

# What you do may be a reflection of what you know

February 23 2011

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They say who you know is as important as what you know. But University of Maine economist Todd Gabe has turned this slogan on its side. His research is based on the premise that what you do is a reflection of what you know. What you know is as important as how much you know. And all of this is as important as — and can dictate — where you are.

Knowledge isn't just a factor that drives the economy, it is the economy, say Gabe and his colleagues in their recent "[Knowledge](#) in Cities" study, released by the Federal Reserve Bank of New York and the Martin Prosperity Institute.

While many reports point to educational attainment as an indicator of a region's economic activity, that's only part of the picture. Gabe, whose recent work includes collaborations with creative economy guru Richard Florida's think tank, argues that the types of knowledge people possess are as critical as the percentage of college graduates in a given area.

"With the shifting economy, all you hear is, 'You need a well-paying job. You need a college degree.'" Gabe says. "This goes beyond that. Maybe not all degrees and types of cognitive skills are created equally."

The median salary for a recent engineering graduate is about \$25,000 more annually than that of a liberal arts major, according to an annual survey by UMaine's Office of Institutional Studies. The skills a marine biologist needs to graduate are far different from those required by a

fine arts major. And there are certain well-paying occupations — plumbing comes to mind — that don't require a college degree at all.

To complicate things even further, two regions may have a comparable percentage of residents with college degrees, but those places may have very different strengths. There's a reason why aspiring actors flock to Los Angeles or New York City and software geniuses move to Silicon Valley.

By using new occupational data — and redefining traditional measures of human capital — Gabe's research on the knowledge economy is changing the way people view regional economic activity.

"Todd Gabe is among the most facile people in the world in handling occupation data and relating that to regional economic outcomes," says Florida, director of the Martin Prosperity Institute at the University of Toronto and author of *The Great Reset* and *The Rise of the Creative Class*. "His work is providing a serious, economic investigation into the value of occupations on economic output."

To give a clearer picture of how the skills of a region's workforce affect economic development, Gabe and his colleagues Jaison Abel, Adrienne Ross and Kevin Stolarick created regional knowledge profiles in their "Knowledge in Cities" report. There are Making Regions, such as the manufacturing hub of Detroit, Mich., and there are Teaching Regions, such as the college town of Athens, Ga. Portland, Maine, counts as a Thinking Region because people there have high knowledge about the arts, humanities, IT and commerce.

"This work gives regions an idea of the strength of their niche in the economy and how it contributes to productivity and economic activity," Gabe says.

Learning more about these knowledge clusters gives a richer, more detailed view of a region's economic strengths and weaknesses. For example, it would seem like living in an area where there are a lot of doctors would be a boon to everyone who lived there. But from an economic standpoint, it may just be good for the doctors, Gabe says. Prosperity in the technology sector, on the other hand, tends to improve the overall economic outlook for a region, because — for example — the presence of computer programmers and IT specialists makes the people around them more productive.

Gabe's interest in understanding the economic strengths of regions and how they contribute to productivity and economic activity springs from his research on the creative economy in the early to mid-2000s. Florida's best-selling book, *The Rise of the Creative Class*, had just come out, creating buzz in Maine and nationally. Gabe conducted a few studies on the creative economy and that research evolved into his work on the knowledge economy, which caught Florida's attention. Several years ago, Florida invited Gabe to give a presentation at the Martin Prosperity Institute.

“As an affiliate of the Martin Prosperity Institute, Todd brings a diverse set of research and interests and expertise that makes the institute's work that much richer,” Florida says.

Gabe then collaborated with MPI researchers on the “Knowledge in Cities” article, which [The Economist](#) highlighted as one of the most interesting studies in September 2010. Gabe also recently completed a book chapter, “The Value of Creativity,” which will be published later this year in the *Handbook of Creative Cities*.

Gabe's creative economy research led him to look at occupations — rather than industries — as an indicator of a person's skills (it makes sense that a webmaster at a paper mill has more in common with a

webmaster at a university than he or she does with others who fall under the “manufacturing” label). From there, the leap to “knowledge areas” — trying to identify which types of skills have a higher value in the market — wasn’t very big.

“The questions I’m asking haven’t changed,” Gabe says, “I’m still searching for the keys to economic development.”

At first, Gabe looked at the big picture: what impact does knowledge have on a person’s earnings? Then he started digging a little deeper to find out what impact knowledge had on the earnings of others, what he and his colleagues call the spillover effect.

“Now, I’m really interested in how these types of indicators affect geographic patterns of [economic activity](#),” Gabe says. “Is there clustering of various types of knowledge? And how can this be applied in a practical sense?”

Though his research is helpful for individuals and policymakers, Gabe is interested in making the findings applicable to the business community.

He is currently researching the effects of population density on productivity through the lens of human capital — yet again looking at the data in a way nobody has before. He’d also like to come up with a way to see how the factors he’s researching today have affected economic growth over time.

“It would be really interesting to be able to go back in time and develop knowledge profiles and see how they affected growth,” Gabe says. “The occupations we have today are very different from the occupations we had 30 and 40 years ago. Even the way the jobs are done are different.”

Provided by University of Maine

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