

Study reveals economic role of regional clusters in rural America

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Regional groups of industries that share common markets, suppliers or work force skills are the key to stimulating economic development in rural areas, according to a report released Thursday (April 12).

That's the message of "Unlocking Rural Competitiveness: The Role of Regional Clusters," a report from a federally funded study by the Purdue University Center for Regional Development, Indiana Business Research Center at Indiana University's Kelley School of Business and the Strategic Development Group Inc.

The study's findings are being presented Thursday (April 12) at a federally sponsored economic development symposium in San Antonio, and similar presentations will be made across the country in coming weeks.

The report provides new tools and insights for local leaders and governments throughout the nation to strategically advance rural economic development, said Sam Cordes, co-director of Purdue's Center for Regional Development.

"Business leaders and others can use the report to determine which business and industry clusters hold the greatest opportunities in their regions and how they can identify strategies for nurturing those clusters that hold the greatest potential for the future," Cordes said. "They also can use the information to plan how to leverage the economies of nearby metro areas and mobilize local decision makers."

The study suggests that rural areas seeking to thrive in today's global economy must think beyond individual industry specialization in each community, instead linking related industries in a regional approach. Areas should capitalize on interrelated clusters and take advantage of the economies of nearby metropolitan areas. Policymakers and local decision makers also should realize that more than agriculture drives today's rural economy.

The researchers created a database, analytical tools and processes to help rural regions throughout the United States assess their economic competitiveness and create developmental strategies. The study also created the Index of Relative Rurality, a numerical value calculated for each of the nation's 3,108 counties. This value shows where each county falls on a rural-urban continuum and helps to identify locations where rural and metro areas connect.

Jerry Conover, director of the Indiana Business Research Center, said the report also shows the benefit of collaborations among universities and state government.

"IU, Purdue and the state of Indiana work very well together, especially in the economic development arena in which each partner offers complementary skills," Conover said. "Other states could profit from similar collaborations as they evaluate opportunities to strengthen their rural regions."

The study's national analysis identified four clusters that primarily are found in larger urban areas: business and financial services, biomedical-biotechnology, information technology and telecommunications, and printing and publishing. Four other industry clusters, including agribusiness, food processing and technology, mining, and forest and wood products, are likely to be found in both rural and urban settings but are rare in counties with large metropolitan areas.

A key part of the study included applying the national analysis to a specific rural region. The report features an in-depth analysis of Indiana's Economic Growth Region 8, which includes Brown, Daviess, Greene, Lawrence, Martin, Monroe, Orange and Owen counties.

This region tends to specialize in forest and woods products, life sciences, chemicals or chemical products, and advanced materials manufacturing. A regional advisory committee used the study's results and other localized information to plan and strategize about the region's economic future.

Assistant U.S. Secretary of Commerce Sandy Baruah said he hopes that, like the committee in Region 8, business and government leaders throughout the United States will use the study as a model for their own strategic planning.

"The insights from this pathbreaking study, coupled with the data and tools the study has now made available for use by others, will be of enormous value to those working toward a brighter future for rural America," Baruah said. "Regional initiatives will benefit greatly from the analyses and processes developed for this project."

Source: Purdue University

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