LOOKING AROUND THE CORNER:
The Future of Economic Development
International Economic Development Council

The International Economic Development Council (IEDC) is a non-profit membership organization serving economic developers. With more than 4,000 members, IEDC is the largest organization of its kind. Economic developers promote economic well-being and quality of life for their communities, by creating, retaining and expanding jobs that facilitate growth, enhance wealth and provide a stable tax base. From public to private, rural to urban, and local to international, IEDC’s members are engaged in the full range of economic development experience. Given the breadth of economic development work, our members are employed in a wide variety of settings including local, state, provincial and federal governments, public private partnerships, chambers of commerce, universities and a variety of other institutions. When we succeed, our members create high-quality jobs, develop vibrant communities, and improve the quality of life in their regions.

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Economic Development Research Partners (EDRP)

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Executive Summary

Good information based on sound data is critical to the economic development profession. On a day to day basis, economic developers analyze and rely on all kinds of data, but, as every economic developer knows, the data only tells part of the story. Massive disruptions not directly linked to economic development have the potential to dramatically change the way economic development organizations (EDOs) operate and deliver services.

In the next ten to fifteen years, EDOs will be responding to changes and shifts that cannot be quantified today. But that does not mean that EDOs are powerless to anticipate and prepare for change. While it is impossible to know with certainty what these disruptions will be, at a macro level there are existing trends that act as signals for what may happen.

This report, sponsored by the Economic Development Research Partners (EDRP) program examines the emergence of these trends and provides some conjecture and speculation about how they can potentially change the economic development industry. The report wraps up a series of research papers focused on the changes impacting economic development, including the following papers:

- New Realities for Economic Development Organizations
- New Realities for Funding Economic Development Organizations
- Making it Count: Metrics for High Performing EDOs

Methodology and Scope

This paper attempts to draw on trends and signals in technology, economics, and population demographics to foresee concerns for economic developers in the next ten to fifteen years. It is important to note that all conjectures in this paper are just that; while all are backed by research, it is impossible to know if they will come true. Research draws from leading think tanks, such as the Institute for the Future, as well as the latest thinking from leading media outlets focused on business and economy.

This list is by no means exhaustive; many factors will impact economic development in the next ten to fifteen years. However, these four themes are most likely to make an impact on the profession. In the first section of the paper, basic data on the four themes is presented. In the second section, “Impacts on the Economic Development Profession,” the themes are examined in the context of economic development.
Major Themes
The major themes that emerged from the research are:

- Demographics
- Climate change
- Shifting global roles
- Technology expansion

Impact on the Economic Development Profession
In the second section of the paper, the four trends are considered in terms of their implications for economic development.

Changing Practices
This section highlights the changing nature of the role of the economic developer. For example, economic developers will take a larger role in increasing and managing talent in their communities, a skill that is related to demographics. They will be called upon to harness the growing power of technology, especially when it comes to marketing. And they should develop and improve their skills in systems management to facilitate new kinds of incentives in a global economy.

Changing Metrics
In the future, metrics for economic development will not be focused solely on job numbers. This is especially important in terms of understanding the freelancing and entrepreneurial economy. Similarly, typical measurements of human capital, such as number of college degrees, will fade in importance with new developments in education. Sustainability will also become a metric for competitiveness.

Changing Skills
In the future, economic developers will need to take a lead role in leading change, in order to connect their community to larger trends. Economic developers will increasingly be the drivers of change, enabling their communities to identify big trends and take advantage of them, while managing associated risks.

Changing Competition
In a changing global economy, economic developers will need keep their communities needs met, while also scanning the larger scene for opportunities and hazards. The global competition for talent will be fierce, and smart economic developers will build on their communities’ strengths to attract and retain human capital. Education and quality of place are two main strengths to build upon.
Conclusion
In the next 10 to 15 years, it is probable that the accelerated pace of worldwide development will continue, aided by digital technology and a rising global middle class. These changes in the worldwide economy and structure will impact local economic developers differently. However, EDOs and economic developers can incorporate tactics into their practice to help prepare for the future.

Cultivating an organizational and professional attitude of nimbleness will keep EDOs ahead of trends and able to adopt. The ability to pivot into different roles ensures that EDOs will stay relevant. And, though it is a cornerstone of economic development today, the ability to collaborate will become even more important on a global scale.
Introduction

Good information based on sound data is critical to the economic development profession. On a day to day basis, economic developers analyze and rely on all kinds of data, everything from basic demographic and industry data about their communities to complicated economic models to evaluate projects and optimize precious resources. Without sound data a community is unable to gain competitive edge. The Holy Grail for any economic development organization (EDO), of course, would be the ability to accurately predict the future so that they position their community to prosper in the global marketplace.

But, as every economic developer knows, the data only tells part of the story. Models of past microeconomic trends and quantitative analysis of the current state of affairs on a local or even regional level can only go so far. Massive disruptions not directly linked to economic development have the potential to dramatically change the way EDOs operate and deliver services.

In the next ten to fifteen years, EDOs will be responding to changes and shifts that cannot be quantified today. But that does not mean that EDOs are powerless to anticipate and prepare for change. While it is impossible to know with certainty what these disruptions will be—after all, no one could have predicted the impact of the internet before it appeared—at a macro level there are existing trends that act as signals for what may happen.

This report, sponsored by the Economic Development Research Partners (EDRP) program examines the emergence of these trends and provides some conjecture and speculation about how they can potentially change the economic development industry. The report wraps up a series of research papers focused on the changes impacting economic development, including the following papers:

- New Realities for Economic Development Organizations
- New Realities for Funding Economic Development Organizations
- Making it Count: Metrics for High Performing EDOs

Each of these papers individually, as well as the complete series is available on the IEDC website.

Scope and Methodology

This paper attempts to draw on trends and signals in technology, economics, and population demographics to foresee concerns for economic developers in the next ten to fifteen years. It is important to note that all conjectures in this paper are just that; while all are backed by research, it is impossible to know if they will come true. Furthermore, there are many opinions
about the future that may not appear in this paper, due to the primary audience being narrowed to those who practice economic development.

Research draws from leading think tanks, such as the Institute for the Future, as well as the latest thinking from leading media outlets focused on business and economy. Studies from highly respected private sector groups are also included. The impacts discussed here are targeted towards economic development organizations (EDOs) in the United States, but EDOs in other countries may find the information useful as well.

Major Themes
The major themes that emerged from the research are; demographics, climate change, shifting global roles, and technology expansion. This list is by no means exhaustive; many factors will impact economic development in the next ten to fifteen years. However, these four themes are most likely to make an impact on the profession. In the first section of the paper, basic data on the four themes is presented. In the second section, “Impacts on the Economic Development Profession,” the themes are examined in the context of economic development.
I. Major Themes

Demographics

There is no doubt that the single most important factor for economic success in the future will be a talented, dynamic workforce. But major demographic shifts in the United States and other developed countries present complex new challenges and opportunities. In the United States, the three main factors of change are immigration, generational shifts, and the increasing prominence of women in the workplace.

Immigration Brings Cultural Diversity and Divergently Skilled Workforce

In Western society, both the population and the workforce are becoming more diverse. One reason for this shift is immigration.

- In the United States, about 40.4 million people, or about 13 percent of the population are foreign-born.\(^1\)
- The number of immigrants will continue to rise, with the United States adding 67 million people by 2050.\(^2\)

Though immigrant populations are not congruous, they share some characteristics.

- Immigrants tend to be both more and less educated than native born US citizens, with proportionally more at the PhD level, but also more who have not completed high school.\(^3\)
- The immigrant population is younger than the native-born population, and thus, has a higher percentage of people who are working age.\(^4\)
- Immigrants tend to start businesses at nearly twice the rate of the native born population.\(^5\)
- The immigrant population is changing; since 2010 Mexican immigration has stagnated, while Asian immigration is climbing.\(^6\)

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\(^4\) Ibid, p. 2.
EDRP Report on Demographics

A full discussion of the economic implications of immigration can be found in the 2013 EDRP report, “The Economic Development Effects of Immigration.”

Escalating Generational Tension

The age of the workforce is also changing. Baby Boomers are retiring on a large scale, and this will be most prominent in the coming decade, while Millennials are entering the workforce and assuming key positions of influence. Sandwiched between the two, Generation X, is trying to balance work with increasing family demands.

The congruence of these three generational groups can lead to tension in the workplace, and issues in the larger workforce. Table 1 shows the key traits of each of the generations.

- The older generation tends to be more “by the book,” while younger workers value flexibility, self expression, and technology.\(^7\)
- On a larger scale, transitioning the Baby Boomers out of the workplace while preserving institutional knowledge will be a challenge.

Table 1: Comparing Generations

<table>
<thead>
<tr>
<th>Name</th>
<th>Year</th>
<th>How Many</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Boomers</td>
<td>1946-1964</td>
<td>76 million</td>
<td>Optimistic, explorative, achievement, revolutionary</td>
</tr>
<tr>
<td>Generation X</td>
<td>1965-1982</td>
<td>82.1 million</td>
<td>Individualistic, adaptable, value justice,</td>
</tr>
<tr>
<td>Millennials</td>
<td>1983-2004</td>
<td>80 million</td>
<td>Team player, civic-minded, value self-expression, quality of life</td>
</tr>
</tbody>
</table>

Women’s Increased Role in the Workforce

Women are entering and remaining part of the workforce more than in the past. As societal pressures that kept women out of the workforce change, this percentage is likely to climb, both in the United States and abroad.

- As of 2013, only about 76 percent of women aged 25 to 54 are in the workplace. In the top ten states for women’s employment the average participation is 84 percent. Increasing total participation to this rate would increase the size of the U.S. economy by three to four percent.  

As women move into prominence in the workplace, they generally bring with them different skills and approaches to workplace challenges. In a new world workplace that rewards collaborative models of a behavior, it is postulated that women will make key contributions in that regard which will have a positive economic effect.

- According to a 2013 study by McKinsey, the top four most important leadership attributes—intellectual stimulation, inspiration, participatory decision-making and setting expectations/rewards—were more commonly found among women leaders.  

Climate Change

Climate change has already had effects on the environment. Carbon dioxide levels are at their highest and global surface temperatures are rising. This change will impact economies in many ways, from demand and availability of natural resources to increased natural disasters.

Potential Effects of Climate Change

Increased global temperatures will have different effects in different areas.

- In North America, there will be, “decreasing snowpack in the western mountains, five to 20 percent increase in yields of rain-fed agriculture in some regions; increased frequency, intensity, and duration of heat waves.”

Although some effects may be temporarily beneficial, such as increased yields, overall, the net costs of damage from climate change are likely to be significant and to increase over time.

- For economies dependent on natural resources such as fishing and agriculture, these changes will have a detrimental effect.

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8 Ibid, p. 5.
10 Ed. Jenkins, A. The current and future consequences of global change. NASA.
**Increased Environmental Regulation Probable**

Deep cuts in emissions are required to reach the United Nations Framework Convention on Climate Change’s (UNFCCC) goal that future global warming should be limited to below 2.0 degrees Celsius, or 3.6 degrees Fahrenheit relative to the pre-industrial level. It is likely that stricter regulations will be adopted.

**Shifting Global Roles**

Two forces are acting in tandem to shift global roles of economic power.

- Urbanism: As of 2010, the scale tipped to more than half of the world population living in a city.  
- By the middle of this century, Asia could account for half of global output, trade, and investment, while also enjoying widespread affluence due to a rising middle class.

As a result, cities - especially those in Asia - are gaining political and economic power, and increasingly eclipsing that of their nation state.

- A rising middle class with increasing spending power will provide a new growth market for global corporations as much of the developed world faces slower growth as a result of aging populations.
- By 2025, 70 percent of a predicted additional 7,000 companies with annual revenue of $1 billion will likely come from emerging markets.

**Technology Expansion**

More advanced machines and networks will continue to break down the barrier between the physical and virtual worlds. The Internet will continue to expand through the addition of a nearly incomprehensible amount of data, as well as through connections to other platforms.

**Harnessing the Power of Data**

The major source of technological expansion is information. The massive amounts of structured and unstructured information collected primarily through electronic means such as social media, internet transactions, sensors, and other means is referred to by the umbrella term, “Big Data.”

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15 Ibid.
Big Data is made up of data sets whose size and type make them impractical to process and analyze with traditional database technologies and related tools.\textsuperscript{16} Big data has the ability to transform the way business is conducted, impacting everything from marketing to supply chains.

- Today, there is more data being produced than ever before; IBM reports that 90% of all data is less than two years old.\textsuperscript{17}
- A main driver of Big Data is transactional data produced by companies, online applications, and financial institutions.\textsuperscript{18}

**Big Data Grows Jobs and Innovation**

Big Data will continue to emerge as an industry in itself, and as a trend across industries.

- Predictions for growth in big data vary, with some expectations predicting a $46.34 billion dollar industry by 2018.\textsuperscript{19}
- Tech firm Gartner predicts that, by 2016, the expansion of the information economy will produce 6 million tech jobs globally.\textsuperscript{20}

**Smart Machines and the “Internet of Things”**

Due to increasingly complex data sets, Big Data spawns and perpetuates associated technologies.

- Smart machines that use “cognitive computing” to sense, learn, reason and interact with people in new ways will increasingly be called upon for decision-making and data analysis.\textsuperscript{21}
- The Internet will continue to move into objects like cars, watches and even medical equipment, and this so-called “Internet of Things” will provide constant feedback into growing data sets.

\textsuperscript{17} IBM (2011), *IBM Big Data Success Stories*, IBM, p. 1.
\textsuperscript{21} Rivera, J. (2013). *Gartner Identifies the Top 10 Strategic Technology Trends for 2014*, Gartner Inc.
II. Impact on the Economic Development Profession

*Changing Practices*

**Demographics: Demographics Drive Economic Development**

Talented people drive innovation and business creation, which in turn, fuels economic development. Companies increasingly look to talent and education levels during their site selection process. Learning how to harness the power of education and workforce development will emerge as a core competency of economic developers.

**Working Closer with the Workforce Development System**

In many communities, economic development is already aligned with the workforce development system. In the future, this link will be even more essential. Economic developers will need to take on the role of convener, connecting the workforce development community with business and education sectors to establish sustainable systems for talent development. Furthermore, economic developers will need to develop systems to cater to outlying populations, specifically immigrants and baby boomers.

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**EDRP Report on Workforce Collaboration**

For more information about economic development and workforce collaboration see the EDRP report “Raising the Bar Together: Successful Strategies for Workforce and Economic Development Collaboration.”

**Integrating Immigrants**

Because immigrants are a non-homogenous group, one strategy does not fit all populations. However, the most effective way to integrate immigrants into local economies is by breaking down barriers, whether they are cultural, linguistic, or regulatory. To ensure the economic success of new populations, economic developers will need to develop programs and practices that connect immigrant’s skills and capabilities to business opportunities.

**Managing the Boomer Transition**

Economic developers will also be called upon to manage the transition of retiring baby boomers. Presently, boomers hold senior leadership positions in nearly every industry. Due to the large size of their cohort, and the trend of working past retirement age, they dominate the upper management structures of many companies. As boomers retire, companies will need to transfer leadership skills and institutional knowledge to a new crop of less-experienced leaders.

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Economic developers can take a lead role in assuring that there are talented workers to assume leadership roles within communities. Economic development organizations have the capability to conduct strategic workforce analysis, which can help determine retirement scenarios and a pool of replacement workers. With this information, they can develop strategies with key partners in higher education, to set up training programs, even engaging retired workers as instructors.23

**Technology Expansion: Harnessing the Power of Emerging Technology**

Information on the internet is ever-expanding, indefinitely available, and rarely regulated. Economic developers must be adept at virtual marketing and content management, or place at risk their community’s reputation. While the traditional audience may remain the same, namely the site selection industry and businesses of all types, overseas investors and multi-national companies will increasingly look to EDOs and others for virtual interaction to help make critical economic decisions.

In the future, the internet will not look the same. Already there is a transition away from a text-oriented internet, as virtual media expands into video, digital animation, augmented reality, gaming, and the “Internet of Everything.” As the virtual world becomes ever more sophisticated and widespread, a new vernacular of communication will take shape.24 Economic developers will need to learn to effectively communicate by these means, or risk their message being lost in the incessant creation of new information.

**Using Data to Chart the Business Cycle**

Increased data production will provide valuable information about the expansion and contraction of firms both local and national. Research institutions such as the Kauffman Foundation and the Edward Lowe Foundation have resources to identify high growth companies in order to provide them with increased services. In the future, data sets to chart business activity will become even more detailed. For instance, rather than quarterly metrics, data will be up-to-the-minute. One example already in place is Premise Data, an app that crowdsources economic data from across the globe.25 Economic developers will need to tap into these new sources of information to stay abreast of industry change and to seek out new opportunities.

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Changing Global Roles: Global Business Climate Impacts Incentives and Expansions

Economic development is expanding from a profession centered largely around real estate transactions (properties and incentive-based financing) to one that works by influencing existing systems and developing new ones that contribute to healthy business climates. The profession has historically been focused on incentivizing businesses, through lowering taxes or decreasing barriers to development. This practice will still remain in the future, but the types of incentives that economic developers work with are changing.

For example, since the 1990s, the number of “megadeals,” or those subsidy awards with a total of state and local cost of $75 million or more, have steadily increased. This has occurred while the overall expansion of business and the building of new facilities has actually declined. Figure 1 and Figure 2 illustrate this change.

This information is indicative of a larger trend towards a “barbell economy,” discussed at length in further sections of this paper. The global economy is predicted to take the shape of a barbell, where firms will be concentrated at either end of the spectrum. Large global firms will be on one end while a few middle-sized firms will be in the middle, with small firms balancing out the other end. In this business environment, it likely that the prevalence of megadeals will continue.

Figure 1: New U.S. Facilities and Expansions 1996-2011


26 Intuit (2010), Twenty Trends That Will Shape the Next Decade, Intuit, p. 2.
Megadeals require the coordination of economic developers and other entities at the state, local, and sometimes even regional level. They include many types of facilities, from manufacturing to office, and represent Fortune 500, high growth and startup companies. The stakes are higher for megadeals. If these deals fail the public backlash can be harsh. A cautionary tale is found in the example of Rhode Island’s $75 million dollar investment in 38 Studios, a failed startup.27

As the number of megadeals has increased, incentives and other government spending have come under scrutiny in the economic development community and beyond. Various political and social groups are pushing for more government transparency, and demanding a return on investment for using taxpayer funds. This is reflected in the trend toward open data in government, or the so-called “Google government” trend. This goes beyond the Freedom of Information Act to include online subsidy disclosure, and online tracking of taxpayer dollars.

The trend toward megadeals and greater transparency indicates that incentives may have less influence at the local level, but perhaps more at the state and regional level. Therefore, economic developers will find themselves supporting business by different means in the future. Rather than serving as conduits for resources, economic developers will find themselves in the role of systems managers—convening, coordinating, and collaborating with different partners on

the local, regional, and state level. They will also find themselves developing systems for allocating workforce and infrastructure as parts of incentives packages.28

**Forthcoming EDRP Report Examines Incentives**

An upcoming EDRP report will focus on non-traditional incentives, which will increasingly become a large part of economic developers’ toolkits.

**Changing Metrics**

*Metrics used to measure economic development are changing.*

Traditional metrics for understanding economic development are changing as well. In the past, the ultimate benchmark was job creation. But today, the number of jobs may not reflect true economic health of a community. It will be increasingly important to measure a holistic, comprehensive version of community wealth. This will include metrics not often associated with the economic development profession, such as sustainability or increased equality. Additionally, measurements of human capital will need to be expanded to quantify the new skills demanded by employers.

**EDRP Report Highlights Metrics**

Presently, and in the future, productive relationships are one of the top advantages that economic developers can bring to their communities. Highlighting them demonstrates economic developers’ value. Given how much time economic developers spend on networking and making connections on behalf of their businesses and communities, this is an activity that needs to be quantified. IEDC’s recently released, “Making it Count: Metrics for High Performing EDOs” is a comprehensive report on economic development metrics that includes ideas for measuring relationships.

**Technology Expansion: Changing Business Environments Require New Metrics**

Some argue that technology has changed the nature of jobs so that productivity is not linked to workers but to automated systems. Figure 3, from shows how productivity and output have decoupled from jobs and wages, especially in the last decade. In the graph, the blue line indicating labor productivity and the grey line indicating productivity are showing an upward trend, while the green line indicating median household income and the red line indicating private employment are stagnating or decreasing. In the worst case scenario, this graph points to a lack of need for jobs, resulting in decreased household income.

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Figure 3 highlights that fact that automation has and will continue to replace rote jobs in the workplace. The increased role of robotics and machines will augment and extend humans’ capabilities, but will change the nature of jobs. Therefore, more value will be placed on workers’ creative output, flexible thinking, and inventive solutions to problems. As such, education will need to change to accommodate the development of these new skills.

**Figure 3: Division of Labor and Employment**

![Graph showing US Productivity, GDP, Employment, and Income: 1953-2011](source)

But, this information may not tell the whole story. Data from Census and Bureau of Labor Statistics does not have the capacity to track income for independent workers, such as those making a living on freelancing or on internet sites like Etsy, or eBay. Currently, as much as one fifth of the American workforce may be self-employed. The economic contributions of workers who are early stage startups, creative industry workers, or participating in the so-called “sharing economy” of the internet can be overlooked by traditional metrics. They may even make up a large share of the gap between measured jobs and increased productivity.

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This graph highlights the decreasing role of traditional employment, as a free-agent model evolves. Contingent workers such as freelancers and part-time workers will become the norm. Intuit reports that in the United States, contingent workers will exceed 40 percent of the workforce by 2020.\(^{30}\) They also predict that the federal government will continue to misclassify these workers, leading to metrics misunderstandings that could have a large effect on economic developers.

Economic developers will need to devise new ways to capture information on this kind of employment in order to understand the true nature of their communities’ economy. Without these metrics, economic developers will not be able to devise programs and policies that address the needs of this population.

**Demographics: Education Evolves to Meet Industry Needs**

As companies move into more virtual spaces, workers with different kinds of skills will be needed. The most obvious need will be for workers with science, technology, engineering, and math skills. But there will also be a need for new kinds of interpersonal skills; adeptness in working with remote teams, collaboration, teamwork, and communication will be essential core competencies.\(^ {31}\)

New educational methods and systems will likely emerge to teach to the needs of virtual companies, in some cases as a direct response to the established educational system becoming outdated. Education will become more widely available, highly specialized, and less expensive. With online education, such as massive open online courses (MOOCs), students can pick and choose which skills to learn in an a la carte model, rather than paying tuition for a degree-granting program. Conversely, certifications and training programs in some professions may become as important as professional degrees. These programs are nimbler and less expensive, a growing concern in an economy with nearly $1 trillion in student debt.\(^ {32}\)

As the bridge between workforce development and businesses, economic developers will likely be involved in the design and delivery of these non-traditional educational needs. Businesses have rapidly evolving needs, and the traditional education system is often unable to keep pace with those needs. In the future, economic developers will need to develop new ways to showcase talent in their communities, instead of relying just on college or professional degrees as a proxy for human capital. Quantifying talent will become an even more important metric in judging a community’s success than job numbers.

\(^ {30}\) Intuit (2010). *Twenty Trends That Will Shape the Next Decade*, Intuit, p. 21.


\(^ {32}\) Chopra, R. (2012). *Too Big to Fail: Student debt hits a trillion*, Consumer Financial Protection Bureau
Climate Change: Increased Prosperity through Sustainable Initiatives

Increased regulation on climate change will continue to impact industries, especially those in the energy, transportation and manufacturing fields. However, with increased public awareness of green practices, economic developers, and the communities they serve will be held to a higher standard of sustainability. Smart communities will realize that green initiatives often equate to economic growth, by increasing savings, quality of life, and innovation.

The value of green initiatives can be best conveyed through the cost savings they bring to a community. For instance, when residential development is built as walkable, mixed-use centers, then citizens save money on transportation and local governments save money on development costs. Though this type of development is a departure from traditional growth models, building dense, more walkable cities is a green measure that pays off economically in the long term. Furthermore, if cities are not planned correctly then congestion and other issues can actively impede their competitiveness. This is very important as younger generations value sustainability and are gravitating to tighter communities that are more “networked” in both virtual and physical ways.

Changing Skills

In the future, economic developers will need to take a lead role in leading change, in order to connect their community to larger trends. Economic developers will increasingly be the drivers of change, enabling their communities to identify big trends and take advantage of them, while managing associated risks. This requires that practitioners’ knowledge extend beyond the traditional boundaries of the field.

Climate Change: On the Lookout for Opportunities and Crises

With their existing knowledge of entrepreneurship, and their understanding of economic opportunity, economic developers will play a key role in developing the new, so-called, Green Economy. As society adapts more green practices into everyday life, economic developers can help existing and startup businesses moving into this new space.

To do so, economic developers must have a working knowledge of innovative, sustainable practices. This includes an understanding of how existing industries are changing, and how this disruption can present new opportunities. It also requires that they be aware of how the scarcity of natural resources can influence their community.

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34 Economist Intelligence Unit. Hot spots: Benchmarking global city competitiveness, The Economist p. 5
Another skill that economic developers will become engaged in is planning for and recovering from natural disasters. The unfortunate reality is that climate change will bring increased extreme weather events. Economic developers will be called upon to be a liaison between business and emergency management, and to assist in preparedness and resiliency efforts.

**Shifting Global Roles: Developing Cross Cultural Competency**

As economic developers take on the role of connecting their communities with the larger global economy, they will need to develop a global mindset, and competency in diplomacy, culture, and foreign language. On one hand, they will need these skills to retain and expand businesses in their community. This is especially important in engaging with global companies whose decision makers may not be locally based. The upside to this is not just retention of facilities but the fact that economic developers will use these skills to attract foreign investment.

**Changing Competition: Global Context**

All trends regarding the future of global business point to a “barbell economy” where firms will be concentrated at either end of the spectrum—a few global giant corporations on one end, a narrow middle of mid-sized firms, and a large group of small, micro firms on the other end.\(^\text{35}\) This will lead to more collaboration, as small firms will succeed in the niches not covered by the larger ones. Small business success will flourish, with startup costs decreasing with the advent of new tools such as internet services and 3D printing.\(^\text{36}\) Economic developers will need to devise ever new strategies that support small businesses in a changing global context.

As global markets become more connected, they in turn become more competitive. Companies will emerge from and expand into burgeoning foreign markets that serve their own national markets and those abroad. When considering location decisions in the United States, they are less likely to concentrate on specific differences in local jurisdictions’ tax packages and instead focus on location, transportation, and the workforce of the region. Economic developers must understand their community’s place—and strengths—in the larger global business sphere.

**Shifting Global Roles: Competition on Different Levels**

Given the rapid growth and development of many cities, particularly in emerging markets such as China and India, competition between cities for business, investment and talent will only get fiercer.\(^\text{37}\) Although many Western countries have somber growth outlooks over the next decade,

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\(^{35}\) Intuit (2010), *Twenty Trends That Will Shape the Next Decade*, Intuit, p. 22.

\(^{36}\) Ibid, p. 18.

some of their leading cities may be able to harness their legacy advantages and global connectivity to continue to compete and succeed against fast-growing emerging market cities.\textsuperscript{38}

For example, cities with reputations for a high quality of life—such as Prague, Sydney, and Toronto—have been more successful than others in attracting the foreign operations of multinationals. But in selecting locations for future expansion, the emerging world’s more diverse companies may consider a broader set of criteria, including the personal ties of executives educated abroad, the need to diversify family holdings, reputation building at home, or an exceptional willingness to enter frontier markets.\textsuperscript{39}

**Demographics: Quality Places attract a Quality Workforce**

While emerging cities have the advantage of massive quantities of low-cost labor, established cities have the advantage of their ability to develop and attract the world’s top talent. Cities in the United States and Europe have high quality educational systems and benefit from their citizens’ entrepreneurial mindset. Other factors that bolster their competitiveness are plenty of cultural activities and a good quality of life.\textsuperscript{40}

Building an educational infrastructure and a sufficiently compelling environment to attract the highest skilled workers is a long-term process.\textsuperscript{41} Asian cities—even those investing heavily in education—will find it difficult to retain their best and brightest students with competition from universities in the United States. In turn, this creates a competitive advantage for the United States in terms of attracting firms based on workforce. Economic developers understand that a robust educational system is of utmost importance for economic prosperity and that higher education institutions are primary regional drivers of regional economies. As such, the smart economic developer will be engaged as a leader in their community to bring these education assets into alignment with their economic strategies.

**Climate Change: Environmental Quality as an Incentive**

Cities that are known for pollution, such as Shanghai, or inefficient transportation and infrastructure, such as Mexico City, will see their competitiveness decline if steps are not taken to mitigate these problems. Again, the reason for this is that the younger workforce places great value on sustainable environments that yield higher quality of life standards. When attracting firms and high quality workers, environmental quality is no longer a nice benefit, but an essential incentive. Western cities have an advantage here. A study from the Economist

\textsuperscript{38} Economist Intelligence Unit (2012), *Hot Spots: Benchmarking Global City Effectiveness*, The Economist, p. 4.


\textsuperscript{40} Economist Intelligence Unit (2012), *Hot Spots: Benchmarking Global City Effectiveness*, The Economist, p. 4.

\textsuperscript{41} Ibid, p 4.
intelligence Unit finds that one of the most pressing challenges for emerging market cities in the decades ahead will be whether they can focus their development not just on skyscrapers, rail links and other infrastructure, but also on the softer aspects that will be crucial to their ability to attract and develop tomorrow’s talent—including a quality environment.42

III. Conclusion

Although predictions can educate and inform, it is impossible to know what the future will hold. In the next 10 to 15 years, it is probable that the accelerated pace of worldwide development will continue, aided by digital technology and a rising global middle class. These changes in the worldwide economy and structure will impact local economic developers differently. However, there are some tactics to incorporate into daily practice that can help prepare economic developers for the future.

Nimbleness

This term reflects the resourcefulness and quick comprehension that successful economic developers—and their organizations—will need to employ to keep track of a fast-changing world. This quality can be encouraged through education—both traditional, classroom style learning to grasp major concepts, as well as keeping on top of the industry through new types of media, such as blogs, and social media.

Pivot

Pivoting refers to a course correction that utilizes resources already in place to a more efficient end. In the terms of economic development, pivoting can occur when changes take place. Because EDOs are so tied into their business community, they are able to assess what is best needed to support them. For instance, EDOs can facilitate businesses expanding into new markets by utilizing their resources and contacts already in place. Economic developers already do this, but in the future, it is likely that they will play a key role in reinventing their communities, and even their own organizations several times over.

Collaboration

It is likely that one organization will not have the resources or the knowledge to deal with every unknown issue that arises. EDOs will need to work collaboratively with partners so that challenges can be addressed comprehensively. This may include working both horizontally with organizations in your community, as well as vertically, with entities at different levels or even in

42 Economist Intelligence Unit (2012), Hot Spots: Benchmarking Global City Effectiveness, The Economist, p. 4.
different countries. Cross cultural competencies as well as communication and teamwork skills will be essential for success.

IV. Resources

World Future Society
Institute for the Future
University of Houston Foresight
Communities of the Future