected firms, and
  (2) Supporting or coordinating organization
Why evaluation?

Answers:

• Primarily, to validate claims and expectations so that initiatives do not become policy *du jour*

• Program improvement
Outline

1. Cluster Types and Purposes
2. Geography, or What is a Region?
3. Innovation
4. What Constitutes a Sector?
5. Attribution Problem: What is the Counterfactual?
6. Selected Samples
7. Measuring Costs and Benefits
8. Recommendations/Findings
Cluster Types and Purposes

1. Purpose is regional economic growth
2. Purpose is embryonic growth of sector, e.g., green sector
3. Community development; employment of disadvantaged
4. Particular types of businesses, e.g., small business
Geography, or What is a Region? (RIC)

- Geography should be strategic, and not political, choice
- Many regions cross jurisdictional boundaries
- Size somewhat dependent on cluster type
Innovation (RIC)

• Innovation, in sense of improvement or “new-newness” should be goal

• Three types of innovation:
  – Product or process
  – Infrastructure (workforce or educational systems)
  – Problem-specific, e.g., redefining job descriptions
What Constitutes a Sector? (RIC)

• Like geography, should be strategic, not political, decision

• May depend on cluster type
Attribution Problem: What is the Counterfactual?

• Key evaluation question is net impact; this means need for counterfactual

• Evaluation needs to determine unit of analysis – individuals or regions?

• If unit of analysis is individual (cluster is focused on community development), then RCT may be feasible

• For region as unit of analysis, matched comparisons may be most rigorous, especially with diff-in-diff

• Most evaluation studies with “rigor” have relied on post- minus pre- design
Selected Samples

• Sample selection may bias external validity of an evaluation
  – For example, RCT may require collaborations that serve many participants
  – Evaluation finding that effectiveness of a RIC depends on pre-existing cluster or collaboration
  – Collaboration may have negative selection
Measuring Costs and Benefits

• RICs are investments, and as such, will have rates of return (roi)
• On the benefit side, an extremely difficult benefit to value is transactions or opportunities that arise from social networking
• Almost no evaluations of RICs present data on costs
Recommendations/Findings

• Formative and summative evaluation should be undertaken

• From our perspective, key question is “net impact;” answer requires counterfactual

• No “free lunch;” most rigorous evaluation to date finds substantial economic returns to participants who receive services that have substantial costs

• Need to build stronger body of evaluative evidence re: RICs