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UNH Professors: State Must Leverage Strengths And Address Weaknesses To Sustain Dynamic High Tech Economy

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EDITORS: Ross Gittell is available to answer questions about the report’s findings. He can be reached at 603-862-3340 or ross.gittell@unh.edu. The full report is available for download at http://www.unh.edu/news/docs/NetworkNH_hightecheconomy.pdf.

DURHAM, N.H. – New Hampshire must leverage its technology strengths and address weaknesses if it wants to retain its position as one of the nation’s strongest high technology states, according to professors at the University of New Hampshire who today released their report “High Technology in New Hampshire: The Future Is Now.”

Ross Gittell, professor of management and the James R. Carter Professor, and Jeff Sohl, professor of entrepreneurship and decision sciences and director of the Center for Venture Research, both at the UNH Whittemore School of Business and Economics, presented their findings at a NetworkNH event Thursday, April 21, in Manchester.

According to the researchers, the state must leverage specific strengths to sustain its dynamic high tech economy, including a favorable business and tax climate, a technology culture and history, quality of life as a magnet for high-skilled workers and entrepreneurs, access to financial capital, and its proximity to Boston, Route 128 and Cambridge.

“New Hampshire has a resilient high technology economy, and the future can be bright if vulnerabilities are addressed and opportunities are captured,” Gittell said.

The researchers outlined several key strategies for the future.

New Hampshire must focus on:

- Technology workforce development with a focus on science and engineering. This includes strengthening the links between high tech businesses and higher education, and
creating an internship network.

- Gaps in financing, which can be addressed through private angel networks and a proposed new leveraged state supported fund, the Archimedes Fund.

- Enhanced investment in research and development, and stimulating private investment in the state with research and development tax credits and the National Science Foundation’s Experimental Program to Stimulate Competitive Research (EPSCoR).

- Leveraging and growing Defense and Homeland Security related industries, including fostering commercial spin-offs with increased federal contracts and collaborations among businesses and with congressional representatives and state government. This can help New Hampshire arrest the decline in Defense contracts relative to the U.S. average, and rise to and above the U.S. average on Defense contract dollars per worker.

- Promoting and branding the state as a destination for high technology industries, skilled workers and entrepreneurs, highlighting its quality of life, business climate and economic resiliency.

“States on the leading edge of technological innovation have the highest per capita incomes in the nation. High tech jobs pay 75 percent higher wages than other industries, and one third of the New Hampshire Gross State Product is directly or indirectly tied to high technology. High technology is an engine for growth in the research and development, innovation, and new product development base of our state’s economy,” Gittell said.

The decline in high technology employment began in December 2000 in New Hampshire as well as other technology states. However, the Granite State experienced a more pronounced decline in percentage terms than other states – losing one out of every three jobs compared with the national average of one out of every five – because New Hampshire’s decline was concentrated in contract and commodity-like nondefense related manufacturing, according to the researchers. The result was the state’s high technology employment rank dropped from first in the mid-1990s to third in 1998 to 10th among 50 states (American Electronics Association).

High tech manufacturing jobs dropped in several sectors, including semiconductors and printed circuit boards. These jobs have not been recovered. In addition, the state experienced a pronounced retrenchment in some sectors of high technology services in the tech “bust” of early 2000s, including wired telecommunications carriers, data processing/warehousing, telecommunications resellers, and software.

However, the state’s recovery, which started in October 2003, has been stronger than recoveries in most other states. Employment in the state’s stable defense-related industry helped New Hampshire get through the recession and recovery. One-fifth of all high tech jobs now in the state are aligned with this one sector, and without it, high tech employment would have declined more than 40 percent. In addition, some resilient high technology service industries have experienced recovery in the last year, including engineering services, computer programming, computer system design, and research and development in the physical, engineering and life sciences.