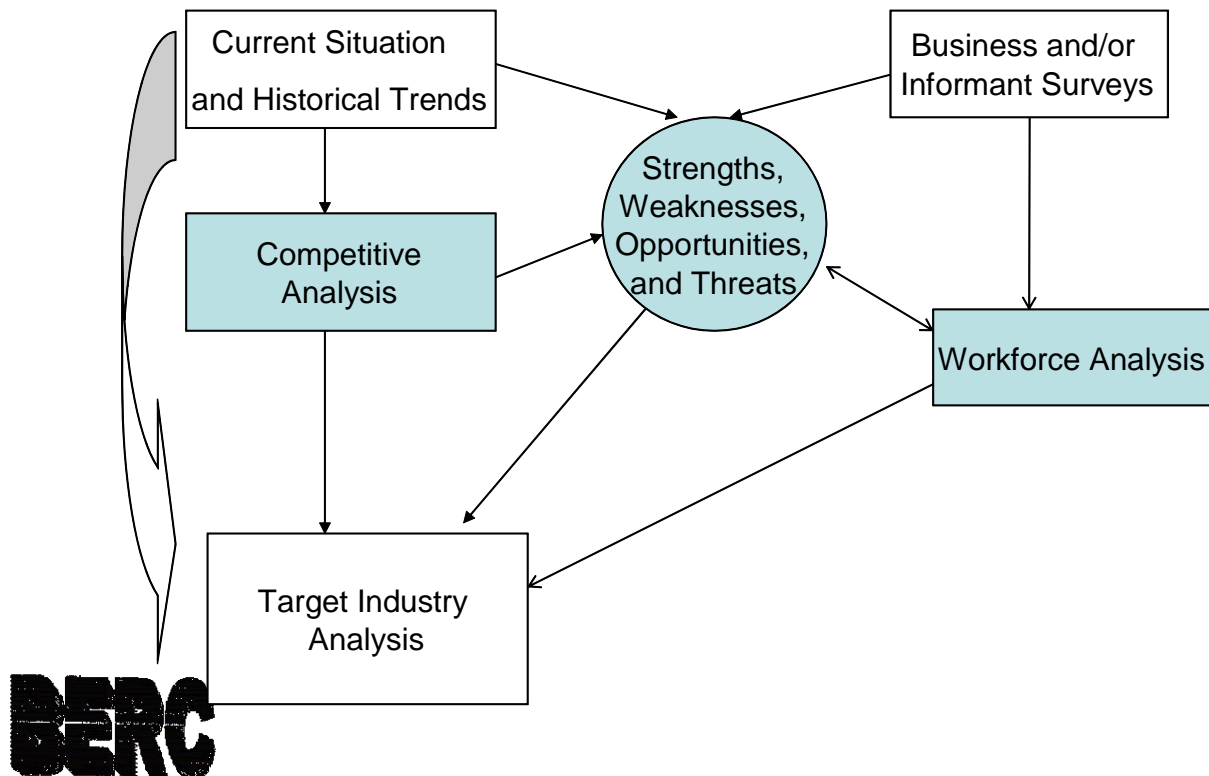


## II. CONCEPTUAL FRAMEWORK, METHODS, AND DATA

### II.1. Conceptual Framework

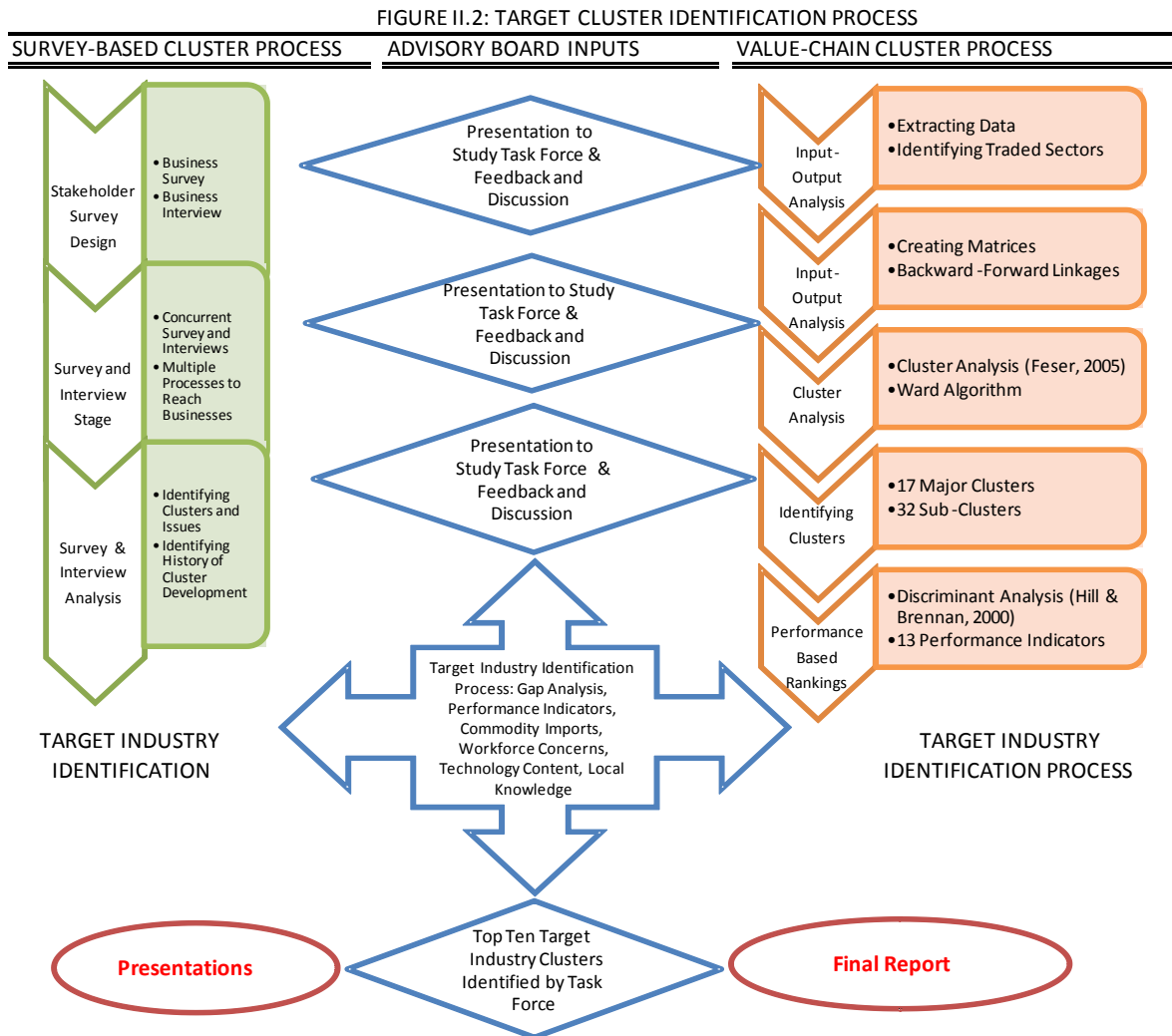
As discussed in the previous chapter, the major goals of this project are to understand and analyze socioeconomic dynamics and identify and analyze target industrial clusters in the Middle Tennessee Marketing (MTM) region. A strategic industry-targeting analysis requires several interconnected levels of analysis, each critical in determining the type of industries suitable for the region. The conceptual framework is presented in Figure II.1. Arrows in Figure II.1 indicate the direction of interaction between the different phases of the project.

## Figure II.1: Conceptual Framework



## II.2. Methods of Inquiry

The methods to achieve the stated goals vary by objective but are comprehensive enough to cover a wide range of issues in the strategic economic development literature. The success of any strategic economic development plan, however, depends on leadership, public and private partnerships, and stakeholder participation in the process. The process of analyzing socioeconomic dynamics and identifying and analyzing regional industrial clusters took nearly one year, involving both secondary data analysis and extensive interviews and surveys. Figure II.2 shows the process and methods of inquiry throughout.



As the Figure II.2 indicates, this study employs a hybrid method of analysis involving surveys, interviews, and secondary data analysis, as well as extensive feedback from the study advisory board member. In terms of surveys and interviews, the study author conducted an extensive review of existing studies in developing questionnaires aimed at answering the specific cluster-related questions.

### *II.2.a. Survey and Interview Questions*

Business surveys and interviews address the following topics, consistent with Porter's (1990) and Feser's (2001, 2005) methodologies of industry cluster analyses:

- Demand Conditions:
  - What are the customer industries?
  - Where are your customer industries located?
  - What are the local, regional, and global trends that create threats and opportunities for your industry through your customer industries?
  - What are the regional strengths and weaknesses for your industry in meeting the demands of your customer industries?
- Supply Conditions:
  - What are the supplier industries?
  - Where are your suppliers located?
  - What are the local, regional, and global trends that create threats and opportunities for your industry through your suppliers?
  - What are the local weaknesses and strengths for your supplier industries?
- Related Industries:
  - Are there similar industries located in the region?
  - What are the common links between your business and the similar industries?
    - Share the same technology
    - Share the same labor pool

- Have common suppliers
- Are there regional networking opportunities with the similar businesses?
- What are the common problems your business and similar industries are facing?
  - Labor
  - Capital
- Supporting Institutions:
  - What are the critical supporting institutions for your business in the region?
  - Are the existing institutions able to meet your business's demands?
  - If you were asked to pick one supporting institution, what would be your preference? (education, training, R&D, development agency, federal labs, business consulting, financial institutions, etc.)
- Factor Conditions:
  - Which of the following factors are critically important for your business: land, transportation, availability of capital, broadband access, skilled workforce, local and state government support, local development agencies, etc.?
  - How do you rate the current conditions of these factors in the region?
- Other Topics and Issues:
  - As you may know, regional industries/clusters are often characterized by the stage of development they are in. How would you identify your industry: existing, declining, emerging, or potential?
    - Why?
  - Do you characterize your business as a part of a local industry cluster (referring to the study region) or nonlocal industry cluster (may be Nashville MSA or statewide)
  - Which of the following best describes your business's linkages to other similar industries in the region?

- Member of a value-chain cluster (same extended product chain)
- Member of a cluster that shares the same labor pool
- Member of an innovation cluster
- Is there a gap between your firm's use of technology and your industry's technology standards?
  - If yes, why?
- What are the strategic business interactions you would like to see in the region?
- What is the single most important regional factor that impedes a healthy business environment?
- What is the single most important regional asset that improves the business climate in the region?

### *II.2.b. Cluster Analysis*

A target industry analysis comprises two distinct stages. The first involves a comprehensive cluster analysis, which is highly quantitative. The BERCC utilizes several existing methodologies as well as a matching workforce analysis. The pioneering work in this area has been done by Porter (1990), Feser and Bergman (2000), Hill and Brennan (2000), and Feser (2005). The second stage involves a qualitative approach, which involves extensive business and key informant interviews and surveys to gain critical insights into cluster structure.

### **II.3. Data**

Data for this analysis come from a variety of sources. The prominent sources of secondary data analysis are the Bureau of Economic Analysis ([www.bea.gov](http://www.bea.gov)), the Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov)), the Census Bureau ([www.census.gov](http://www.census.gov)), Woods & Poole, and IMPLANpro ([www.implan.com](http://www.implan.com)). In addition, we also consulted several other data sources such as [www.youreconomy.org](http://www.youreconomy.org), IRS County to County Migration Data, and the Tennessee Department of Labor and Workforce Development (ES202). These secondary data sources are complemented by extensive interviews and surveys of regional business leaders, local economic development officials, and mayors.