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Silly Season for Meaningless Rankings

News magazines apparently do not have enough real news to report so they have taken to creating news by preparing a seemingly endless flood of city rankings. Evidently the competition to produce such lists is fierce considering the analytical schlock that has spewed forth recently. But the latest from *Business Week* online has moved into the realm of fanciful.

Pittsburgh's leaders have grown fond of these rankings because the City has shown up favorably in several of them and no amount of explanation of the statistical folderol involved will dissuade them from touting the rankings as if they were gospel. The leaders can count themselves lucky the *Business Week* ranking does not rank Pittsburgh in its top twenty.

*Business Week*¹ purports to offer readers information on "Where Struggling Americans Can Find a Fresh Start". This list is dominated by smaller metro areas such as Anchorage, AK (1), Provo, UT (2) Kennewick-Richland-Pasco, WA (3), Yakima, WA (4), and Waco, TX (14). While Pittsburgh did not make this particular list, two Pennsylvania cities did; Scranton-Wilkes-Barre (17) and Lancaster (19). The two largest areas on this ranking are Washington, DC (10) and Jacksonville, FL (18). Most of the cities are below 250,000 with some under 100,000.

The primary criterion for ranking the areas where Americans can go for a fresh start is based on the percentage of firms in the area planning to hire in the third quarter 2009 as determined by a survey conducted by staffing firm Manpower in early April. If cities were tied according to this criterion, the tie was broken by the unemployment rate. A moment's thought can discern just how preposterous a ranking based on the Manpower survey would be.

First of all the Manpower survey asks more than 28,300 U.S. firms across the country if they plan to hire in the third quarter. For those choosing to respond the answer is either yes or no. Then the surveyors proceed to calculate the percentage of firms in each city answering yes. There is no information provided as to the number of hires, whether the jobs are full or part time or whether they are entry level jobs or more senior positions. Thus, the percentage of firms answering yes tells us almost nothing about the actual number of jobs that might be available.

¹ http://www.businessweek.com/lifestyle/content/jun2009/bw2009069_836158.htm

Moreover, city size matters but is not accounted for. For example, 20 percent of firms in a city of 70,000 is a much smaller number than 18 percent of firms in a city of 270,000. The ranking does not address this important point. Obviously, there would be more total new hiring in the larger city if the percentage of firms planning to hire is the same or close to the same as in the smaller city.

Second, other than Anchorage at 28 percent, the spread in percentage of firms planning to hire is in a fairly narrow range from second to twentieth (24 percent to 18 percent.) Given the tight range in the data from 14th to 20th place, the 30th place city percentage of firms planning to hire is likely not much below 18th place. Then too, the early April response of firms as to their third quarter hiring plans could turn out to be a far cry from actual hiring. Things change. Respondents change their minds.

How many out of work people—upon reading that 21 percent of Rochester firms plan to be hiring in third quarter—are going to leave their unranked home town where 17 percent of firms are planning to hire and head off to Rochester? Most would want to know about actual job openings they could apply for and would certainly not pickup and leave without a job in hand.

Finally, in almost every city, education and health are listed as sectors that are hiring. That means these workers are in demand all over the country, and we know that already since those are the only sectors showing growth nationally. Thus, skilled health care professionals should not have to go far to find a job unless their community is severely depressed. And they would find plenty of opportunities in cities not among *Business Week's* elite twenty.

As a tie breaker for ranking the cities, *Business Week* includes information on the city unemployment rates. But the way the unemployment rate is calculated—the number of unemployed divided by the number in the labor force—illustrates how this measure can be deceptive. A low unemployment rate reflects a low number of people who are unemployed relative to the total of the number working plus the number looking for work. Thus, if the unemployed quit looking or move away, the unemployment rate can fall but the decline would not reflect a strengthening of job opportunities.

All told, *Business Week's* ranking of the best cities where the struggling can go to start fresh is completely bogus. Using the results of one survey of “plans to hire” in the future to rank cities as places to move to is sophomoric.

These magazine rankings must become more analytically meaningful if they are to gain any credibility.

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