



**Using traditional competitive
advantage analysis to guide the
development of action plans to
grow the creative/cultural sector
in a community/region**

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This presentation: Outline

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- Context: role of culture and creativity on economic development.
 - Using traditional economic development economic analysis tools for identifying a community's competitive advantage in the cultural and creative sectors.
 - Location Quotients
 - Shift-Share Analysis
 - Explain how the creative economy competitive advantage analysis tool can be systematically used by a community/region to inform the development of a local strategy/action initiatives to grow the creative/cultural sector in a community/region.
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Impact of culture and creativity on economic development

- Culture is central to quality of place that is one of the essential ingredients in attracting creative people and resources, as well as, stimulating creativity and innovation (Glen Murray).



Impact of culture and creativity on economic development

- Places with higher levels of human capital are more innovative and grow more rapidly (Richard Florida).



Creative Economy competitive advantage analysis tool

- The purpose of the analysis is to identify the best prospects for building the creative economy in a community/region in order to help focus economic development efforts.
 1. Analysis of occupation mix and specializations
 - Location Quotients
 2. Analysis of growth, relative to reference area
 - Shift-Share Analysis



Creative Economy competitive advantage analysis tool data

Year/Database: 2001 and 2006 Statistics Canada Census of the Population, Employment data, 20% Sample
– occupations classified using broad occupational categories and unit group classifications

Universe: Employed Labour Force 15 Years and over, Place of Residence and Place of Work

Geography Units: Data is available at both the CD (Census Division) level (upper tier) and at the CSD (Census Sub-Division) level (lower tier or single tier)

NOCS Structure (Occupations)

Broad Occupational Category	F	Occupations in art, culture, recreation and sport
Major group	F0	Professional Occupations in Art and Culture
Minor group	F03	Creative and Performing Artists
Unit group	F036	Painters, sculptors and other visual artists

Creative Economy competitive advantage analysis tool data

- **Cultural Occupations**

- Classified using Statistics Canada Canadian Framework for Culture Statistics

- Culture occupations

- Creative and artistic production occupations, heritage collection and preservation occupations

- Culture Support Occupations

- Cultural management, Technical and operational occupations, Manufacturing occupations



Creative Economy competitive advantage analysis tool data

- **Creative Occupations**

- Classified using Richard Florida's framework for the creative class

- Super creative core;
- creative class;
- service class,
- working class.




Location Quotient Analysis


- Measures the relative concentration of each occupat in your local economy compared to a reference area (in our case, Ontario).

$$LQ = \frac{\% \text{ of } \textit{local} \text{ employment in occupation } i}{\% \text{ of provincial employment in occupation } i}$$



LQ Interpretation

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- If $LQ > 1$, occupation i , over-represented or disproportionately concentrated in the region
 - If $LQ = 1$, occupation i , is proportionately concentrated (represented)
 - If $LQ < 1$, occupation i , is under-represented



 - Local Occupation specializations signal local competitive advantages
 - To identify significant specializations, use a higher cut-off (e.g., 1.2)
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2006 Location Quotients for Prince Edward County

	Employment		Location Quotients
	Total	%	2006
Occupations (NOCS)	2006	Share	Prince Edward County
Architects	15	0.13	1.53 High
Landscape architects	15	0.13	10.5 Very High
Industrial designers	10	0.08	1.14 Med.
Authors and writers	10	0.08	0.48 Low
Editors	60	0.51	4.24 High
Journalists	15	0.13	1.68 High
Producers, directors, choreographers and related occupations	15	0.13	0.88 Med.
Conductors, composers and arrangers	10	0.08	4.74 High
Musicians and singers	10	0.08	0.38 Low
Dancers	15	0.13	2.68 High
Actors and comedians	0	0.00	0 -
Painters, sculptors and other visual artists	15	0.13	1.17 Med.
Photographers	0	0.00	0 -
Other performers	60	0.51	21.89 Very High
Total	11,841	1.00	




Shift Share Analysis

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- Shift-share provides a way to explain changes (over a period of time, usually census periods) in a local economy by providing an estimate of total local employment growth/decline that is attributable to:
 - 1.growth of the provincial economy (reference area),
 - 2.growth of occupations provincially, and
 - 3.local factors.
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Shift Share Analysis

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- **Provincial Effect** - The share of local job growth/decline that can be attributed to the provincial economy.
 - Specifically, if the province as a whole is experiencing employment growth, ("a rising tide lifts all boats"), one would expect total provincial growth to exert a positive growth influence on the local area.





Shift Share Analysis

- **Occupation Effect** – The rate of change that can be attributed to the performance of each individual occupation at the provincial level.
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Shift Share Analysis

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- **Regional (Residual) Effect** - The share of local job growth/decline that can be attributed to local factors.
 - indicates the extent to which factors unique to the local area have caused growth or decline in regional employment of an occupation group.
 - Job growth is usually attributed to some local comparative advantage.
 - The local component aids in identifying a local area's competitive strengths and how a region's competitive position can contribute to building the creative economy.
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2001-2006 Shift-Share Analysis for Prince Edward County



Occupations (NOCs)	Employment Total		Employment Growth 2001-2006		Shift-Share Analysis 2001-2006		
	2001	2006	Ontario	Prince Edward	Provincial Effect	Occupation Effect	Regional Effect
All Occupations	11,110	11,815	7.8%	6.4%			
Architects	10	15	1.0%	50.0%	1	-1	5
Landscape architects	0	15	-30.7%	na	0	0	na
Industrial designers	10	10	4.7%	-75.0%	3	-1	-32
Authors and writers	15	10	11.2%	-33.3%	1	1	-7
Editors	20	60	22.2%	200.0%	2	3	36
Journalists	15	15	-2.9%	0.0%	1	-2	0
Producers, directors, choreographers and related occupations	20	15	11.3%	-25.0%	2	1	-8
Conductors, composers and arrangers	10	10	16.4%	0.0%	1	1	-2
Musicians and singers	10	10	16.7%	0.0%	1	1	-2
Dancers	10	15	13.0%	50.0%	1	1	4
Actors and comedians	0	0	3.7%	na	0	0	na
Painters, sculptors and other visual artists	25	15	24.7%	-40.0%	2	4	-16
Photographers	0	0	15.4%	na	0	0	na
Other performers	80	60	-18.3%	-25.0%	6	-21	-5

Community Consultation

- Location quotient analysis and shift-share analysis can point to cultural and creative occupations that enjoy local comparative advantages. The information cannot, however identify what the actual competitive advantages are.
- It is important to identify what factors have contributed to the local competitive advantage:
 - Natural amenities
 - Outdoor recreation opportunities
 - Cultural opportunities
 - Quality of local schools
 - Social tolerance
 - Lifestyle attributes
 - Influence of local industries
 - Public green space
 - Walkable, mixed-use neighbourhoods
 - Sidewalk commerce
 - Old buildings
 - Public space design
 - Distinctive architecture
 - Viable transportation choices
 - Open markets
 - Alfresco dining

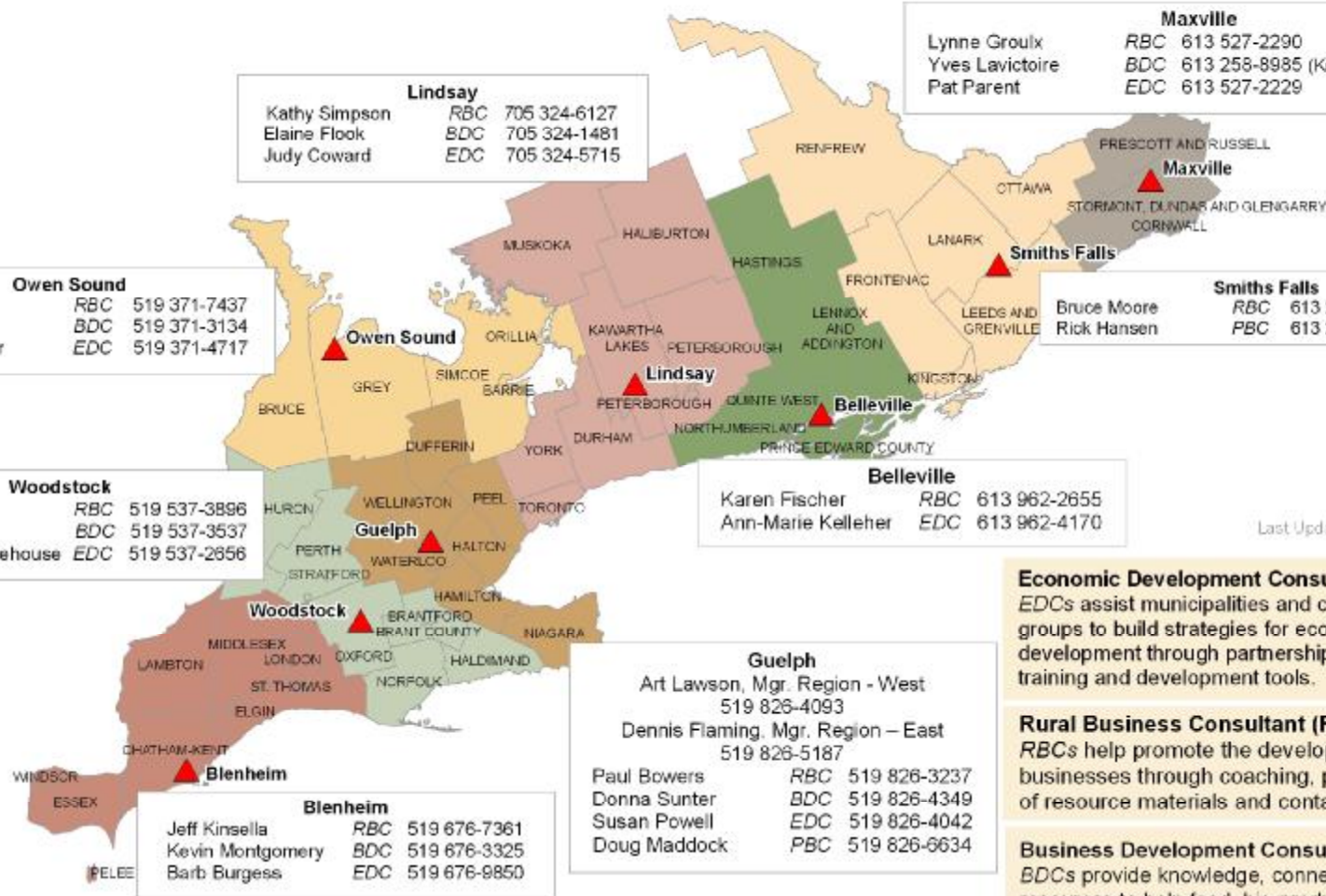


Community Consultation

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- The results from the competitive advantage analysis must be supplemented with information acquired through the community consultation process to identify:
 - Creative and cultural occupations that the community has a competitive advantages; and
 - Community competitive advantages.
 - ***The integration of information gathered through a community consultation process and quantitative analysis provides the foundation for a economic development strategy for the community.***
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Regional Economic Development Services

Ministry of Agriculture, Food and Rural Affairs



Last Updated on August 2009

Economic Development Consultant (EDC)

EDCs assist municipalities and community groups to build strategies for economic development through partnership building, training and development tools.

Rural Business Consultant (RBC)

RBCs help promote the development of businesses through coaching, provision of resource materials and contacts.

Business Development Consultant (BDC)

BDCs provide knowledge, connections and resources to help food, bio-product and rural manufacturers grow their businesses.

Provincial Broadband Coordinator (PBC)

PBCs help promote the Rural Connections Broadband Program and advise municipalities during the project application, implementation and completion phases.

▲ Regional Economic Development Office

www.ontario.ca/rural

www.reddi.gov.on.ca