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An Empirical Model of Community Strategies for Economic Development

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Purpose of Research Project

1. Growing emphasis on a number of diverse community and economic development strategies for community leaders to assess and implement
2. Research focus on description and implementation of strategies
3. Lack of empirical research on the selection of strategies by communities or relationship among strategies
4. Increase in number of communities following strategic planning approaches, or other methods, to identify and select local development strategies
5. Growth in number of community action plans
6. Discovered that what communities say they want to accomplish may not necessarily relate directly to what action steps or activities they include in the plan
7. Research project objective--empirically assess what steps communities are taking to implement broader development strategies and discover what relationships, if any, exist among various local strategies
8. How do local development strategies “cluster” together?

Methodology Used to Measure Community Economic Development Actions and Strategies

- 1.** We examined community economic development action plans (developed through a self-help strategic planning program) from 39 Nebraska strategic planning projects.
- 2.** We identified 69 separate “action steps” (see Attachment) pursued across one or more of the communities.
- 3.** Each community was assigned a score of “1” if it had identified an action step and a “0” if it had not identified the step in its action plan.
- 4.** The 69 separate “action steps” were aggregated into 19 broader community economic development strategies (see Attachment). A “0” denoted the strategy was absent in the community and a “1” indicated the strategy was present in the community.

Description of Communities Included in Study

All communities in state of Nebraska

Data taken from 39 strategic planning projects

29 projects part of Strategic Training and Resource Targeting Program of the University of Nebraska at Omaha that have taken place since 1989

10 projects part of pilot strategic planning projects coordinated by the University or the Nebraska Department of Economic Development that took place in 1987 and 1988

62 communities participated in the 39 planning projects

Most communities were rural and agriculturally based

Communities were located in all geographic areas of the state

Only 4 communities were in metropolitan counties

Communities ranged in size from 125 to almost 24,000

Most communities were in the 1,000 to 3,000 population range (21)

Only 8 communities in study exceeded 5,000 in population

Local Development Strategies and Action Steps

	Number of Communities Selecting Strategy or Action Step
Recreation Development	24
Develop/improve community recreation center/community center	10
Develop/improve fitness/wellness facility/program	3
Better meet recreation needs of various segments of population	6
Inventory/survey/assess recreation needs/resources	8
Develop/improve recreation facilities/programs/activities	18
Expand resources available for recreation	7
Improve Community and Public Service	25
Assess alternative public service delivery approaches	15
Assess/work to broaden/shift tax base	5
Assess alternative forms of local government (offices)	3
Improve citizen-government communication/understanding	10
Increase accessibility/visibility of local services	5
Review/revise/adopt city ordinances regarding physical dilapidation	4
Community Image/Attitude/Appearance	33
Establish identifiable theme/symbol/signage/boundaries for community	19
Reduce/ameliorate community "eyesores"	15
Improve internal communication and understanding of community	22
Undertake recognition activities for community volunteers/contributions	8

Community Promotion and Marketing	24
Develop marketing program/promotional materials for community	22
Develop and distribute marketing materials to prospective firms	6
Business Attraction	26
Identify business “targets” for recruitment by industry/geographic location/community strengths	14
Compile/assess/maintain information on area businesses/community for recruiting	7
Compile information/develop/promote industrial sites/buildings	10
Recruit new businesses to fill retail/service gaps	8
Development Finances and Resources	24
Establish community foundation	7
Assess need/expand availability of venture capital	6
Identify/distribute information on available financing resources	19
Develop/assess financing options/vehicles for new business	7
Local Development Organization	33
Improve community understanding, inform of role/process of economic development organization	9
Improve communication among economic development related organizations in community and area	12
Establish new economic development organization	11
Revitalize/rework existing development organization	12
Develop specifics/detailed plan and/or funding for local development organization	3
Establish organization to support/focus/coordinate business recruitment efforts locally/regionally/statewide	13
Housing	21
Compile/assess/maintain information on housing needs	11
Compile/assess/maintain information on housing stock/availability	12
Establish/form organization/task force to examine housing	6
Facilitate the building various types of new housing units	11
Support the improvement of existing housing stock or rehabilitation of deteriorated units	9

Area Cooperation	8
Compile information on area organizations, resources, etc. that relate to economic development	4
Organize/facilitate communication among area-wide leaders	6
Sponsor regional activities/events	3
Develop area-wide marketing materials	2
 Health Care	 5
Improve understanding of role of health care	2
Recruit new/improve existing health care providers	5
Establish leadership focus on health care	2
 Tourism Development	 16
Identify/compile/assess tourism resources/activities/support services	5
Develop informational materials/facilities/promote events that attract tourists/ visitors	9
Improve existing/develop new tourism sites/activities	9
 Retail/Main Street Development	 26
Improve downtown/retail atmosphere/environment	11
Improve marketing/promotion/information on retailers/downtown area	17
Sponsor trade/business shows/special events and attractions	5
Prepare plan/study of retail needs/shopping patterns	6
 Work Force Development	 13
Identify/compile/assess human resource/labor needs in area	4
Compile/make available/improve access to jobs/employment information	6
Train/retrain/improve skills of existing work force	4
Improve/develop child care facilities/services/resources	7
 Leadership Development	 6
Develop/enhance leadership skills/resources in area	6
 Education Improvement	 13
Improve access to/expand use of general educational resources	13

New Business Development	18
Compile/analyze/pull together information on retail/service/business opportunities	14
Encourage entrepreneurial activity/business starts	7
Existing Business Assistance	30
Provide training/organizational support/technical assistance to retail/service businesses	14
Form visitation team to identify problems/stimulate growth of existing businesses	14
Develop business assistance group/organization/planning team	9
Encourage local purchasing/subcontracting/joint buying of supplies/services by businesses	1
Prepare directory/encourage purchase of local goods and services	11
Transportation Improvement	9
Compile information/assess traffic patterns/uses/systems	7
Pave/upgrade/plan improvement in roads/streets	5
Infrastructure Development	19
Work with other organizations/improve communication to state/federal government regarding improvement of infrastructure	4
Better utilization/improvement of existing area infrastructure/transportation/communication facilities/resources	11
Undertake planning studies/create planning organizations to examine infrastructure issues	13

Why Use Factor Analysis?

- Factor analysis uses a variety of methods having similar characteristics to induce concepts from a pre-existing set of items (community economic development actions) by:
 - ◆ taking a set of items (e.g., presence or absence of economic development actions);
 - ◆ computing the degree of relationship between each pair of items; and
 - ◆ statistically analyzing this set of intercorrelations (or correlation matrix) in order to ascertain how many empirically distinct dimensions or factors underlie the items.
- Although conceptually similar to cumulative scaling, factor analysis differs in that a specific item might be located on more than one dimension.

Rotated Factor Matrix for 19 Community Economic Development Strategies*

Strategy	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7
Recreation development	.59543	-.30625	-.16909	.14975	-.11552	.08742	.09154
Improve community and public service	-.46515	-.17773	.50180	-.22025	-.07179	-.21796	-.15833
Community image/attitude/appearance	-.16186	-.64674	-.38729	.00519	-.05920	-.23727	.11792
Community promotion and marketing	.12182	.35909	.04317	-.16836	.36500	-.35322	.53649
Business attraction	.08565	-.28107	.15770	-.11285	.52247	.33038	-.26855
Development finances and resources	-.58118	.22605	-.18247	.37037	.22449	.29993	.22742
Area cooperation	-.19575	.24078	-.05574	-.30938	-.57666	.22963	.14294
Health care	.61925	.25777	.07999	-.19612	.38407	-.09852	-.00084
Tourism development	.60230	.19714	.23020	.13925	-.19184	.42573	.26462
Retail/main street development	.15027	.54515	.14631	.37528	-.04061	-.52987	-.07865
Work force development	-.07211	-.11634	.45765	-.33474	.30408	-.17909	.39386
Transportation improvement	.37601	.56297	-.17515	-.11718	.00915	.07593	-.35103
Infrastructure development	.39155	-.01337	.27758	-.36890	-.30878	.27358	.04386
Existing business assistance	.50867	-.38849	.07963	.43560	.27445	-.07123	-.08135
Local development organization	-.33180	.09844	.28309	.14653	.43495	.55602	.10292
Housing	.29528	-.41892	-.09333	.33422	-.08828	.00872	.18036
Leadership development	-.19708	.27849	.23405	.68647	-.09134	-.00402	-.19795
Education improvement	.01093	-.08003	.48748	.37963	-.33311	-.01133	.42190
New business development	.04877	-.23684	.76841	-.01778	-.12714	-.09733	-.33726

*Factor loadings derived using principal components analysis with an orthogonal rotation. The Varimax method was selected because it attempts to minimize the number of variables that have high loadings on a factor, thus enhancing the interpretability of the factors.

Communality of 20 Community Economic Development Strategies

Variable	Communality
Recreation development	.52871
Improve community and public service	.62599
Community image/attitude/appearance	.66820
Community promotion and marketing	.71981
Business attraction	.57819
Development finances and resources	.75142
Area cooperation	.60082
Health care	.65199
Tourism development	.76209
Retail/main street development	.77061
Work force development	.61989
Transportation improvement	.63180
Infrastructure development	.53874
Existing business assistance	.69277
Local development organization	.73032
Housing	.42350
Leadership development	.68996
Education improvement	.67737
New business development	.78863

Factor	Eigenvalue	Percent of Variance	Cumulative Percent
1	2.56144	13.5	13.5
2	2.06998	10.9	24.4
3	1.86955	9.8	34.2
4	1.74408	9.2	43.4
5	1.59276	8.4	51.8
6	1.39637	7.3	59.1
7	1.21661	6.4	65.5

51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70

- Auburn
- Arapahoe
- Albion
- Box Butte County
- Blair
- Central City
- Chadron
- Cambridge
- Clay Center
- Clarkson
- Curtis
- Dawson County
- David City
- Elgin
- Fremont
- Gordon
- Humboldt
- Henderson
- Hooper
- Johnson County
- Knox County
- Keith County
- Neligh
- Ord
- Oxford
- Papillion-LaVista
- Red Cloud
- Schuyler
- St. Paul
- Stromsburg
- Stuart
- Superior
- Syracuse
- Stanton
- West Point
- Wahoo
- Waverly
- Wayne
- Yutan

Interpretation of Factor Loadings

Factor 1

- “Building on Local Strengths and Keeping What We Have”
- Presence of strategies focusing on health care, tourism, recreation, and existing business. Absence of focus on development finance and community and public services.

Factor 2

- “Selling to Ourselves – Plugging Leakages”
- Presence of focus on retail and transportation; absence of strategy focusing on image.

Factor 3

- “Stimulating Local Development – Growing Our Own”
- Presence of focus on new business development and community and public service strategies. Lower, but positive loadings for workforce and education strategies.

Factor 4

- “Building Capacity for Developing New Leaders”
- Presence of focus on leadership development.

Factor 5

- “Traditional Approach to Economic Development”
- Presence of strategy focusing on attracting new business, coupled with absence of areawide cooperation.

Factor 6

- “Getting Ready for Economic Development”
- Presence of focus on development organization and absence of a retail focus.

Factor 7

- “Community Promotion – Telling Our Story To Others”
- Presence of community promotion strategy.