

Yarmouth's Location Quotation and Specialization Index Ratings

Name

Institution

Yarmouth's Location Quotient and Specialization Index

In an effort to improve the city of Yarmouth in reference to its economic growth and development, it is necessary to compare it to other areas within Canada as well as globally. One way to accomplish this task is to utilize specialized indexes referred to as the location quotient and the specialization index. These instruments of measurement allow for both the identification and location of Yarmouth's industries as well as how they relate locally and nationally.

A location quotient can be defined as a form of measurement that is completed for the purpose of comparing a location with another location or with the entire country in which it resides (Khan, 1998). Doing so is very beneficial in regional analysis, as in comparing a specific region to another (Coffey, 1994). In examining Yarmouth's location quotient, the referenced economy used in the comparison is that of Canada as a whole. The way to interpret the location quotient is to determine if the rate of specialization within a specified industry is between zero and one. If it is, then the indication is that the specialization is in relationship to the entire country, not simply to that specific region of the country. However, if the rate of specialization is greater than the value one, then the specialization relates to the region rather than to the country as a whole. In this comparison, the region is Yarmouth and the country is Canada.

Industries whose rates pertained to the local region of Yarmouth include retail, finance, real estate, health care, social services, and business services. The respective location quotients are 1.63, 1.41, 1.21 and 1.20. This means that those particular industries add to the economic health of the Yarmouth region. However, industries that relate nationally include agriculture, natural resources, construction, manufacturing, wholesale trade, and educational services. Respective location quotients are 0.60, 0.65, 0.79, 0.73, 0.71 and 0.60. This equates to economic contributions to Canada in general.

One way to think about location quotients of industries that add to the economic growth of Yarmouth versus the location quotients of industries that do not add to the economic growth of Yarmouth is to think in terms of self-sufficiency. If an industry has a location quotient that falls between zero and one, then that location is self-sufficient for that industry. The region has the natural resources and man-power to develop that industry without outside help. However, if the location quotient is above one, then that industry cannot be successfully developed or sustained locally without outside resources. For example, that industry would rely on imports of certain materials into the region.

Another index used to determine if an industry pertains to a specific location or region and to what degree it does is the specialization index. The specialization index is especially useful in determining the relationship between a region's economy and its employment level (Krieger-Boden, Morgenroth, & Petrakos, 2008). The way to interpret the rating is to determine how close the value is to zero. The closer the value is to zero, the stronger the indication is that the industry being evaluated relates to an area other than in which it is located.

The value of the specialization index is also gender-specific, meaning that a lower value equates to a male-dominated economy, whereas the higher the value, towards a two, means that the economy relies on the female gender. In the case of Yarmouth, the male gender dominates the economy, with women contributing less to the local economy than men. In conclusion, Yarmouth includes all the major areas of industry, combining both national and local industries, with retail, finance, real estate, health care, social services, and business services being mostly supported locally.

In summary, after examining both the location quotient and the specialization index, one can conclude that Yarmouth is representative of Canada as a whole. Its economy matches that of

other areas within Canada. Furthermore, it contributes locally and benefits nationally from the country's overall economic status.

References

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- Krieger-Boden, C., Morgenroth, E.L.W. & Petrakos, G. (2008). *The Impact of European integration on Regional and Structural Change and Cohesion*. London: Routledge