

3rd annual SACN urban conference

Productive City Indicators

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Productive cities...

- Programme philosophy:
 - Can the local economy provide the majority of residents with opportunities for making a reasonable living?
- SACN programme objectives:
 - To grow the economy by facilitating cooperation and by enhancing competitiveness in both the formal and less formal parts of the economy

Competitiveness & inclusivity

- The SACN programme philosophy & objectives refer to ‘productive cities’ as being cities that are both *competitive* as well as *inclusive* in their economic growth path.
- However, competitiveness & inclusivity do not not always occur together
- It is possible to achieve competitiveness in the face of rising inequality & poverty
- This means that we are interested in exploring *productive cities* that are both *competitive & inclusive*

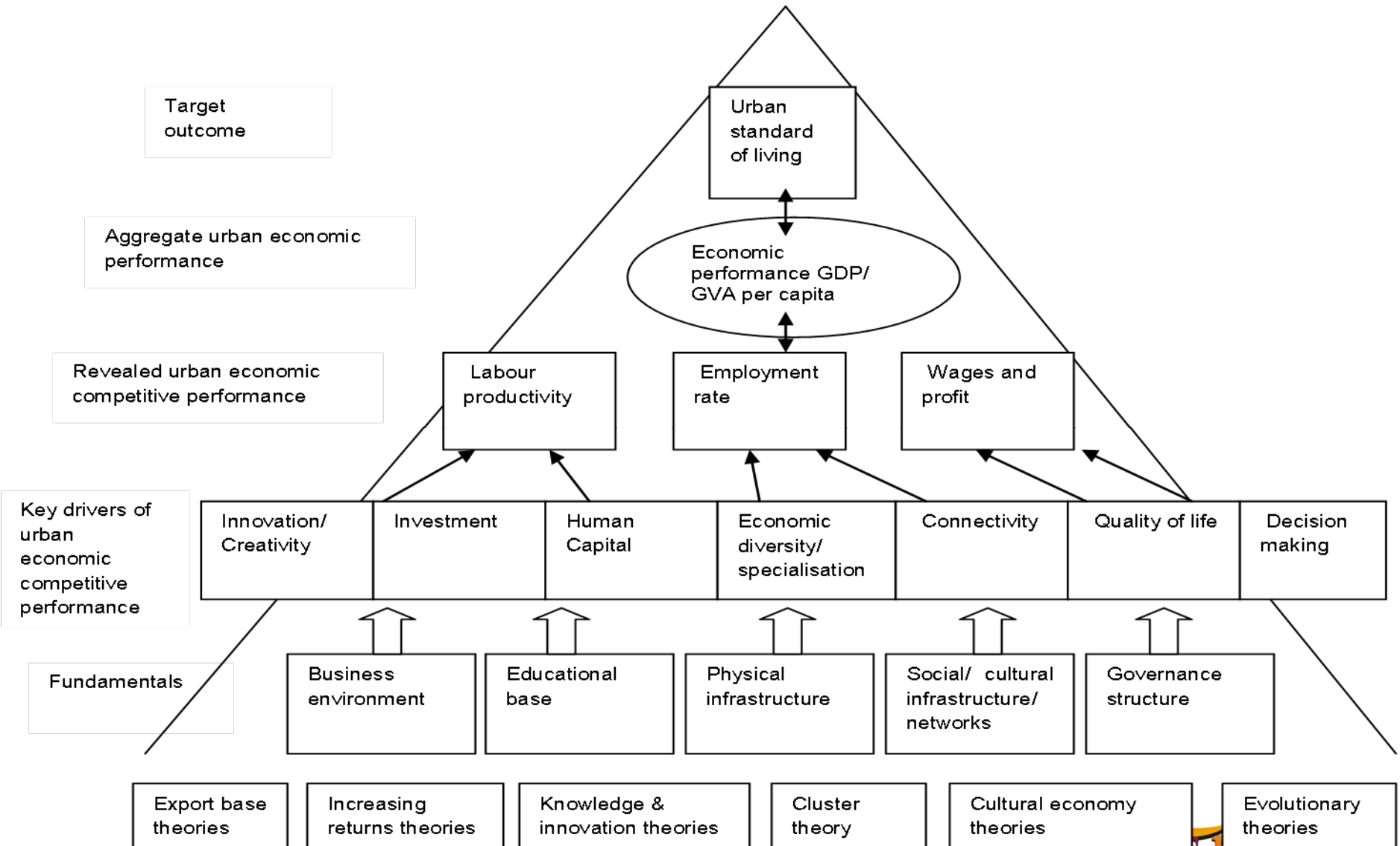
Definitions...

- In order to measure and monitor productive cities it is important that we clearly define what we mean by a productive or a competitive & inclusive city?
- Storper defines a competitive (city)-region as:
 - *the capability of a region to attract and keep firms with stable or increasing market shares in an activity, while maintaining stable or increasing standards of living for those who participate in it'*

Definitions

- Revised definition in the latest (2006) State of English Cities report defines competitive cities as:
 - *“the ability of cities to continually upgrade their business environment, skill base, and physical, social and cultural infrastructures, so as to attract and retain high-growth, innovative and profitable firms, and an educated, creative and entrepreneurial workforce, thereby enabling them to achieve a high rate of productivity, high employment rate, high wages, high GDP per capita, and low levels of income inequality and social exclusion’.*

Urban competitive performance



Conceptual & theoretical base

- New conventional wisdom in city competitiveness (read 'and inclusivity') is based on robust conceptual & theoretical base
 - Export base theories
 - Increasing returns theories
 - Knowledge & innovation theories
 - Cluster theory
 - Cultural economy theories
 - Evolutionary theories
 - Governance decision making

Key drivers..

- Using such conceptual framework, the key drivers to city competitiveness include:
 - Innovation & creativity;
 - Investment;
 - Human capital;
 - Economic diversity/ specialisation;
 - Connectivity
 - Quality of life

City economic performance

- These affect revealed city economic performance:
 - Labour productivity
 - Employment rate
 - Wages & profits
- And may be broadly measured in an indicator of aggregate city economic performance or standard of living – GDP or GVA per capita
 - An income measure

Re-evaluating SACN Productive Cities indicators

- Conceptual & theoretical base used to frame re-evaluation of SACN Productive Cities indicators in a way that tells an analytical ‘story’ about productive or competitive cities
 - Retain indicators – relevant & measurable
 - Discard indicators – too many, not relevant, change in policy or data frame
 - Add – new, relevant & measurable

Possible 'retained indicators'

- Core productive indicators
 - GDP(R)/ GVA per capita
 - GDP(R)/ GVA trend
 - Unemployment rate (expanded & narrow) – level and trend

Possibly 'regrouped' indicators

- Productive city asset indicators
 - Use LFS rather than census or CS07 employment & unemployment
 - Group employed occupational class into high-, medium- & low-skill categories
- Mobility & logistics
 - Move exports (& imports) into core economic indicators

Possibly discarded indicators

- LFS is a better measure of employment & unemployment but sample size issues
- RSC levy data now dated – alternatives? VAT registrations?
- Disaggregated residential value of plans passed tracks too many indicators
- Use of different data sources such as AMI and AMPs adjacent official or administrative statistics confusing

Additional indicators

- New groupings of indicators and/ or additional supporting indicators that track the key drivers of city productive and competitive performance
 - E.g. Innovation

Core productive indicators

- Core productive indicators measure (from apex of city competitiveness triangle)
 - GDP (R) or GVA per capita; level & trend
 - Labour productivity
 - Employment (and unemployment) rate (expanded & narrow) & trend
 - *Wages & profits (accurate & reliable data here debatable) & trends*

Key driver or supporting indicators...

- Indicators that measure key drivers of:
 - Innovation & creativity
 - Investment;
 - Human capital;
 - Economic diversity & specialisation (incl. exports)
 - Connectivity
 - Quality of life
 - Governance & decision making (through municipal finance lens)

Examples of key driver or supporting indicators

- Innovation & creativity:
 - Patent applications (per million of population)
 - R&D spending (per capita spend)
- Investment
 - FDI;
 - Public & of private sector infrastructure budgeted spend
 - Value of building plans passed
- Human capital
 - Tertiary enrolment rate

Examples of key driver or supporting indicators

- Economic diversity or specialisation
 - Employment location quotient
 - GDPR specialisation indices
- Connectivity
 - Average travel time to work
 - No of airline destinations & air
- Governance (municipal finance)
 - Commercial debtors
 - Municipal own revenue as a proportion of total revenue

Compare to...

- Evaluate against the Global City Indicator Programme (GCIP) indicators for economic performance
 - Municipal finance
 - Transportation connectivity
 - GDP/ GVA per capita
 - Employment (full-time) rate
 - Unemployment rate
 - Technological connectivity (telephone, mobile phone, computer & internet access)

... In future

- Developing an SACN city competitiveness index that tracks city competitiveness & inclusivity
- .. Aligning with productive or competitive city indicators used in major city league tables ...
 - GCIP
 - UNHabitat
 - Cardiff World Knowledge Competitiveness Index
 - Globalisation & World Cities (GaWC) research network

Indicator selection

- Indicators that are selected should:
 - Be a manageable, defined set – too many indicators are counterproductive to measure and monitor
 - Be measured through accurate and reliable data that appropriately measures city-level economic performance & related competitiveness aspects

Thank you

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