

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