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Surveying the High-Tech Landscape

During a recent presentation of a report on high-tech business climate, Harvard researcher Michael Porter remarked that the Pittsburgh region holds the record for the most studies on the subject in the shortest period of time. "There have been 25 in recent years, and I think this one is 26th."

Let us present the 27th.

The Allegheny Institute just completed work on a study titled "Factors Important to High-Tech Firms: A Survey" which analyzes survey responses from high-tech executives in Pittsburgh, Austin, Phoenix, Columbus, and Denver. The executives were asked a variety of questions on business and labor climate, quality of life factors, workforce, and the impact of state and local government on their business. The Pittsburgh Technology Council's "Top 50" list of high-tech companies provided the population from which we derived our sample of 23 responses. Participants in the other cities were selected from respective Chamber of Commerce directories.

Among some of the important findings:

- Businesses in the metro areas other than Pittsburgh rated their regions as "good" to "very good" as a place to do business. Pittsburgh businesses rated their region as "average".
- A major difference between Pittsburgh and the other areas appears in the ease of attracting skilled workers. Pittsburgh firms overwhelmingly responded that it is difficult to attract such employees while firms in the other metro regions generally find it easy to attract skilled workers.
- There was universal agreement that quality of life for an employee is important.
- Pittsburgh firms placed a much higher level of importance on taxes than the other metro areas.
- A significant difference of opinion occurs between Pittsburgh and other metro area firms on the importance of several of the specific quality of life measures. While Pittsburgh firms viewed schools as important, on average they attached less importance than firms in other cities. At the same time, sampled firms in other cities also assign far less importance to cultural amenities and professional sports than Pittsburgh respondents.

By including the four other metro areas in the study, we are able to get a picture of where Pittsburgh stands in regards to comparable high-tech cities. From our survey results it seems clear that businesses in Pittsburgh are skeptical when it comes to attracting skilled workers to the region. 74 percent of the respondents either "disagreed" or "strongly disagreed" that it is easy to

attract high-tech workers here. Perhaps that contributes to Pittsburgh's 29 percent growth in high-tech jobs from 1993 to 1998, which was the lowest amount of growth of the regions surveyed.

What can Pittsburgh do to reverse this trend and become attractive to out-of-town workers? Legions of studies have addressed this subject, and multiple solutions have been proposed. High-tech firms in Pittsburgh are very concerned about taxes, roads, and communication grids. When Pittsburgh businesses were asked to rate the importance of these factors, they received average scores at or above 4 (on a scale of 1 to 5). When asked to rank the region's performance on these factors, however, the average score fell to 3.

Companies of the new economy in Pittsburgh are paying attention to these factors. The region's policymakers might want to focus here as well. For example, firms in successful cities do not rank sports teams as very important. If this is the case, why are we spending so much time and effort on our sports teams? Business and labor climate is viewed as far more important to the high-tech firms in our survey. Maybe our leaders should recognize this and take a lesson from Denver and Colorado and do something about taxes.

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