Glossary

Agglomeration Economies
Savings or benefits firms realize by clustering together (S&dS). Frequently associated with the collective use of the infrastructure of transportation, communications facilities and other services (JGS).

Bartlett’s Test for Sphericity
Sums the determinate of the matrix from which the inter-correlation matrix is derived. This is converted to a chi-square and tested for significance.

Biotechnology
The industrial application of living organisms and/or biological techniques developed through basic research. Biotechnology products include pharmaceutical compounds and research materials.

Broad Cluster Definition
Broad cluster definition relates only to traded clusters. Broad cluster definition defines industries not unique to the cluster. These industries may fall into and overlap with other traded clusters. For example, electronic computers, computer storage devices, and computer peripheral equipment fit the broad cluster definition of the communications equipment cluster. But, these industries fit the narrow cluster definition of the information technology cluster only.
Business Incubator

Is an economic development organization designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections. A business incubator’s main goal is to produce successful firms that will leave the program financially viable and freestanding.

Business Intelligence

Business intelligence (BI) is a broad category of application programs and technologies for gathering, storing, analyzing, and providing access to data to help enterprise users make better business decisions. BI applications include the activities of decision support, query and reporting, online analytical processing (OLAP), statistical analysis, forecasting, and data mining.

Business Retention Strategies (BRS)

BRS are systematic efforts designed to keep local companies content at their present locations within the city area. Strategies include helping companies cope with changing economic conditions, addressing new markets and even assisting with internal company problems. Business start-up support: Business support includes the full range of services available to people starting in business for the first time. Initiatives include: training, business advisory support, business networking and mentoring and financial assistance (grants, loans, interest rate subsidies are traditional methods; a more innovative approach to financial support is to try and attract as much private sector investment as possible, rather than public sector).

C-Commerce

A business strategy that motivates value-chain partners with a common business interest to generate value through sharing information at all phases of the business cycle (from product development to distribution).

Cluster

A cluster is a geographically proximate group of interconnected companies and associate institutions in a particular field, including product producers, service providers, universities, trade associations.

Competitive Advantage

The benefit for consumers and/or customers which competitors may find difficult or uneconomic to replicate. Perhaps one of the most important aspects of a business plan. How will the product or service gain market share, recognizing that it is not good enough to be only as good as the competition, it will have to be better. However, in commodity-based investments like agriculture, competitiveness may be viewed more
from an internal point-of-view than external. Claims of competitive advantage should be fully reviewed and challenged.

**Contingency Planning**

The development of a management plan that uses alternative strategies to ensure project success if specified risk events occur. Examines one uncertainty at a time as a base case and develops a response to that uncertainty. Can also be the sum of all such plans that deal with many different uncertainties. If defined as the meta-plan, certain events might trigger a particular branch or subset of the contingency plan to be executed.

**Convergence Strategies**

A hedge fund strategy that involves a portfolio manager believing that a market factor (e.g., equity volatility) is too high or too low and will revert to more normal levels. The manager buys the underpriced asset and sells the corresponding overpriced asset.

**Cumulative % of Variance**

If the cumulative % of variance of three factors is 72.987%, for 10 variables, this means that 72.987% of the common variance shared by those 10 variables can be accounted for by the three factors.

**Demographics**

Common characteristics used for population segmentation. Typical demographic data points include age, gender, postal code, and income.

**Disintermediation**

The process of bypassing functions between the original supplier and the customer. These functions are usually in marketing and distribution, where digital content can be delivered electronically, or where customers can find information themselves.

**Disruptive technology**

Refers to a technology, which when introduced, either radically transforms markets, creates wholly new markets, or destroys existing markets for other technologies. More on disruptive technology

**E-Business**

An overarching term for service, sales, and collaborative business conducted over the Internet, either business-to-consumer or business-to-business. Some define e-commerce as a monetary transaction segment of e-business, by in most cases, the terms are synonymous.
E-Commerce
An emerging concept that describes the process of buying, selling or exchanging services and information via computer networks.

Efficiency
The ratio of the output to the input of any system. Economic efficiency is a general term for the value assigned to a situation by some measure designed to capture the amount of waste or “friction” or other undesirable and undesirable economic features present.

Eigenvalue
The eigenvalue of a factor explains the amount of variance of that factor, compared with a single variable. For example an eigenvalue of 4.234, indicates that the variance of that factor is 4.234 times as much as a single variable.

Entrepreneur
Innovator. One who recognizes opportunities and organizes resources to take advantage of the opportunity. One who assumes the financial risk of the initiation, operation, and management of a given business or undertaking. Individual who starts a new business. Venture capital is often used to finance the startup costs in return for an equity share. Once the business is established, an entrepreneur may choose to raise additional capital by selling equity shares to the public through an initial public offering.

Entrepreneurship
Entrepreneurship is “the process of looking at things in such a way that possible solutions to problems and perceived needs may evolve in venturing.” Ethics standards and dealings based on morals and values. Feasibility. Is an idea feasible? Can the idea be made to work? Many people would like to travel into space but it will be a long time before a tourist industry based on space travel is feasible.

Evolutionary Economics
These are observed to have grown out of the institutionalist school. There is an underlying vision of dynamics which is evolutionary, in the biological sense, in character. The evolutionary concept is a counter-position to that of static equilibria. The question of incorporating evolutionary dynamics into economics was raised at the beginning of institutionalism by Veblen and even earlier by Marshall. Evolutionary economics is a relatively new economic methodology that is modeled on biology. It stresses complex interdependencies, competition, growth, and resource constraints.
Factor Analysis
Given a set of variables, what are the underlying dimensions (factors) that account for the patterns of colinearity among the variables?

Feasibility
The mechanism for balancing business constraints with technology constraints to produce a cost-effective solution. The extent to which a study or project may be done practically and successfully. The extent to which resources allow an evaluation to be conducted.

Foreign Direct Investment
Investment made by a foreign individual or company in productive capacity of another country if for example, the purchase or construction of a factory. FDI is defined as a firm based in one country (the ‘home country’) owning 10 percent or more of the stock of a company located in a foreign country (the ‘host country’) -- this amount of stock is generally enough to give the home country firm significant control rights over the host country firm. Most FDI is in wholly-owned or nearly wholly-owned subsidiaries. Other non-equity forms of FDI include: subcontracting, management contracts, franchising, and licensing and product sharing.

Governance
The act of affecting government and monitoring (through policy) the long-term strategy and direction of an organization. In general, governance comprises the traditions, institutions and processes that determine how power is exercised, how citizens are given a voice, and how decisions are made on issues of public concern. See the Institute on Governance. Also see the Canadian Centre for Philanthropy.

Hard Infrastructure
Hard infrastructure includes all the tangible physical assets that contribute to the economy of a city. For example, transport infrastructure (roads, railways, ports, and airports), industrial and commercial buildings, water, waste disposal, energy, telecommunications etc.

Horizontal Integration
Merging of two or more firms at the same level of production in some formal, legal relationship. In hospital networks, this may refer to the grouping of several hospitals, the grouping of outpatient clinics with the hospital or a geographic network of various health care services. Integrated systems seek to integrate both vertically with some organizations and horizontally with others.
Human capital
People and their ability to be economically productive. Education, training, and health care can help increase human capital. See also capital and physical capital. May be considered a metaphor for the transition in organizational value creation from physical assets to the capabilities of employees - knowledge, skills, and relationships for example. Closely related to terms such as “intellectual capital” and “intangible assets.” Recent estimates suggest that as much as 75 percent of an organization’s value is attributable to human capital.

ICT Information and Communication Technology
The catch-all phrase used to describe a range of technologies for gathering, storing, retrieving, processing, analysing and transmitting information. Advances in ICT have progressively reduced the costs of managing information, enabling individuals and organizations to undertake information-related tasks much more efficiently, and to introduce innovations in products, processes and organizational structures.

Industrialized Country
A country with a market economy comprising a significant portion of world production and trade markets.

Information Transfer
Synonymous with data transfer. Information is a broader term than data. Information includes: voice, graphics, and other types of signals.

Innovation Systems
The network of public- and private-sector institutions that initiate or import, modify, and diffuse new technology in a country. In current OECD discussions, the term encompasses ways in which a country organizes its systems of education, scientific research, and technological diffusion, and—in conjunction with macroeconomic and competition policies—their combined impact on the rate of innovation.

Institutional Economics
This approach to economics focuses on the notion that the power of social organizations needs to be emphasized as well as the nature of the market. In economics, the institutional economics school goes beyond the usual economic focus on markets, to look more closely at human-made institutions. Institutional economics was once the dominant school of economics in the United States, including such famous but diverse economists as Thorstein Veblen, Wesley Mitchell, and John R. Commons.
**Intellectual Capital**

E.g., the commercial value of trademarks, licenses, brand names, formulations, and patents. It is the same as the knowledge asset of an organization. Knowledge assets help achieve business goals. This capital is the set of intangible assets that includes the internal knowledge of employees have of information processes, external and internal experts, products, customers and competitors. Intellectual capital includes internal proprietary reports, libraries, patents, copyrights, and licenses that record the company history and help it plan for tomorrow.

**Kaiser-Meyer-Olkin Measure of Sampling Adequacy**

If two variables share a common factor with other variables, their partial correlation will be small and the KMO will be closer to 1 than to 0. The closer to 1 the KMO is, the more reliable factor analysis will be.

**Key Performance Indicators (KPIs)**

Key performance indicators are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization.

**Local Cluster**

Local clusters are made up of local industries. Local industries provide goods and services almost exclusively for the area in which they are located, which explains why they must spread all across the country. Indeed, local industries show employment in every region, regardless of the natural or competitive advantages of a particular location. As a result, their regional employment should be roughly proportional to regional population, so that the most highly populated states like California, New York, Texas, and Florida will figure as the top local employment states.

**Local Industrial Systems**

Where the system is geographically based focusing on the interdependence of the innovation process within clusters of firms.

**Market**

A market is a mechanism which allows people to trade, normally governed by the theory of supply and demand, so allocating resources through a price mechanism and bid and ask matching so that those willing to pay a price for something meet those willing to sell for it.

**Market Conditions**

Refers to the strength of the market or a market segment, like the interest in computer or airline stocks. Market conditions are good in a bull market. They are bad in a bear market.
Market Positioning
The adoption of a specific market stance, either leader, challenger, follower, flanker or adopter, vis-à-vis competition. In marketing, positioning is the technique by which marketers try to create an image or identity for a product, brand, or organization. It is the ‘place’ a product occupies in a given market as perceived by the target market. Positioning is something that is done in the minds of the target market. A product’s position is how potential buyers see the product.

Market Research
A study of consumer groups and business competition used to define a projected market. The process of gathering, analyzing and interpreting information about a market; about a product or service to be offered for sale in that market; and about the past, present and potential customers for the product or service.

Market Segmentation
Division of the market or population into subgroups with similar motivations. Widely used bases for segmenting include geographic differences, personality differences, demographic differences, use of product differences, and psychographic differences.

Marketing Mix
The blend of product, place, promotion, and pricing strategies designed to produce satisfying exchanges with a target market. A marketing mix is the combination of product offerings used to reach a target market for the organization. The marketing mix comprises the product (what the actual offering comprises), price (the value exchanged for that offering), promotion (the means of communicating that offering to the target audience, promotional mix) and distribution (also known as place, the means of having the product offering available to the target audience). The marketing mix is also known as the four Ps.

Narrow Cluster Definition
Narrow cluster definition relates only to traded clusters. Narrow cluster definition defines industries that are unique only to the cluster. For example, telephone and telegraph apparatus, radio and TV communications equipment are unique to only to the communications equipment cluster. Every U.S. industry is uniquely allocated in a cluster.

National Systems of Innovation
National systems of innovation: in innovation theory, an umbrella term for the interactions and linkages between those carrying out research in an economy—for example, universities—and the other parts of the economic system.
OEM

Original equipment manufacturer. The original manufacturer of a hardware component or sub-component.

More recently, OEM is used to refer to the company that acquires a product or component and reuses or incorporates it into a new product with its own brand name.

Outsourcing

The concept of taking internal company functions and paying an outside firm to handle them. Outsourcing is done to save money, improve quality, or free company resources for other activities. Outsourcing was first done in the data-processing industry and has spread to areas, including telemessaging and call centers. Outsourcing is the wave of the future.

Portal

Usually used as a marketing term to describe a Web site that is or is intended to be the first place people see when using the Web. Typically a “portal site” has a catalog of web sites, a search engine, or both. A portal site may also offer email and other service to entice people to use that site as their main “point of entry” (hence “portal”) to the Web.

Private Sector

The private sector of a nation’s economy consists of those entities which are not controlled by the state—i.e., a variety of entities such as private firms and companies, corporations, private banks, non-governmental organizations, etc.

Product Life Cycle

A marketing theory in which products or brands follow a sequence of stages including introduction, growth, maturity, and sales decline.

Product Mix

The percentage of a particular product (such as televisions, stereos, etc.) of the stores’ total inventory or compared to the total units on rent. The number of individual products produced or sold by an organization. The mix is defined by the industry and manufacturing environment, and management strategies that position the company as a specialty, niche or broad-based supplier of goods and services. Instances where the product mix varies widely from period to period often requires more investment in facilities and inventory, and may result in lower levels of customer service.

Product Positioning

A product’s position represents how it is perceived relative to the competition on the determinant attributes desired by each segment. Developing a product and associated
marketing mix that: (a) is ‘placed’ as close as possible in the minds of target customers to their ideal in terms of important features and attributes; and (b) clearly differentiates it from the competition.

**Public Sector**

Comprises the sub-sectors of general government (mainly central, state and local government units together with social security funds imposed and controlled by those units) as well as public corporations, i.e., corporations that are subject to control by government units (usually defined by the government owning the majority of shares).

**Quality Control**

The operational techniques and the activities used to fulfil and verify requirements of quality.

**Regional Innovation Systems**

Is developed. These systems now consist of the knowledge bases of all industries located in a particular region, the institutions available to support their technological innovations and the institutional context of laws, regulations, political cultures and acknowledged ‘rules of the game’ operating in that region.

**Scree Plot**

A plot of eigenvalues.

**Seamless**

Complex technology that is transparent to the user. (Many Internet-based interactive technologies are not considered seamless as they require a high degree of user-intervention and knowledge: installing software, connecting the modem, downloading plug-ins, etc.).

**Sectoral Innovation Systems**

Based on the idea that different industries operate under different technological regimes based on a specific industry knowledge base.

**Seed Financing**

Money for applied R&D given before normal VCs recognize a project as viable. Funds to take an idea from conception to the pre-competitive stage of building a prototype.
**Soft Infrastructure**

Soft infrastructure relates to the less tangible aspects of LED such as education and training provision, quality of life infrastructure such as park, leisure and library services, housing, business support, business networking and financing services, etc.

**Spin Off**

A divestiture by a corporation of a division or subsidiary by issuing to stockholders shares in a new company set up to continue the operations of the division or subsidiary. The new company formed by such a divestiture.

**Stakeholder**

An individual or group with an interest in the success of an organization in delivering intended results and maintaining the viability of the organization’s products and services. Stakeholders influence programs, products, and services. Specific people or groups who have a stake in the outcome of the project. Normally stakeholders are from within the company, and could include internal clients, management, employees, administrators, etc. A project may also have external stakeholders, including suppliers, investors, community groups and government organizations.

**Strategic Alliance**

A strategic alliance is a partnership between two or more companies to pursue a set of agreed upon goals while remaining independent organizations. Strategic alliances come in all shapes and sizes, and include a wide range of cooperation, from contractual to equity forms.

**Strategic Planning**

Long-term plans based on the organizations overall business objectives. Strategic plans are typically multiple years and reach out 5 or 10 years (or more) using scenarios or other planning methods that identifies assumptions, risks, and environmental factors.

**Supply Chains**

The products and processes that are essential to the production of a good or service. For example, to produce frozen fish, the supply chain inputs will extend from fish catching, handling, processing, and freezing to packaging, storing and distribution. These are all elements of a supply chain. Integrated LED strategies will try and capture as much as possible of the higher value end of the value chain in their area. In this case fish processing, packaging, storing and distribution will be adding value and therefore be seen at the higher end of the value chain. An industry cluster is a grouping of related industries and institutions in an area or region. The industries are inter-linked and connected in many different ways. Some industries in the cluster will be suppliers to others; some will be buyers from others; some will share labor or
resources. The important thing about a cluster is that the industries within the cluster are economically linked, they both collaborate and compete and are, to some degree, dependant upon each other; and ideally, they take advantage of synergies.

**Tacit Knowledge**

The knowledge that is in people’s heads, their experience. Is knowledge that people carry in their minds and is, therefore, difficult to access. Often, people are not aware of the knowledge they possess or how it can be valuable to others. Tacit knowledge is considered more valuable because it provides context for people, places, ideas, and experiences. Effective transfer of tacit knowledge generally requires extensive personal contact and trust. Based on Polanyi’s work (as cited in Nonaka, 1994; Davenport and Prusak, 2000), tacit knowledge is personal, rooted in action, with commitment and involvement in a specific context. It consists of paradigms, viewpoints, beliefs, and concrete know-how, such as crafts and skills.

**Technological Change**

How much technological change will be additionally induced by climate policies is a crucial, but not well quantified, factor in assessing the costs of long-term mitigation of greenhouse gas emissions. A change in a production function that alters the relationship between inputs and outputs. Normally it is understood to be an improvement in technology, or technological progress, and it is of interest in international economics for its implications for trade and economic welfare.

**Trade Liberalization**

The reduction of tariffs and trade barriers to permit more foreign competition and foreign investment in the economy.

**Traded Cluster**

Traded clusters are made up of traded industries. Traded industries sell products and services across economic areas, so they are concentrated in the specific regions where they choose to locate production, due to the competitive advantages afforded by these locations. Employment levels in traded industries thus vary greatly by region, and have no clear link to regional population levels.

**Transnational Corporations**

Are corporations that operate in more than one country. Usually, headquarters are in one or more nations and production or services are in other nations. TNCs have come to dominate the global economy and some large TNCs are richer and more powerful than many national government. Also referred to as “multinational corporations.”
Value Chain

The sequential set of primary and support activities that an enterprise performs to turn inputs into value-added outputs for its external customers. An IT value chain is that subset of enterprise activities that pertain to IT operations, both to add value directly for external customers and to add indirect value by supporting other enterprise operations.

Venture Capital

Money used to support new or unusual undertakings; equity, risk or speculative investment capital. This funding is provided to new or existing firms which exhibit potential for above-average growth.

Vertical Integration

Economic term that is often used to describe a trend in the agriculture industry. When an agriculture corporation is vertically integrated, it is involved in more than one phase of meat production. Many of these big businesses have their own feedlots, slaughterhouses, meatpacking plants, and distributors, so they have complete control over the lives and deaths of the animals they raise.