

# Glossary of Terms and Acronyms Used in this Course

**Basic Industry** (also referred to as *Export Industry* or *Trade Industry*): Industries that sell their products or services primarily to consumers outside the region. (In contrast, *Non-basic* industries are industries that sell their products and services within the region.)

**Cluster** (or **Industry Cluster**): A cluster is a regional concentration of related industries in a particular location. Identifying industry clusters helps practitioner see networks of businesses that are creating wealth in their regional economy

**Cluster Analysis**: The study of inter-related industries or businesses (i.e., clusters) to determine how they are geographically concentrated, as compared to national and industry trends.

**Cluster Mapping**: A type of analysis that creates a dataset on the presence of clusters across geographies, based on a standardized set of benchmark cluster definitions that group individual industries uniquely into cluster categories. (The ClusterMapping.us website provides a public dataset based on predefined clusters.)

**Competitive Market Intelligence**: Gathering, analyzing, and using information collected on competitors, customers, and other market factors that contribute to a business's competitive advantage

**Economic Base Theory**: The notion that a region's economy is divided into two sectors: the basic and non-basic sectors--upon which all of the region's economic activities are based. Those activities that bring money from outside of the region are called Basic activities; whereas all other economic activities in the region are called Non-Basic activities.

**Economic Base Multiplier**: A measure that provides a rough estimate of how changes in basic (export) employment will affect total employment in a given region (all other things being equal); defined as the ratio of total employment to basic employment.

Formula:  $\text{Base multiplier} = \text{Total employment} / \text{Base employment}$

- Example: Basic jobs in a Region (agriculture + tourism + mining etc.) are 100, and non-basic jobs (retail + local business etc.) are 200. So, the Total Jobs Basic + non Basic = 300.
- $\text{Base multiplier} = 300 / 100$ . Base multiplier = 3 That is, if a firm added 10 basic jobs the whole regional economy would grow by 30 jobs.

**Economic Impact Analysis**: a methodology for measuring the impacts of a project, program or policy on the economy of a specified region. A regional economic Impact Analysis shows impacts within a specified area on jobs, income, operating costs, productivity and competitiveness.

**Fiscal Impact Analysis**: a methodology for estimating the public costs and revenues that result from property investments. This type of analysis enables the comparison of revenues to costs associated with new development. Fiscal Impact Analysis is useful for planning purposes, as it indicates whether local government can meet new demands for services, or must raise taxes to meet new service demands

**Location Quotient (LQ):** A ratio that compares one region to a larger reference region, according to a particular characteristic or asset. Typically, LQ Analysis uses LQ ratios to compare the regional concentration of a particular industry, cluster, occupation, demographic group, etc., with the national concentration.

**Region:** For economic research purposes, a region can be defined as a metropolitan area, a county, a state or multiples, or combinations of these. Its boundaries can also be drawn as a custom region using mapping software. Ultimately, an economic researcher can establish their own interpretation of a region's area, according to the unique needs of a specific audience, a preexisting definition, or established political boundaries.

**Shift Share Analysis:** a method that is determines how much of regional job change can be attributed to national trends and how much is due to unique regional factors. Shift Share Analysis is a useful addition to location quotient analysis in identifying local growth engines.

**Trend Analysis:** Tracking the performance of key economic indicators over time.

**Value Chain Analysis:** Originated in the 1980s by Michael Porter (Harvard Business School), value chain analysis is the conceptual notion of value-added in the form of a value chain. Porter suggested that an organization is split into "primary activities" and "support activities."

## Acronyms Used

**ACS - American Community Survey:** is a demographics survey program conducted by the U.S. Census Bureau. It regularly gathers information previously contained only in the long form of the decennial census, such as ancestry, citizenship, educational attainment, income, language proficiency, migration, disability, employment, and housing characteristics.

**IPEDS - Integrated Postsecondary Education Data System:** A system of interrelated surveys conducted annually by the U.S. Department of Education's National Center for Education Statistics (NCES). IPEDS gathers information from every college, university, and technical and vocational institution that participates in the federal student financial aid programs.

**MSA - Metropolitan Statistical Area:** A core area containing a substantial population nucleus, together with adjacent communities having a high degree of economic and social integration with that core.

**NAICS - The North American Industry Classification System** is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

**NCES: National Center for Education Statistics:** The primary federal entity for collecting and analyzing data related to education

**O\*NET - Occupational Information Network:** The national's primary source of occupational information. O\*NET is developed under the sponsorship of the **U.S. Department of Labor/Employment and Training Administration** (USDOL/ETA) through a grant to the North Carolina Department of Commerce.

**OES - Occupational Employment Statistics:** a survey of nonfarm workers that provides employment and wage estimates for more than 800 occupations

**QCEW - The Quarterly Census of Employment and Wages** program publishes a quarterly count of employment and wages reported by employers covering more than 95 percent of U.S. jobs available at the county, Metropolitan Statistical Area (MSA), state and national levels by detailed industry.

**SOC – The Standard Occupational Classification** system is a [federal statistical standard](#) used by federal agencies to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data.