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JOURNAL OF THE  
COMMUNITY  
DEVELOPMENT  
S O C I E T Y

Volume 23, No. 1  
1992

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*Hayward Derrick Horton*

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*Robert E. Chambers*  
*Mark K. McBeth*

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Measuring Impacts of Business Retention and Expansion Visitation Programs



**JOURNAL OF THE  
COMMUNITY  
DEVELOPMENT**

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## EDITOR'S NOTE

As the new editors of the *Journal of the Community Development Society* we are excited about assuming the responsibility for editing one of the leading journals for community development research, theory, and practice. Now in its 23rd year of publication, many of the pre-eminent writers, thinkers, and researchers in the field of community development have chosen the *Journal* as their vehicle for communicating their findings. It is one of our major tasks to ensure that this reputation continues.

As stated on the cover, this is the official journal of the Community Development Society. It is important, then, that the editorial philosophy of the *Journal* is consistent with the goals of the Society. The Constitution of the Community Development Society states that one of the purposes of the Society is "Advocating excellence in community development scholarship, research, and practice, for the good of mankind." The editorial statement of the *Journal* has mirrored that purpose. Since its first edition the *Journal* has been "devoted to improving knowledge and practice in the field of purposive community change." It is one of our goals, of course, to continue on this editorial path.

Even though the editorial statement has not changed over the years, it was noted by Donnermeyer and Passewitz, in their review of the contents of the *Journal* in 1991, that "The *Journal of the Community Development Society* is like all professional journals; in part or in whole, it responds to the changing needs of its readers." They also noted that economists and sociologists have been the primary contributors to the *Journal*. While we will work to ensure that scholarly contributions from those members of the community development profession continue, we will also seek to broaden the pool of contributors from other disciplines within the Society to ensure that the diverse needs of the readers and members can be met in part by the *Journal*. We hope to broaden the base of manuscript submissions by reinstating an editorial advisory board comprised of members from the Society. Society members interested in serving on the board are encouraged to contact the editors.

We also issue an open invitation to any member of the Society or reader of the *Journal* to contact us. Your input is needed to ensure that the *Journal* continues to serve the membership and the practice of community development.

And finally, we want to acknowledge and thank those individuals who carefully and conscientiously reviewed manuscripts in the past six months. Without your involvement and interest this journal could not survive. Those individuals include:

Robert Blair  
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Thomas Harris  
Hayward Horton  
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# A SOCIOLOGICAL APPROACH TO BLACK COMMUNITY DEVELOPMENT: PRESENTATION OF THE BLACK ORGANIZATIONAL AUTONOMY MODEL

By Hayward Derrick Horton

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## ABSTRACT

This paper presents a sociological model of black community development: the Black Organizational Autonomy (BOA) model. The BOA model argues essentially that viable black communities are those with organizations that have the following characteristics: 1) economic autonomy; 2) internally developed and controlled data sources; 3) a focus on black history and culture; 4) the development and incorporation of females in leadership roles; and 5) socially inclusive leadership. A case study is presented that supports the model. The paper concludes with a discussion of the implications of the BOA model for community development practitioners.

## INTRODUCTION

The structure and nature of the black American community has been a topic of sociological study for a considerable period of time. DuBois' classic, *The Philadelphia Negro* (1899), was the first effort to analyze empirically America's largest minority population. Subsequent studies have emphasized the extent and nature of racial inequality and its effect on the black community (Drake & Cayton, 1945; Frazier, 1957; Blackwell, 1991). Yet, despite the extensive amount of research conducted on blacks, a model of black community de-

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An earlier version of this paper was presented at the annual meeting of the American Sociological Association, August 1990 in Washington D.C. The author is indebted to A. Wade Smith, Darnell Hawkins, Norma Burgess and Vern Ryan for their helpful comments. The author accepts full responsibility for the finished version of the paper. Direct all correspondence to: Hayward Derrick Horton, Department of Sociology, Iowa State University, Ames, Iowa 50011. Journal Paper No. J-14044 of the Iowa Agriculture and Home Economics Experiment Station, Ames, Iowa, Project No. 2781.



velopment remains to be offered by sociologists and community development scholars. In this study, *black community development* means the establishment and perpetuation of indigenous social, economic, and cultural institutions to address the needs and concerns of the black population.

Accordingly, the present study has two objectives. After summarizing related research in sociology and community development, the study introduces the Black Organizational Autonomy (BOA) Model. Finally, it articulates the implications of the model for community development practitioners.

### **The Sociology of the Black Community**

Some of the earliest writings on the sociology of the black community have emphasized social pathological and assimilationist approaches. Myrdal (1944) noted that the social, economic, and political problems of the black community were the direct result of racial discrimination. He further argued that the black community's institutions and culture were pathological distortions of the dominant society:

In practically all of its divergences, American Negro culture is not something independent of general American culture. It is a distorted development, or pathological condition, of the general American culture. The instability of the Negro family, the inadequacy of educational facilities for Negroes, the emotionalism in the Negro church, the insufficiency and unwholesomeness of Negro recreational activity, the plethora of Negro sociable organizations, the narrowness of interests of the average Negro, the provincialism of his political speculation, the high Negro crime rate, the cultivation of the arts to the neglect of other fields, superstition, personality difficulties, and other characteristic traits are mainly forms of social pathology which, for the most part, are created by the caste pressures. (pp. 928-929)

According to Myrdal (1944), the black community existed only because blacks had virtually no access to white society. He concludes that assimilation into mainstream society was the best means of addressing the problems of black Americans. Frazier (1957) also argued that many of the institutions of the black community were socioculturally insignificant. In a scathing critique of the black middle class, he wrote that black institutions served the primary function of perpetuating the myth of the existence of a "black society." According to this view, the black middle class was ashamed of its traditional folk culture and disadvantaged brethren. Denied the option of assimilation into the American mainstream, the black middle class focused on mimicking white America via conspicuous consumption and social

triviality. Park (1964) emphasized the cyclical nature of race relations with his contact hypothesis. He maintained that assimilation was the inevitable completion of the cycle—the merging of the minority group with the majority.

Critics of the social pathological and assimilationist perspectives reject the aforementioned arguments because of their Eurocentric assumptions (Cruse, 1967; Blackwell, 1991). Instead, they emphasize the importance of black social institutions in improving the overall black social position in the United States. Cruse (1967) argued that the inability of blacks to effectively overcome racial discrimination is due to misguided and inept leadership in the black community. Employing a sociohistorical framework, he noted that intragroup conflict and competition among black leaders, a pro-assimilationist mentality among the elite of the black community, and the subservience of black intellectuals to their white and Jewish counterparts lie at the heart of black community problems. Consequently, the long-term effect of inept leadership has been an emphasis on issues promoting middle class ascension into the white mainstream. Further, Cruse (1987) maintains that the black civil rights leadership is responsible for the failure to develop autonomous economic, social, and cultural institutions which address the issues of relevance to the general black population.

Other studies have emphasized the impact of the social structure on the black community rather than on the “inherent nature” of blacks themselves. For instance, in his analysis of the black community, Blackwell (1991) applied several macrosociological perspectives, the most noteworthy of which is pluralism. According to this view, the black community developed parallel institutions to compensate for the presence of racial oppression in the broader society. Nevertheless, these institutions eventually evolved to become culturally distinct and significant in their own right, transcending many of the traditional functions found in mainstream society. Clearly, the best example of this phenomenon is the black church, which provided social cohesion and leadership during the civil rights movement. Morris (1984) also acknowledged the importance of the church as an instrument of social change. This role, however, may be the exception rather than the rule. There is evidence suggesting that the church has had an anesthetizing effect upon the black community—thus serving the status-maintenance purposes of the dominant society (Marx, 1969).

Wilson (1980) advocated a holistic approach to the analysis of the black community. He postulated that an understanding of the black community in contemporary America involves an appreciation of the

dynamics of population, economics, and sociocultural change. Specifically, broad-based changes in the economy have an impact on the black community that is independent of the level of discrimination present at any given time. Thus, when blue collar workers are displaced in the labor force, the black community is disproportionately affected because of the overrepresentation of black workers in that category (U.S. Bureau of the Census, 1989).

Because the black middle class has benefited more than other blacks from the Civil Rights Movement in terms of social, occupational, and residential opportunities, the complexity of black community issues becomes clear. According to Wilson (1987), the increase in inequality within the black community has resulted in the emergence of two subpopulations: the middle class and the disadvantaged. In addition, the suburbanization of the middle and working classes removes many of the leaders and role models from the traditional black community. Therefore, increases in violent crime, drug abuse, teenage pregnancy, and female-headed households should not be unexpected (Wilson, 1985).

Unlike his contemporaries, Wilson (1987) transcended the purely analytical approach by discussing policy issues. He advocated addressing the needs of the black poor: those who tend to be dislocated, unskilled, and unemployed. The problem, he suggested, is an emphasis primarily on racial discrimination, whereas many of the problems of poor blacks require political, economic and educational solutions. According to Wilson (1987), however, these solutions do not seem forthcoming. Government employment programs tend to be inflationary (Wilson, 1987). High rates of inflation tend to elicit negative reactions from the general public, causing a politically unsafe environment for career-minded public officials. The history of the black American experience is full of examples of how the treatment of blacks, even by the federal government, has been primarily due to the prevailing political mood of the electorate (Franklin & Moss, 1988). Wilson (1987) maintains, however, that a general program providing benefits to the socially advantaged, as well as to the poor, is more likely to gain widespread support.

In a recent study of the Civil Rights Movement, Morris (1984) provided theoretical insights with some bearing on black community development. He introduced an indigenous approach in his analysis of the Civil Rights Movement and found that the social and economic autonomy of the black church in the South and the church's history of developing black organizational leadership were indispensable to the emergence of civil rights organizations. Moreover, the black church had an extensive social network in existence years before the Civil

Rights Movement. This network facilitated the dissemination of information, the sharing of key leadership personnel, and mass mobilization. Thus, when the National Association for the Advancement of Colored People (NAACP) was crippled from a region-wide attack by the southern white power structure, the black community had many dynamic and charismatic persons to fill the leadership void (Morris, 1984).

Morris' perspective is one of social movements rather than of black community development. The importance of his work for the present study, however, is the finding that the Civil Rights Movement was internally financed and organized. Relatively little funding and no leadership was external to the black community. Otherwise stated, without the efforts and sacrifices of blacks themselves to gain civil rights, it is unlikely that they would have gained those rights at that time. This is a marked departure from the view of the disproportionate impact of northern white liberals on the success of the Civil Rights Movement (Morris, 1984).

None of the above perspectives represents a model of black community development. These studies, along with those focusing on the black community (Hunter, 1953, 1980) or on the sociology of the community generally (Hawley, 1950; Hawley & Zimmer, 1970; Kasarda & Janowitz, 1974; Feagin, 1985), represent analyses of existing community conditions at a particular point in time. They do not offer theoretical insight into the potential means of improving those community conditions. Nonetheless, they are important to this study because they provide insight into the nature of the problems, which a model of black community development must address. In other words, although they fail to identify the essential elements of a viable model black community development, they provide at least some direction for the construction of such a model.

### **Perspectives on Community Development**

As noted previously, black community development has not been a topic of research in the general literature on the sociology of the black community. Likewise, the issue has been virtually ignored in the specialty area of community development. In fact, in its first 18 years of existence, even the *Journal of the Community Development Society* has yet to feature an article on the topic (Woods et al., 1989). Preston and Enck (1989) presented an analysis of black leadership in their elaboration of a sub-community thesis. They, however, do not articulate a model of black community development. In his review of the state of community development as a discipline, Christenson (1980)

found that the literature in the major community development journals tends to fall into three broad categories: 1) self-help approaches, 2) conflict approaches, and 3) technical assistance approaches.

More than two-thirds of all articles in the discipline have emphasized the self-help approach to community development (Christenson, 1980; Littrell, 1980). This approach stresses cooperation among community members to address issues of concern. Christenson (1980) notes that the primary advantage of this method is the inherent element of self-determination. Conversely, the disadvantage is that it may be better suited to middle class communities.

Relatively few articles in the community development journals have emphasized conflict. Moreover, most articles that have a conflict theme of community development tend to cite the work of others than to make direct use of this approach (Christenson, 1980; Robinson, 1980). The foci of conflict methods tend to be equitability in societal resources, the external power structure and confrontational tactics. This approach in community development has the advantage of effecting short-term change. It likewise has the disadvantage of being unlikely to sustain that change.

According to Christenson (1980), the technical assistance approach is represented by approximately one-fourth of all articles in the journals of community development. This method assumes that behavior is determined by structure, and tends to emphasize addressing concrete problems (e.g., rebuilding the community's infrastructure, developing strategies for economic development, etc.). While this approach may have the most enduring effect of the three, it has the disadvantage of ignoring grassroot input and participation.

These perspectives do not adequately address the issue of black community development for two basic reasons. First, they do *not* take into consideration the unique history and culture of blacks as a minority group in America. The extent to which black labor was exploited during the slavery era and eliminated from competition with whites in the labor force from the post-reconstruction era to the present is unprecedented in American history (Lieberson, 1980; Franklin & Moss, 1988). Blacks experienced hostility from both the general white population and the federal government. For instance, self-help efforts by blacks were often met with violence when they were successful enough to be an economic threat to whites (Butler, 1991). Butler (1991) notes that the system of legal segregation in the South and de facto segregation in the North did not apply to white ethnics, Jews, Asians and Hispanics. In other words, despite the discrimination that these groups experienced, they were still allowed to compete and function in the general American economy (Stuart,

1940; Portes & Bach, 1985). Blacks, irrespective of social class, were relegated to a sub-economy that was vulnerable to white exploitation by law and custom (Stuart, 1940; Franklin & Moss, 1988). Finally, in contemporary America, blacks are still the most segregated group (Massey & Fong, 1990) and experience the greatest degree of prejudice and discrimination from whites (Lieberson, 1980; Jaynes & Williams, 1989). Thus, a viable model of community development for blacks must incorporate components that are relevant to the black experience in the United States. The self help, conflict and technical assistance approaches of community development are all too simplistic to adequately address the complexity of the issues of concern to black communities.

The second reason that existing models of community development are inappropriate for the black community is that they are not general enough to address both the internal and external problems of contemporary black America. Focusing on what are termed "macrocosmic" and "microcosmic" perspectives, Lewis (1974) alluded to this problem of the general sociological study of the community. However, from the standpoint of the black community, it is necessary to clarify the conceptualization of problems as being either *internal* or *external*. Internal problems of the black community are those that are amenable to the direct control of the community members. Thus, issues relative to black leadership, black class stratification, etc. fall into this category. External problems are those that are beyond the direct control of the black community. Racism, white apathy and general economic downturns in society are examples of external problems. This distinction is particularly important because the nature of a specific problem will dictate the approach required to adequately address it. Viewed from this perspective, the Civil Rights Movement addressed external problems. The success of the Civil Rights Movement in addressing segregation and discrimination by the broader white society is indicative of its appropriateness for those issues. Conversely, it is not surprising that the movement has been less successful in addressing issues like black teenage pregnancy, the social isolation of the black underclass and increasing class stratification (Wilson, 1987). The Civil Rights Movement was not designed to handle internal problems (Wilson, 1980; Morris, 1984).

It is important to note that this typology is not an attempt to blame blacks for their own problems (Ryan, 1972). Nor is it an attempt to ignore the interrelationship between internal and external problems. However, based upon the history and sociology of the black community (Franklin & Moss, 1988; Blackwell, 1991), it is maintained that this internal-external typology advances the analysis of the black

community in a manner to best facilitate black community development efforts.

This paper proposes to take the argument one step further by introducing a model of black community development.

### **THE BLACK ORGANIZATIONAL AUTONOMY MODEL OF BLACK COMMUNITY DEVELOPMENT**

To facilitate black community development, an appropriate model is necessary. The complexities of the problems of blacks in the United States are such that the identification of single cause-effect relations would be no more meaningful than indicating that there is a need for broad-based change in the total social structure. A middle-range model would provide linkage between macro- and micro-level phenomena relative to black community development (Merton, 1957). Moreover, this model would provide the basis for programmatic planning because it would facilitate the development of programs appropriate to the nature of the community problem (internal or external). Based upon the preceding analysis of black history and social condition, the model introduced in this paper is termed the *Black Organizational Autonomy model*.

In essence, the Black Organizational Autonomy (BOA) model maintains that a viable black community will have community development organizations that either have or stress the following characteristics: 1) economically autonomous black social institutions; 2) internally developed and controlled data sources; 3) an emphasis on black history and culture; 4) the development and incorporation of females in leadership roles; and 5) socially inclusive leadership. An elaboration of the model follows.

#### **Economically Autonomous Black Institutions**

Economic autonomy is an indispensable feature of a viable black community (Woodson, 1933; King, 1981; Cruse, 1987). The organizations of the black community must have the independence and control to develop programs and policies without devoting time-consuming thought to the political ramifications thereof (Blackwell, 1991). This is not to say that black community policy would be developed with total disregard for the sociopolitical milieu (Brown, 1991). Nor is this concept a call to forgo outside funding or donations. Economic autonomy is not synonymous with separatism. It is merely a realization that dependence on external sources of funding relinquishes control of the programs of black community organizations to external forces (Cross, 1984).

There are several historical examples of the significance of economic autonomy to black community development. The most prominent example is the black church in the United States (Blackwell, 1991). The primary reason that black leadership has been disproportionately found among black clergymen is that members of this group were among the very few in the black community that were independent of the white community for employment (Morris, 1984).

Light (1972) documents the Father Divine Movement as an example of the importance of black economic autonomy. Divine was able to provide food, clothing, shelter and employment for thousands during the Great Depression via the operation of his indigenously controlled and operated business empire. Wead (1983) demonstrated that economically autonomous organizations are necessary to dramatically improve the lifestyles of the black disadvantaged. He devised and successfully implemented a black homeownership program in low income neighborhoods based upon and financed by black community owned credit unions.

Green and Pryde (1990) cite the Majestic Eagles, Inc. as a black community organization that employs economically autonomous institutions as the primary means of advancing the interests of the black community:

The Majestic Eagles, a Washington, D.C.-based voluntary association of black Americans, provides a variety of support services to minority business owners, aspiring entrepreneurs, and their families. United under the leadership of President John Raye, they propose to "redirect the black dollar by emphasizing black ownership of land, goods and services produced within the black community." As a business development organization, they aim to bring together individuals with a variety of skills and experience to share information and expertise with each other. Members receive encouragement for developing their own concepts, talents, and ideas into viable businesses.

At present, the Majestic Eagles, Inc. administers a federally insured credit union for participating members; conducts weekly meetings, business, motivation, and entrepreneurship training seminars; and sponsors youth activity groups. Most activities take place at the organization's headquarters in a recently purchased building on Rhode Island Avenue, N.E. Plans are under way to purchase a group of homes in the northeast area of the District of Columbia, which Eagles members will then renovate and use for shared equity. In the near future, they intend to open a Majestic Eagles bank. They will also continue to encourage the formation of Eagles chapters in other cities in the United States. (pp. 143-144)

Butler (1991) documents the significance of the black community's tradition of self-help in the face of a legal system of segregation and oppression that functioned to eliminate blacks as competitors to whites in American society:



Indeed, by 1900, a complete program of racial segregation was in place, and the economic detour became a fundamental reality of Afro-American entrepreneurship. In addition to responding with the development of business activity, one of the strongest traditions of self-help ever to be developed in America was established by Afro-Americans.

They developed private educational institutions that ranged from the elementary levels to college. They built churches, developed financial institutions to finance the building of homes, established self-help fraternal societies, and started their own insurance companies. No other group in the history of America has had to "go-it-alone" as did Afro-Americans at the turn of the century. The institutions which they built are a testimony to sheer entrepreneurship effort and the indomitability of the human spirit. (p. 316)

The emphasis on economically autonomous black institutions is the most important component of the BOA model. It is this component that facilitates the development of the other aspects of the model. Moreover, it provides for the initiation and sustaining of programs that address problems that outlast the interest and support of the general American public (Gans, 1988; Kluegel, 1990). The importance of economically autonomous black social institutions is most evident when they are absent from the black community. A contemporary example is the failed attempt by the Detroit black leadership to initiate a separate school for black boys (Jones, 1991). Based on an Afrocentric curriculum and with black male teachers, the school had the aim of reaching that segment of the black community, and American society, that is most at risk of unemployment, poverty, homicide and incarceration. The attempt to establish the school failed because of lawsuits brought on by the American Civil Liberties Union (ACLU) and the National Organization for Women (NOW)—two organizations that historically had been considered to be allies of the black community. Whether the program would have been successful is not a point of debate here. The issue is, the black community did not have an opportunity to find out because: 1) its interests diverged with those of white liberals; and 2) it was attempting to develop a program that was dependent upon funding from external sources (Jones, 1991).

### **Internally Developed and Controlled Data Sources**

The importance of current and valid information to community survival cannot be overstated (Rossi & Freeman, 1985). Thus, a model of black community development must emphasize the creation and maintenance of data banks by community members. Otherwise, outside parties will continue to determine the issues worthy of sociological study within the black community. Moreover, proper and efficient

data collection is necessary to identify specific problems, to develop and monitor service delivery programs, and to assess their effectiveness. In fact, the collection and control of unique data would also provide the black community (and its leaders) with additional power when negotiating with representatives of outside parties. For instance, information on the opinions of black community members on current local, state, or national issues can be employed to persuade public officials of the need to change policies having an impact on the community. Furthermore, these officials can be apprised of the likely consequences of a failure to respond to black community concerns. Statements made by black community leaders can be based upon an analysis of the data rather than on emotional speculation. Finally, data on the black community can be employed to communicate and inform community members of internal trends and issues. This may very well be the most important function of such an internally controlled and maintained data base. Clearly, all potential applications of such a resource are not exhausted here. Nevertheless, the fact remains that in this information age, the lack of such data is a serious impediment to proper black community planning and development.

### **Emphasis on Black History and Culture**

The major obstacle to cohesiveness within the black community is the increasing level of class inequality among its members (Frazier, 1957; Wilson, 1980). The dramatic increase in the black middle class and greater freedom of choice in terms of place of residence has produced two groups of blacks that are socially and culturally distinct (Wilson, 1987, 1991). An emphasis on black history and culture or black ethnicity is needed. As a central component of a black community development program, stressing historical and cultural commonalities is likely to be the best strategy to overcome interethnic divisions within the black community (Woodson, 1933; Frazier, 1957; Franklin & Moss, 1988). Consequently, blacks from relatively privileged backgrounds will be less likely to blame the black disadvantaged for their "inability to make it." Also, the black disadvantaged will be less likely to view the black middle class with distrust and disdain.

An emphasis on black history and culture is also important for another reason that is relevant to black community development. It is with history that the contemporary black community can re-learn the lessons of how to rebuild indigenous social institutions (Cruse, 1987). Jaynes and Williams (1989) document the role of these institutions in mitigating the impact of a racially segregated society. Placed in the context of the deteriorating employment situation for white

Americans, and the tendency to use blacks as scapegoats (Gans, 1988; Katz, 1989), the rebuilding of indigenous black institutions is likely to become a priority for the black community again. Hence, history and culture provide the blueprint for a successful model of black community development.

### **The Development and Incorporation of Females in Leadership Roles**

The dramatic increase in black households headed by females over the last two decades has received a considerable amount of attention by sociologists (Glick, 1988; Farley & Allen, 1987) although the issue of the number of unattached and well-educated women in the black community has not been addressed in the context of black community development (Jaynes & Williams, 1989). If current trends in the broader society persist, the number of black females in this category is likely to increase. One has to only observe the support base of the black community's strongest institution, the black church. Without the consistent and loyal participation of the black female, the black church could not exist (Nelson & Nelson, 1975). Similar arguments can be made for other social organizations in the black community (Millburn & Bowman, 1991). Conversely, leadership in the black community tends to be male-dominated. A viable black community development program must utilize the best talent from within. Thus, females should have equal access to leadership positions, and a gender-neutral policy on the development and promotion of leaders should be a major component of black community development efforts. Otherwise, the black community will continue to underutilize its human resources as well as perpetuate the sex inequality of the broader society.

### **Socially Inclusive Leadership**

The black community has historically been highly heterogeneous and continues to be in contemporary times (DuBois, 1899; Wilson, 1980; O'Hare et al., 1991). Thus, it should come as no surprise that heterogeneity is reflected in the leadership of the black community (Childs, 1989). Placed in the context of the BOA model, this implies that the recruitment and development of black leadership must be inclusive relative to class and political orientation.

Class has historically been an issue of debate and divisiveness in the black community (Frazier, 1957; Wilson, 1980). DuBois (1903) argued that the elite among the black population, the "talented tenth," had the potential to uplift the entire race. A review of history dem-

onstrates that a disproportionate number of the black leaders that have been recognized by the white media have elite origins (Sowell, 1980; Childs, 1989). Yet, many of the most effective leaders in the black community have been grassroots people (Morris, 1984; Childs, 1989). The task in contemporary times is to bridge the growing schism within the black community between the classes. This is unlikely to be accomplished by a patronizing black middle class which assumes that its natural place is that of leadership in the community (Childs, 1989). History demonstrates that black community development is most effective when black leadership is representative of the various social classes of the community (Franklin & Moss, 1988; Butler, 1991).

Social inclusiveness as a major component of the BOA model also involves acceptance and cooperation among black leaders of significantly different political philosophies and social policy orientations. The historical pattern in the black community has been that of intolerance and in-fighting among black leaders of different social and political agendas. The most legendary feud in the black community was that between Booker T. Washington and W. E. B. DuBois (DuBois, 1903). However, an examination of the conflicts between: 1) Martin Luther King and Roy Wilkins; 2) Marcus Garvey and the black establishment of his era; and 3) Jesse Jackson and the entire black civil rights establishment of contemporary times, reveals that the issue of social inclusiveness is no small issue (Franklin & Moss, 1988; Childs, 1989). Intolerance is exemplified when black liberals and conservatives refuse to lay aside philosophical differences for the good of the community (Childs, 1989). In-fighting occurs when black leaders compete to be recognized by the white power structure as the "official" spokesperson for the black community (Blackwell, 1991). The historical evidence supports the notion that no single strategy is sufficient for the development of the black community. Depending upon the nature of the problem, often political solutions are required (King, 1981); in other instances, cooperative economics is the proper response (Wead, 1983). The key is to bring the best aspects of different philosophical and social approaches to black community development efforts (Butler, 1991). It is for this reason that social inclusiveness is a component of the BOA model.

### **CASE STUDY: THE BLACK COMMUNITY DEVELOPERS PROGRAM, INC., LITTLE ROCK, ARKANSAS**

The case of the Black Community Developers of Little Rock (BCD) represents an example of how the BOA model can be utilized to address a wide range of issues and concerns of the black community.

The organization was studied by the author from July 1987 to July 1989. During this time, the author attended approximately 140 meetings and events of the BCD (including regular monthly meetings, bi-weekly committee meetings, emergency and special purpose meetings, and public events and programs). In a two year period, the BCD went from a small, outreach program of Theressa Hoover United Methodist Church to become one of the most prominent and respected black organizations in the state. Initially, the program consisted of a food and clothing pantry and a shelter for the homeless. Today, the program is a leading developer/sponsor of regional anti-drug conferences, organizer of public forums/debates for candidates of major state offices, and is at the vanguard of the recognized leadership in the black community.

The BCD began its ascent to prominence with economic autonomy. The organization decided in the summer of 1987 to sponsor a major black musical production, an unprecedented event for Little Rock, as a fund raiser. Being unable to secure credit from the city to rent its arena, the leaders of the organization invested their own personal savings in order to reserve the facilities and the services of the production company. Donations from black businesses were successfully solicited to meet advertising costs. All phases of the planning, promotion and ticket sales were conducted by the members of the organization. Sponsors for disadvantaged black children were successfully secured. In short, the BCD made certain that all strata of the black community were represented among the audience. This was the basis of the group's broad-based appeal. It transformed a musical production into a community event.

The fundraiser was an overwhelming success. The BCD exceeded its projected net profits. It also gained statewide and regional recognition overnight. As a result of the program: 1) the city advanced the organization credit for its future projects (i.e., it was allowed to pay for renting the arena after the event); 2) businesses and organizations external to the black community were eager to sponsor BCD programs and activities; 3) a two-tiered membership structure was developed to accommodate the growing number of people in the black community who wanted to get involved with the BCD; and 4) the organization developed an internal base of funding for ongoing programs and projects.

The BCD also demonstrates the other characteristics of the BOA model of black community development. The BCD conducted its own research on the needs and attitudes of the black community. By so doing, it could act decisively on the development of programs and activities—irrespective of the opinions and actions of those external to the community. The organization evolved out of the black church.

Thus, it benefited from the experience, leadership and credibility of the supervising pastor.

The majority of the leaders and membership of the BCD were females. Thus, the persons with the experience in doing the work in church and community-related organizations also had the authority to make key decisions. Finally, the organization was democratic and socially inclusive in nature. The membership was comprised of individuals from various educational and occupational levels. Most importantly, no one in the BCD was part of the established elite of Little Rock. With the exception of the supervising pastor, no one in the group was well known. However, everyone in the group had a grass-roots orientation to addressing black community problems.

### **IMPLICATIONS FOR COMMUNITY DEVELOPMENT PRACTITIONERS**

The BOA model has three implications for community development practitioners. First, efforts to address problems of the black community are more likely to be successful when indigenous groups are empowered to plan and act independently of external factors. This empowerment is derived from economic autonomy. To reiterate, economic autonomy is not separatism. Nor does it imply that the black community should either reject or ignore external supporters and allies. In fact, the evidence suggests that being economically autonomous is the best basis for gaining external support and building lasting alliances. Otherwise, the black community has a subordinate, dependent status. One might argue that such is the current status of the black community. Recent studies documenting the attitudes and opinions of white America toward black America certainly demonstrate that dependency makes the black community vulnerable to scapegoating (Gans, 1988; Kluegel, 1990).

The second implication of the BOA model for practitioners is that effective black community development is unlikely to be realized without the support of the black church. For historical and cultural reasons, it is the only autonomous institution in the black community. It likewise is the institution that is most likely to gain broad-based community support. Finally, the black church can advocate black community autonomy without being labeled as a separatist or radical group by external parties.

Finally, it is important to note that black community development is not synonymous with civil rights advocacy. The latter is a narrower concept. Its primary focus is one specific, external problem. The former is a broad concept that incorporates strategies to address both internal and external problems. Black community development is a

more time-intensive, long-term process because it involves institution building. Thus, it is more frustrating, more tedious and less glamorous than civil rights advocacy. It is for this reason that flamboyant personalities and members of the black elite are not likely to be involved in groups with a community development orientation. Consequently, practitioners are most likely to find support from the less prominent members of the black community—particularly those with a grass-roots orientation to community problem solving. Such a group is most likely to implement the BOA model.

### CONCLUSION

This paper introduced a model for black community development: the Black Organizational Autonomy (BOA) model. The model emphasized the development of indigenous black social institutions with the following characteristics: 1) economic autonomy; 2) internally developed and controlled data systems; 3) an emphasis on black history and culture; 4) the development and incorporation of females in leadership roles; and 5) socially inclusive leadership. An analysis of the history and sociology of the black community, along with a case study, was presented to provide support for the model.

Black community development is likely to become increasingly important in contemporary America. At this writing, apparent civil rights gains for blacks is a controversial issue. As economic and occupational opportunities for whites decrease, public outcries of the unfairness of affirmative action programs are commonplace. Efforts are under way in Congress to prohibit college scholarships targeted for minorities at colleges and universities that receive federal funding. The president has gone on record in favor of eliminating affirmative action measures in federal employment and program policies. Irrespective of the final outcome of such efforts, it is clear that the public support for promoting the interests of blacks and other minorities has waned considerably. Consequently, black community development is the best approach to addressing the concerns of the black community—irrespective of the political climate. The BOA model is a strategy for black community development worthy of consideration.

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# COMMUNITY ENCOURAGEMENT: RETURNING TO THE BASIS FOR COMMUNITY DEVELOPMENT

By Robert E. Chambers and Mark K. McBeth

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## ABSTRACT

This paper first presents a brief philosophical and theoretical critique of community development's transformation into economic development. The history of community development parallels sociology's community/society dichotomy of human associations. The acceptance of societal domination at the expense of community explains the movement away from community in favor of the larger society. This paper rejects the notion of the existence of the community/society typology and rather views both types of human associations as fundamental to rural life. Using these theoretical points, the paper uses a case study to introduce a successful rural revitalization process termed "community encouragement." Using community input, a broad based local economic development team, and the resources of a regional university, the process integrates a community's traditional values with progressive revitalization plans.

## INTRODUCTION

Scholars and practitioners alike have problems defining community development (C.D.). The term *community development* itself leads to varying and often contradictory definitions. Etymologically, *community* derives from the Latin *communitatem* meaning *the condition or the quality of being in fellowship* (Barnhart, 1988, p. 195). *Development* comes from the Latin *disveleope* meaning to *unwrap* (Barnhart, 1988, p. 273).<sup>1</sup> Community development, then, translates literally to the paradoxical *unwrapping of the condition of fellowship*. It is paradoxical because, tra-

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<sup>1</sup> The polarity between "community" as a condition of fellowship and "development" as an unwrapper of fellowship is illustrated in the tension between professionals who desire "development of the community" (e.g., Kaufman, 1959; Wilkinson, 1986) and those who desire "development in the community."

ditionally, community development is defined not as an *unwrapper of fellowship* but rather as an *enhancer of fellowship*. Community development's contradictory nature has led some practitioners to a more appropriate redefinition of *economic development*.

This paper asserts that community development has moved away from its historical roots and idealistic aspirations and instead serves to integrate community into a social framework. Economics, not human growth, drives much of what today passes as C.D. Yet this paper argues that *community*, as a condition of fellowship, still plays an integral role in modern American life. As such, the community development process needs to return to the very basis in which it was founded. Community development, then, requires reevaluation, reinterpretation, reconciliation, and redefinition. Accordingly, these are the purposes of this paper: First, provide a brief critique of the underlying theoretical and philosophical basis of community development's transformation into economic development; and second, operationalize its theoretical and philosophical arguments by introducing a field-tested process termed *community encouragement*.

### **Putting the Community back into Development**

Fellowship and the associated ideas of participatory democracy and collective action represent the original basis of community development. Traditionally and theoretically, community development champions the American ideals of participation, self-determination, and liberty. Community development in its purest form comes close to this romantic notion of self-determination and liberty. Biddle (1965, p. 78) defines community development as a "social process by which human-beings can become more competent to live with and gain some control over local aspects of a frustrating and changing world." Biddle (1965, p. 78) continues, "it involves cooperative study, group decisions, collective action, and joint evaluation that leads to continuing action." Unfortunately, community development has paralleled the larger social order and has moved away from such cooperative action. The C.D. process today exhibits the inclination of individuals, firms, and other micro-entities toward calculated economic choice and away from collective action. Economic development has filled the void created by community development's retreat. Yet, the "public" is often ignored in economic development activities.

At the forefront of the movement toward economic development is the commonly held theoretical assertion that community has disappeared for larger societal relations. Community and society, as analytical terms, denote empirical opposites with society observed as

evolving out of and replacing community. Sociology views the terms as fundamentally opposed and inversely related. As society expands its influence, community diminishes. A group of sociologists (e.g., Nisbet, 1953/1990; Kornhauser, 1959), writing after the Second World War, originated the "mass society" thesis. Industrialization and political centralization, the thesis asserts, had destroyed community solidarity and atomized the population. According to theory adherents, fellowship, the traditional basis of C.D., has been superseded by rational and self-maximizing individuals detached from communal responsibility.

This "decline of community" hypothesis actually originated at the beginning of the industrial revolution. Toennies (1887/1963) termed pre-industrial associations as *gemeinschaft* (community). In short, *gemeinschaft* associations rest on kinship, friendship, and commitment to the land. Conversely, Toennies (1887/1963) asserts that *gesellschaft* (society), with large scale, impersonal, and contractual ties, has replaced *gemeinschaft* relations since the beginning of the industrial revolution. Despite the endorsement of other classical theorists such as Durkheim (1893/1964) and Weber (1921/1968), this perspective remains a controversial theoretical position. Such associative theories derive from analytical assumptions rather than empirically grounded generalizations. Yet, the acceptance of the polarity has direct C.D. policy implications. The empirical world, more often than not, deviates from this traditional associative paradigm and thus the resulting "community prescriptions" are equally inappropriate.

The decline of community thesis influences not only academics but also local government practitioners. Some community development professionals agree with this school of sociology that insists that urbanization and centralization destroys the notion of community. "Technical assistance," as a community development philosophy, represents the predominant contemporary C.D. theme (Christenson, 1989, p. 35). The technical assistance theme relies heavily on "rational science" as the means of solving problems. "Technical assistance," according to Christenson (1989, p. 35), "emphasizes accomplishing a task such as building a bridge, stimulating economic development, establishing a new health center, or developing planning and zoning ordinances for a particular area." Significantly, the technical assistance approach typically ignores public input or participation (Christenson, 1989, p. 35). Without citizen involvement the use of technical assistance as a theme of community development represents the final manifestation of C.D.'s acceptance of the decline of community.

Yet, *community* and *society* may well not be logically opposites. The

decline of community thesis has been rejected as a comprehensive theory of human associations (e.g., Fischer, 1982; Gusfield, 1975). Gusfield (1975, p. 55) addresses the limitation of the community-society dichotomy: "As a theory of social evolution (the dichotomy) distorts and confuses processes of social change. By utilizing the image of system and systemic relationships, the openness and flexibility of alternatives available to human action is understated and narrowed." Rather, according to Gusfield (1975, p. 59), "localities simultaneously consist of both community-type and society-type relationships." Significantly, while well recognized that rural areas are open to the marketplace and other *societal* influences, rural areas simultaneously retain their traditional relationships associated with *community*. Such an assertion more closely reflects the empirical reality of rural America and provides a more holistic theoretical and philosophical basis for community development.

For instance, in three rural communities of southeast Idaho, respondents selected air quality, water quality, and open spaces as the three most satisfying aspects of their community life (Gem Community Program: Idaho Department of Commerce, 1990). Conversely, respondents chose a "lack of employment opportunities" and a "lack of retail shopping" as the most dissatisfying features of rural life (Gem Community Program: Idaho Department of Commerce, 1990). Respondents' emphasis on clean environment shows that community, with its emphasis on the land, still plays the most significant role in rural life. Furthermore, the emphasis on employment opportunities does not limit itself to societal thought. Rather, rural citizens largely desire increased employment opportunities so their children will be able to remain in the community. In short, community and society, agreeing with Gusfield, are analytical as opposed to empirical distinctions.

Yet a fundamental contradiction remains: rural citizens desire to retain the pristine qualities of rural life, and concurrently, they aspire to increase employment opportunities so their children can remain in the community. The contradiction originates not in the community itself, but rather in the traditional view of economic development. This view rests on the assumption that societal relations dominate community associations. Instead of intertwining the concepts, economic development turns away from the community and toward the larger society. Economic development concentrates on sustained economic and population growth through business recruitment. Such an approach is irrational in rural America when compared to what community residents enjoy about their community. The reasons that rural business recruitment seems undesirable include: creating intense in-

ter-local competition, the repatriation of profits to the city, the purchase of goods from external suppliers, and the high infrastructural costs associated with industrial siting. Large population increases could very well destroy the aspects of rural community that make it a desirable place to live. Development leads to redistribution of income and increased social stratification.

Furthermore, recent studies demonstrate rural industrial recruitment does not benefit and rather, rhetorically speaking, hurts the people recruitment intends to help (e.g., Shaffer & Summers, 1989). Industrial recruitment may increase population but population growth does not always improve the lives of the underemployed and underpaid of a community. Foremost, many of the jobs will go to commuters from outside the community. Second, a great portion of the new jobs are given to newcomers to the community, newcomers who migrate to the community to take advantage of the new jobs (Shaffer & Summers, 1989, p. 189). West et al. (1980, p. 530) note that population increases stimulate consumer demand for goods and services, but write "the main finding of our study is that the benefits of this increase in economic consumer demand were unevenly distributed. Unemployment was higher for blue-collar workers among both migrants and long-term residents." Furthermore, such an approach tends to cause a general sense of anomie. Brown et al. (1989) argue that rapid growth disrupts social attachment and community satisfaction before, during, and after the period of rapid growth.

This paper argues that a straight economic development approach to rural revitalization is bound to fail. Community as a condition of fellowship still plays an important role in rural America. Yet, the acceptance of the inevitable decline of community and the ascendancy of society destroys community development's original basis. Conversely, C.D., which rejects the reality of societal associations, fails to deal with the complexity of post-industrial America. Instead of accepting societal or communal associations, community development must consider the relationship between the two. Instead of accepting the mass society thesis, the C.D. process must place major strength on the need to "empower local citizens" in democratic society. In this manner local control is maintained while the community is integrated into the larger social and economic structure. The *Community Encouragement Process*, initiated by the Center for Rural Economic Development at Idaho State University, operationalizes the above philosophical and theoretical arguments, and moves toward eliminating the inherent contradictions of community development. The process of community encouragement represents a facilitator between community and society, finding the balance between tradition and progress (see Figure 1).

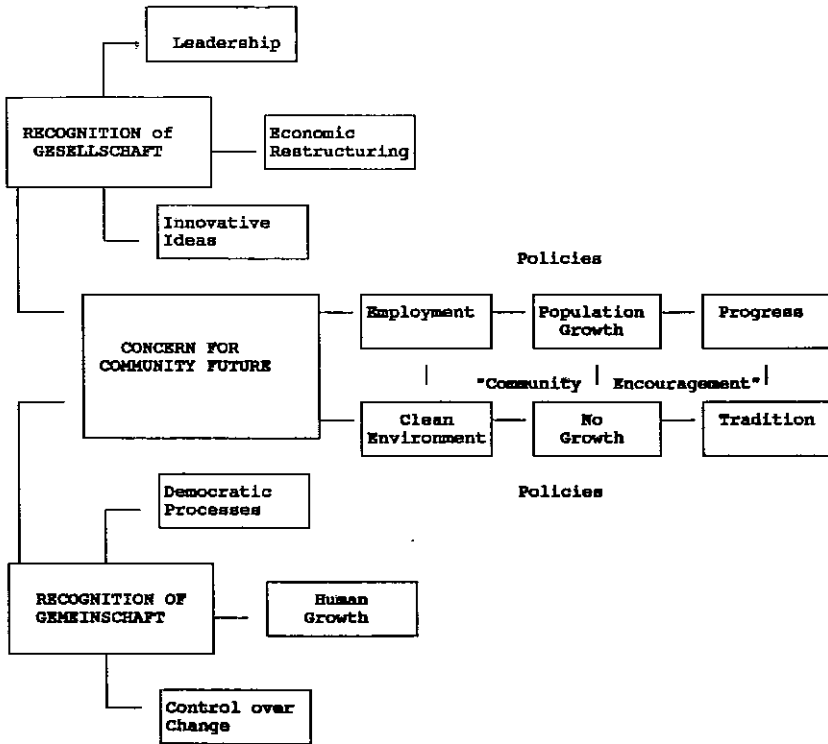


Figure 1. “Redefined Community Development” Community Encouragement—Rural Community Revitalization Project.

**RURAL COMMUNITY REVITALIZATION PROJECT (RCRP)**

Replacing old terminology with new is not an easy task. Community development is a household term both for scholars and practitioners. It is, however, to a profession’s benefit when it can communicate meaning and purpose in precise language. This is especially true when the profession is dealing with the public. Aside from the philosophical and theoretical deficiencies in the term *community development* there are also significant practical deficiencies. First, community development has many definitions. A precise definition that is shared by practitioners does not exist. This may be, in part, because practitioners define community development in functional terms. For example, Kenneth Pigg writes:

Community developers develop proposals for block grants, manage or direct community housing programs, provide leadership to economic development activities, perform public relations functions, and serve as



clearinghouse for many kinds of community service activities. The result is that if you ask community development professionals what they do, you will get as many different answers as there are people to whom you address the question (1990, p. 25).

Practitioners accept and are familiar with the various contexts in which community development is used. Yet, the profession ignores the perceptions of the public, the very people to whom the profession provides service. Practitioners must seek ways to communicate to the public the definition and philosophical basis of C.D. Without this understanding and education, participatory democracy and self-directed leadership (essential ingredients of C.D.) become meaningless to rural citizens.

*Community encouragement* suggests activities related to both economic betterment programs and the enhancement of local leader skills and capacities. Adopted by the Center for Rural Economic Development, the term evolves out of the Center's involvement in the *Rural Community Revitalization Project* (RCRP). The RCRP, sponsored by Idaho State University and supported with a grant from the Northwest Area Foundation, has focused on the importance of enhancing the ability of local leaders to direct revitalization efforts in their own communities.

### **The Beginnings of the RCRP Project, 1988**

In the spring of 1988, Idaho State University submitted a grant proposal to the Northwest Area Foundation (NWAFF) with the intent of establishing a program whereby rural communities could become successful in revitalizing their own economies. After receiving funding that summer (July 1988), the University was ready to begin. The first step was to identify three rural demonstration sites to participate in the three-year long project. The grant called for communities that had "unique characteristics and needs." The project staff met with regional economic development agencies to expand the selection criteria as well as to solicit input regarding potential sites in the region. Through this process three types of criteria were identified:

*Demonstrated need.* Potential sites were required to demonstrate a need for outside intervention. This need included documented job loss, population decline, and the failure of local business.

*Demonstrated commitment.* Communities also had to show a desire and level of commitment to the revitalization process. This included a willingness to develop a coalition of local leaders who share a long-term commitment to the community, a willingness to contribute community resources to the effort (participant communities contributed \$10,000 in-kind match as well as a minimum \$2,000 cash match

annually), a willingness to participate in training programs, and a willingness to assist in the reporting and evaluation requirements.

*Community character.* The project sought a diversity of rural community types. The primary economic base of each participant community was different, allowing a diversity of learning experiences.

Using these selection criteria, the project staff created a short list of communities in the region. Site visits were then conducted allowing staff to gather further information about the sites' eligibility. Final selection followed; the whole selection process lasted no more than 30 days. Only those communities willing to commit to the project's intent were considered. Three communities were selected to participate.

### **Demonstration Site Descriptions**

**Buhl, Idaho.** Buhl, population 3,630, is located in Twin Falls County in south-central Idaho. Established in 1906, it quickly became an agricultural oasis in the desert, using the Snake River for irrigation. The city began to grow with the agricultural bounty generated by such cash crops as sugar beets, potatoes, wheat, oats, alfalfa, and barley. The desire to diversify prompted the community to seek additional means to expand the use of the natural resources of the area. Farm production moved into the non-traditional crops of mint, onions, and corn. The abundance of water from the Thousand Springs of the Snake River canyon offered superb conditions for the infant commercial trout industries and a new segment of the economy was created. Today, Buhl continues to be one of the region's agriculture and aquaculture centers.

While the community has made several efforts to diversify and expand the local economy, it could not avoid the economic difficulties of the 1980's. Buhl's population growth and employment levels were hard-hit by the farm crisis. Dependence on agriculture, which gave Buhl its life as a community, has now restricted growth and created the community's current economic problems.

Buhl joined the RCRP project, committing \$10,000 in-kind match as well as \$10,000 annual cash match. The Buhl Economic Council was organized and designated by the City Council to lead the project. After selection, this group formed a subcommittee for the project, the Local Revitalization Team.

**Lava Hot Springs, Idaho.** Lava Hot Springs is located in Bannock County in southeastern Idaho. With a population of only 414, Lava is one of the smallest communities in the area, and the smallest in the project. The economy of Lava is based primarily on tourism and recreation. Lava Hot Springs, as its name denotes, is famous for

naturally reoccurring hot springs which provide recreational and therapeutic enjoyment to thousands of visitors throughout the year. The majority of Lava's development has centered around servicing the visitors.

Lava is, however, not without its economic woes. In the early 1980's, attendance at the main tourist attractions (the Olympic size swimming pool and the hot pools) began to decline. Most of Lava's support businesses to the tourism trade experienced significant revenue losses and many shut their doors for good. Because of declining tax revenue, local government found it increasingly difficult to provide essential services.

Lava joined the RCRP project, committing itself to the local in-kind match as well as a cash match of \$2,200 annually. Lava city officials also designated their local development group as the lead organization for the project. This group known as the "Lava Area Development Group" changed their name to the "Lava Area Revitalization Team" once the project began.

**Teton Valley.** Teton County, one of the smallest counties in Idaho, is located in the upper southeastern corner of the state. It is bordered on the east by Wyoming and is located near the famous Teton peaks. As a demonstration site, Teton County has an unusual diversity of physical, social, and economic features, and presents a challenge and opportunity to rural revitalization efforts. This site involves one county government, three cities, and a sparsely populated rural area of approximately 450 square miles. Total population of the county is 3,200.

Teton County encompasses a rural area with a small but varied economic base. Agriculture, ranching, recreation, and natural-resource based industries dot this small rural valley, making it a "one county-one local economy" area. Teton Valley is a high altitude region (about 6,200 feet), secluded from other areas, with long, severe winters. It was one of the last areas settled in the West. This fact has also kept the area significantly free from outside influence and change, at least until recently. Currently, the Valley is experiencing numerous pressures from external sources. It is estimated that as much as 67 percent of Valley property is controlled by outside people who enjoy the secluded and pristine nature found there. These second-home owners have become a viable force. Lack of employment opportunities in the Valley has also made it necessary for as many as 17 percent of the local work force to commute to another county or state for work.

Teton joined the project committing to the in-kind match as well as providing \$8,250 in annual cash match. The County Commission-

ers called for the creation of a development group to lead the Valley in the project's efforts. This group is called the Teton County Economic Development Council.

### **Project Results**

Since the beginning of the RCRP in July of 1988, considerable progress has been made in the three demonstration sites selected to participate. In just more than two years, 4.3 million new dollars in project money have been introduced to these communities accounting for the direct creation of at least 60 jobs. When taken into account that the largest participant community has a population of 3,630, the smallest a population of 414, the effects of the dollars and jobs are quite significant.

The success of the project is attributable to several variables. First, once demonstration sites were identified and selected, the grant provided monies for the hiring of part-time area coordinators. Area coordinators were to facilitate project activities within their assigned communities. One coordinator was hired for Buhl, which in turn provided additional monies to make the position full-time. A part-time coordinator was also provided in Teton Valley, and the project coordinator for the University became the coordinator for Lava Hot Springs. The area coordinators initiated the RCRP process within each of the demonstration sites, and assured that activities were continually moving forward. It was not the area coordinator's role to be the decision maker, but was rather a decision enhancer. This was communicated early on in the project to the participant communities.

Second, no predetermined program or "how to manual" was presented to the participant communities. In fact, much effort went into not trying to expose community leaders, too soon, to activities that were being used with success in other areas. The reason for this was simple: if community leaders focus immediately on the implementation strategies, they will ignore the real need they have to develop their own leadership capacity. Without investment into the so-called "human infrastructure" of the community, long-term revitalization efforts would be non-existent.

This strategy, however, was not what our community leaders expected. When experiencing economic hardship, rural leaders are eager to meet the high expectations their residents have for revitalization and growth. They are, therefore, looking for quick-fix implementation strategies. Outside facilitators, by their mere presence, heighten this expectation and must be very careful not to further encourage it or accept it.

The reason for this approach is very simple. Often overlooked are the feelings and attitudes among residents toward development and change. They typically feel helpless to manage the changes affecting their community and lack confidence in the local leadership to do it. This sense of no control promotes conflict, divides the community, and spawns bitterness. When this occurs, a rural community is worse off than the economic situation may suggest. Therefore, it is imperative that clear expectations and motivations are defined and agreed upon between the community and the facilitator. These "new" expectations must focus on the empowerment of local leadership so that they may manage revitalization efforts in their own communities. If this is not understood, revitalization efforts initiated by outside professionals will equate to injections of growth but will offer only temporary relief from the long-term cycle of economic decline.

Meetings with community leaders in each of the sites emphasized the area coordinator's role as facilitator, and to convince leaders that they could, in fact, "write their own manual" for their community's revitalization. This process of role and expectation clarification took time as the community leaders needed to gain trust and confidence in their area coordinator and the project. We found that the project could move no faster than the speed at which trust and confidence were gained.

The third reason for success was the technical assistance funds that were given to each of the three demonstration sites.<sup>2</sup> These funds were provided by the grant and given to each of the sites annually in the amount of \$10,000. These monies were under local control and allowed the communities to acquire specialized services and training that would have otherwise been unavailable to them. It also gave the local leaders control over the types of programs and services initiated in their community.

Finally, once area coordinators and technical assistance funds were in place and a firm understanding established regarding staff roles, we focused our attention on three critical elements of a community encouragement process: selection/organization, communication/assessment, participation/planning. The RCRP provides direction to the community. Yet, we must not view it as an "end all" solution. These elements alone will not guarantee a community success in the revitalization process. Rather, the community will need the commit-

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<sup>2</sup> The RCRP's technical assistance approach allows the community to direct their own funds and, therefore, increase their collective problem-solving capacity. This is consistent with the traditional basis of community development and is opposed to the technical assistance approach cited earlier that denies community involvement.

ment of local leadership to sustain the effort even in the midst of economic prosperity. They also must keep in mind that this process was adopted to help people help themselves. It is, therefore, important not to sacrifice opportunity, people, or values for the process. The uniqueness of the community or the situations it faces may require the process to be altered. This is the way to improve and keep leadership focused on people and the meeting of their needs.

## **COMMUNITY ENCOURAGEMENT PROCESS**

### **Selection/Organization**

A community is more than just a collection of individuals sharing some common space. It is more than a mere creature to be acted upon by its individual inhabitants. As a result, community encouragement has become a process of helping people feel good about themselves and where they live. It is a process recognizing that communities grow as people grow, just as people may be revitalized as communities are revitalized.

Project revitalization teams were organized in each of the participating demonstration sites. These teams had responsibility to initiate and manage all revitalization activities within the community. While each of these teams had experienced some success in their efforts, usually they had reached a point in which team members began to ask themselves, "Where do we go from here and what's next?" It is at this point that the project entered the picture.

First, the project facilitator worked to expand control of revitalization efforts beyond the traditional business groups already organized within the community to that of a more representative structure. In addition, the facilitators did not want to be viewed as mere technicians in the revitalization process. Rather, project facilitators emphasized their role of being active players in a process designed to train local leadership and to enhance local decision-making ability. This was in addition to the technical skills that facilitators were able to provide.

Furthermore, project personnel began to ask local leadership to look at the currently organized group and ask, "Is this organization an accurate miniaturization of the community in which you live?" In other words, it was recognized that each community was different and unique in terms of its social and economic makeup. It was critical to capture that uniqueness in the revitalization team. All segments of the community deserved to be represented so communal goals for revitalization accurately reflected communal values. If this was not the case and the team was viewed as elitist in nature, then goals would

not have the full support of the community and probably end up on a dusty shelf like many other revitalization plans. Community encouragement requires involvement from all segments of the community to gain an accurate community vision.

One method of encouraging involvement was the "Community Puzzle" exercise. In this activity revitalization team members were asked to identify the different groups or interests that defined their community's character (i.e., business, government, education, agriculture, young people, etc.). Once identified and written down, team members were then asked to cross off those groups and interests that did not participate in the community's decision-making process. It was explained that these groups are more reactive than proactive. When a decision is made, power brokers may be concerned about how they will react, but typically their opinion is not sought. These people have a sense that they do not belong, yet these groups can kill revitalization plans if they do not agree with the activities identified. When these "pieces" of the community puzzle were eliminated, the group could see just how incomplete their community was without their input. It was then stressed that the team should strive to become an accurate miniaturization of community interests.

Local teams were expanded by the team's leadership making a special effort to identify and recruit individuals from those groups previously excluded. Where individuals could not be identified, leaders asked the group itself to appoint representatives. Therefore all of the sites were able to expand their teams into a true cross-section of community interests.

Once the project revitalization teams were expanded to represent the broad-based interests of their communities, efforts were then focused upon local leader empowerment. It was recognized and accepted by team members that if these groups of volunteers were to be successful and their groups functional, then basic training needed to take place. The first training program dealt with the issue of "conflict resolution." Because economic development typically deals with change and the allocation of scarce resources, it is rare when it does not involve conflict. This training effort attempted to help these community leaders understand that conflict is a very natural and even necessary phenomenon. Rather than fear and avoid it, leaders should develop a process whereby conflict can be managed for positive results (Chambers et al., 1990).

Other training programs, again depending on the unique needs of each of the communities, included such topics as meeting management skills, communication skills, and media relations. Through these training programs local leaders began to develop confidence in them-

selves and in their revitalization abilities. They began to recognize that indeed they could direct their own community's revitalization efforts.

### **Communication/Assessment**

Community encouragement requires building a common base of knowledge and a common level of respect among local leadership and local residents.

After a strong, well-diversified, local leadership had been identified and trained, it was then necessary to facilitate a process whereby the local decision-making capacity could be enhanced. Project facilitators worked to help the revitalization teams recognize the important community values that existed in the community by organizing a series of inputs, including but not limited to, surveys, audits, and town meetings. The sites utilized each of these various forms of assessment, with success, in their process.

Community leaders recognized that good decisions are the result of good information. They also realized that even the best decisions can be rendered useless if surrounded with conflict and not based on community consensus. Assessment activities were used as a way of sharing and expanding the knowledge base of the local residents. This alone went a long way in helping the communities reach consensus on revitalization issues and goals.

For example, in Teton Valley, county officials were adamantly opposed to the use of any land-use planning, citing that residents simply "would not tolerate it." Assessment activities (a town meeting and community survey) revealed to the local policy makers that residents were actually concerned about the lack of such planning guidelines. Whereas county officials felt that the residents would not tolerate local government attempting to tell them what to do with their properties, it was more a matter of residents viewing planning control as a means of protecting their property values. Thus, an issue that divided the community for years was partially resolved by expanding the common base of knowledge.

Through the assessment process, project teams became aware of the problems and issues facing their communities from the point of view of the local residents. This information allowed community leaders to begin the planning process knowing what the community's priorities were. In this way, the teams were more likely to incorporate change that was seen as positive by all segments of the population. With this information in hand, local team members were now ready for the next phase of the project.



### **Participation/Planning**

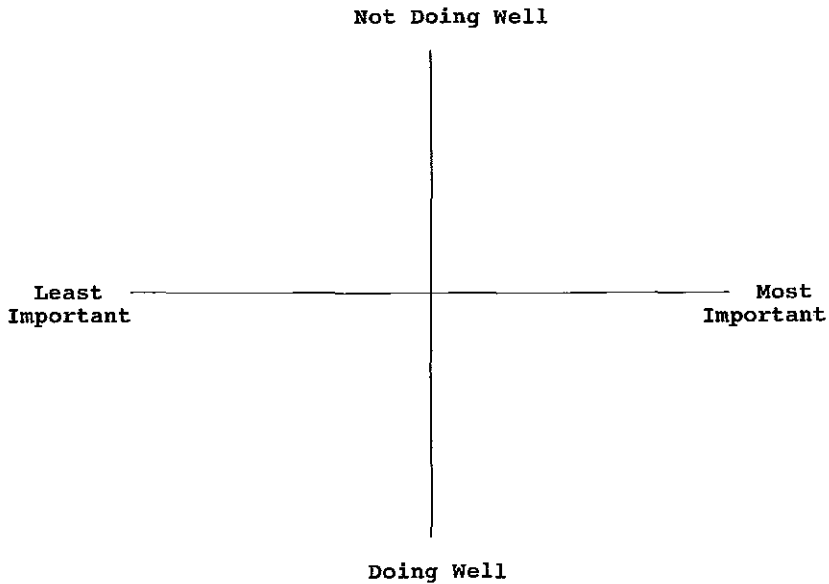
Community encouragement is a process of focusing participation for meaningful results. It is identifying and enhancing that which already exists within a community. It is attaching community values to community energy.

At each of the sites, RCRP sponsors continually emphasized the importance of a strong, well-directed leadership, stressed the need for accurate and timely information in order to enhance and focus local decision-making, and encouraged the open, free-flowing exchange between team leaders and community residents. It was recognized, however, that often efforts were viewed as successful only if they could be equated with economic prosperity. It was realized that the time and patience required for the process must reward team leaders with action towards economic revitalization.

It was at this point that project facilitators began to assist the demonstration sites in a strategic planning process that emphasized community participation. This was necessary to protect the community's long-standing traditions and values, while establishing meaningful goals, objectives, and strategies for growth and prosperity. Strategic planning is a mechanism demonstrating that a community does not have to sacrifice its "heart and soul" for the sake of population growth and wealth. When considered together, the community can successfully link its past traditional values with its future economic prosperity. In Lava Hot Springs, as an example, the planning process proceeded as follows:

**Pre-planning Activity.** One month before the "strategic planning retreat" of Lava Hot Springs, informational binders containing community data gathered through surveys, audits, and town meetings were delivered to each member of the revitalization team. With the binders, the team members received a questionnaire that was to be completed before the retreat. To help team members begin to gain a vision of what their community could become, and what they wanted it to become, the questionnaire asked team members to complete the following sentence three times: "In five years Lava Hot Springs will be . . ." Team members were then asked to identify three to five strategic issues facing their community. In this case, a strategic issue was defined as a threat or weakness that would hinder Lava's development unless action to address it was taken.

From these questionnaires it was easy to extract a goal statement that was to become the guiding influence of all revitalization efforts initiated in Lava. By consolidating the duplicative statements, twenty-five areas of concern were identified as potential barriers to achieving the standard declared in the goal statement. With this important



**Figure 2. Strategic Matrix: Issues plotted in the upper right hand quadrant become those of priority concern to the local team.**

preliminary work complete, the team was now ready for the retreat itself.

**Strategic Planning Retreat.** The Project Team decided to hold their retreat in Challis, Idaho (a three-hour drive from Lava), so the team could be free from all outside distractions and concentrate on the work at hand. The retreat was held over a two-day period and was broken down into four separate sessions averaging two hours each. The planning sessions proceeded as follows:

**Session 1.** A goal statement, as written from the questionnaire, was presented to the team and worked to consensus. Strategic issues were then presented and ranked according to their importance using a simple matrix exercise (see Figure 2). This activity enabled the team to bring the number of issues down from twenty-five to four. The team was then able to focus on the most critical issues confronting the community. This session, lasting about 2½ hours, was the longest of the four. Upon completion of this session, the community of Lava had identified its primary goal statement and four strategic issues acting as barriers to the realization of the goal (see Table 1).

**Sessions 2 and 3.** These sessions concentrated on establishing strategic activities to address each of the issue areas. In each two-hour session the team wrote down five specific activities that, if imple-

**Table 1. Lava Hot Springs' Goal Statement and Issues**


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Goal: "Through pride and the cooperative, consistent effort of all the citizens, Lava Hot Springs, Idaho, will be a united, progressive, year-round destination resource community with an expanded stable economic base."

Issues:

1. Need to plan and coordinate information for the recruitment and assistance of new and existing business.
  2. Need to increase public information and financial support for development plans and activities.
  3. Lack of appropriate community advertising.
  4. Need to improve services and activities for residents and visitors.
- 

mented, would eliminate the problematic issue areas. These activities, once identified, were then prioritized into first year and second year activities.

**Session 4.** As a conclusion to the strategic planning process, the team identified potential costs, who would be responsible, and the time frame in which each activity would be accomplished. It was during this session that the team began to focus on the real "mechanics of implementation." Not only could they see what needed to be done, but they now had a better idea of how, when, and where the resources were to get it done.

This process was used with success in Lava Hot Springs. The other participant communities approached the planning process in somewhat different ways. It was important that the communities began a process of putting their knowledge to work. This is the heart of community encouragement. Helping rural communities and their residents learn about leadership in an experiential way is by doing it. The planning process helps them put their skills to the test.

## **Evaluation**

Community encouragement is a process of continual evaluation. The NWAFF, as well as the University, was interested in determining whether progress has been made in the revitalization efforts, and how. Did this project make a difference to the communities served?

In May 1991, a doctoral student at Idaho State University was brought in to conduct such an evaluation. This evaluation was in addition to one conducted by the NWAFF through the independent evaluation firm of Rainbow Research, Minneapolis, Minnesota. The University's evaluation was geared more toward community satisfaction/dissatisfaction levels, while Rainbow Research evaluated "How Can Universities and Colleges Become More Useful to Rural Communities Pursuing Development" (Scheie & Mayer, 1990). The Univ-

ersity's evaluation process involved a survey mailed to all project participants in each of the three demonstration sites as well as "Focus Group" meetings in which consensus was sought on various elements of the project.

## CONCLUSION

*Community encouragement* precisely describes a profession committed to the social and economic betterment of our nation's communities. The proper approach to community revitalization must be one which advances and promotes the eventual independence of communities from outside services. In such, community returns to its traditional meaning of fellowship. It is necessary to place responsibility and capacity where it rightfully belongs, within the community itself. This process should not be viewed as an end in itself. Rather, it is a cyclical process involving the same principles but perhaps with different local players.

Obviously, there are questions to be answered about this process and technique, such as how it applies to a larger community. Weaknesses in the approach may be discovered with further field testing. In the meantime, the community encouragement approach has yielded some very satisfying results. The most gratifying result is the restoration of a sense of confidence in participant communities. Communities do not have to be victims of their own futures. Instead they may guide their own economic and social futures. All it takes is a little community encouragement.

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# ORGANIZATIONAL POLICY INNOVATION RE-EXAMINED

By Stephen R. Pratt and David L. Rogers

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## ABSTRACT

One problem plaguing the analysis of policy innovation is that few of the determinants have proven reliable. Measuring policy innovation as both a rate and amount, this paper investigates the ability of four theoretical perspectives to explain land use policy innovation (adoption) by local governments: political culture, community integration, extra-local environment, and organizational characteristics. The sample consists of seventy-nine (79) communities in Colorado ranging in population size from 1,000 to 100,000. Certain organizational characteristics proved to have the greatest influence on policy innovation.

## INTRODUCTION

One of the most frequent issues with which local governments must deal is the appropriate uses of lands within their boundaries. The importance of this issue is reflected by the high portion of business devoted to land use issues (i.e., planning, zoning, urban renewal, downtown revitalization) and the nearly universal presence of planning/zoning commissions in municipal and county governments. Healy and Short (1978) and Boschken (1982) note that over the past thirty years there has been an increase in land prices, greater competition and demand for the use of land, and, in general, a greater concern for sound land use planning on the part of local governments. In fact, land use planning and the subsequent adoption of land use policies by local governments is a major function of local governments.

Explanations for the changes and demands in land use are varied. For example, an increase in population growth is generally followed by an increase in an area's needs for changes in land use. In addition, the shift from agricultural to urban uses often produces conflicts between groups over land use development (Barlowe, 1972). Boschken (1982) suggests that a major reason for the changing uses of land is the nature and complexity of urban environments, particularly the relationships between urban configuration, population characteristics, and natural resources.

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Regardless of which process or combination of processes is considered the most valid argument to explain the changing nature of the land use, one central issue remains: how do local governments regulate and control the use of land within their jurisdictions?

### **Purpose**

The purpose of this paper is to assess the strengths of selected perspectives for explaining and predicting land use policy adoption by local governments. Adoption of land use policies is examined as a type of organizational policy innovation entered into by local government officials.

### **Policy Innovation Defined**

Hage and Aiken (1967) define policy innovation as the adoption of new programs or services by public and private agencies. Walker's (1969, p. 881) definition is similar: "a program or policy which is new to the states adopting it, no matter how old the program may be or how many other states may have adopted it." Gross et al. (1971, p. 16) use a more specific definition: "any proposed idea, or set of ideas, about how the organizational behavior of members should be changed to resolve problems of the organization or to improve its performance." A similar definition is used by Damanpour and Evan (1984, p. 393). They argue that "an idea is considered new in relation to the adopting organization, not in relation to its organizational population."

The focus of this paper is on adoption of land use policies that are new to the local government adopting them. Consequently, policy innovation is defined as the adoption of land use policies which are new to the local government. Adoption of any one type of land use policy is viewed as just as innovative as the adoption of another type of land use policy.

## **PERSPECTIVES**

Researchers such as Downs and Mohr (1976, 1979) and Bingham (1978) have expressed concerns that few, if any, determinants of policy innovation have proven reliable. This paper assesses the strengths of three of these determinants: political culture, community integration, and extra-local environment. One group of explanatory variables about which there is some consensus includes the organizational characteristics of size, wealth, and availability of resources. This paper also assesses these organizational variables.

## Political Culture

One of the more persistent themes in the investigation of public policy is the public-regarding ethos (political culture) first advanced by Banfield and Wilson (1963) and Wilson and Banfield (1964). In this theme, political culture is conceptualized as two distinct classes of voters. One class, those who support or vote for policies which reflect a "public interest" or "welfare of the community," is argued to represent a more public-regarding ethos. The other class of voters, those who are more likely to support policies which confer "material benefits" or "private interest," is argued to represent a more "private-regarding ethos" (Wilson & Banfield, 1964).

It has been argued that citizens identified as belonging to the public-regarding group support political decisions that affect the public interest as a whole; while citizens of the private-regarding group tend to support political decisions which benefit the ward or neighborhood. One political result associated with the public-regarding ethos is concern for the larger community as a whole. This concern is manifested in public support for various community projects, improvements, and innovations (Morgan & Pelissero, 1980). Wilson and Banfield (1964) found that public support was linked to certain income and ethnic groups and that these groups were more likely to take a public-regarding view and vote against their own self-interest. Schnore and Alford (1963) found that traditional forms of government were associated with older larger cities, where class cleavages were politically relevant. More modern, reform governments were associated with younger, modern cities, and were found to be more progressive and successful in their political ventures (Schnore & Alford, 1963). Morgan and Pelissero (1980, p. 1000) argue that there is a causal sequence, "thus the causal sequence is complete—an upper middle class public-regarding ethic should yield two results—municipal reforms and greater expenditures for public improvements."

The public-regarding ethos has been challenged. Wolfinger and Field (1966) found that political form and political activity were not representative of either ethos; ethnicity had little impact in differentiating the ethos; too many factors affected political outcome; and, that the two ethics did not exist.

Political culture, as a perspective, was not supported by any of the indicators used by either Aiken and Alford (1970a, 1970b) or Turk (1980). Hennessey (1970) argued that the entire notion of a public-regarding ethos was not a theory at all. In fact, he argued that the concepts were fuzzy, the definitions and measurements were a matter of personal preference, and the data were at an aggregate level when they should be kept at an individual level.



Political culture is conceptualized here as a continuum reflecting the "publicness" of a community's voters. At one end of the continuum is a class of voters who are more public-regarding, and at the other end is a class of voters who are more private-regarding. Because of the conflicting nature of previous research and the lack of substantial evidence to indicate either a positive or negative relationship between political culture and policy innovation, the null hypothesis is adopted: it is not expected that political culture will be related to policy innovation.

### **Community Integration**

Recent research links community integration to policy innovation. Empirical evidence supporting a positive relationship between these concepts, however, is limited. Pinard (1963) argues that highly integrated, homogeneous communities are in a better position to take a stand either for or against community-wide issues. The thesis is that different degrees and patterns of attachment to community leaders will influence political outcomes (Pinard, 1963). Baldassare and Proshash (1982) also found a moderate positive relationship between measures of homogeneity and policy innovation. Communities that are more homogeneous and integrative tend to be more innovative.

Aiken and Alford (1970b) reached opposite conclusions. Using the adoption of urban renewal programs as a measure of innovation, they found that cities classified as low in homogeneity and integration were more likely to be innovative.

The argument for a relationship between community integration and policy innovation is that local government decisions can be explained, in part, by the extent to which citizens are attached to one another and to community leaders. Viewing communities as vast networks of individuals and subgroups, these networks may be closely linked and highly integrated or they may be loosely linked and lack integration. Integration is defined as a closely linked network of communication and contact among individuals and social groups within the local environment. Because of the mixed findings in previous research, the null hypothesis is adopted: community integration and policy innovation are not associated.

### **Extra-Local Environment**

A third perspective examines the relationship between the local community and the larger society. Three sociologists who provide a frame of reference for studying the local community and its relationship to the larger society are Vidich and Bensman (1958) and Stein (1960). Vidich and Bensman (1958) argue that small local com-

munities are interdependent with the larger society in which they operate. This interdependence brings policies, programs, and trends from outside into the local community. Decisions made by outside businesses and government affect what a local government offers, the costs of these programs, and local demands for services.

An interorganizational perspective has also been used to study the relationship between communities and their environment. Wood (1961) argues that interorganizational (intergovernmental) relations, specifically grant programs, expand the political alternatives available to a community. Hawkins (1971) takes a similar position, that interorganizational relations bring additional resources and introduce new criteria for action and personnel with new skills. Intergovernmental relations not only increase communication between local governments and county, state, and federal governments; they also provide access to new information, resources and ideas.

One limitation of research on interorganizational relations and organizational innovation is that little attention has been given to the different levels of interorganizational relations. Pennings (1981) distinguishes between three levels of organizational interdependence: (1) horizontal, which denotes exchanges between structurally equivalent organizations; (2) symbiotic interdependence, where organizations complement each other in their exchanges; and (3) vertical interdependence, which involves the potential for dependency.

The concern in this paper is with horizontal and vertical relations. Horizontal relations are defined as those occurring between local governments. In their study of sixteen health and welfare agencies, Aiken and Hage (1968) found a positive relationship between the amount of interorganizational relations and organizational innovation. Similar findings are expected in this research: horizontal relations among governments are hypothesized to be positively related to policy innovation.

Vertical relations are defined as relations with higher level organizations (state/federal). Wood (1961) found that interorganizational relations with state and federal agencies meant that communities could supplement their budgets with revenues from outside funds and could offer new services and programs. Campbell and Sacks (1967) found that state and federal aid played a vital role in explaining local school health and hospital expenditures. Vertical relations are also hypothesized to be positively related to policy innovation.

### **Organizational Characteristics**

Several researchers have proposed a relationship between organizational characteristics and innovation. Aiken and Hage (1968),

Hage and Aiken (1967, 1970), and Downs (1976) take the position that certain organizational characteristics (e.g., size, complexity, formalization, centralization, efficiency, and job-satisfaction) are related to organizational innovation. Two of these characteristics, size and complexity, and their relationship to policy innovation are considered in this research.

**Organizational Size.** Organizational size is defined as the amount of resources employed by an organization. Studies by Mansfield (1963), Becker and Stafford (1967), and Carroll (1967) demonstrate a strong positive relationship between organizational size and organizational innovation. The logic behind these findings is two-fold: (1) greater size is associated with greater resources and more occupational specialties; and (2) larger organizations are in a better position to assume the costs and risks of innovations (Downs, 1976).

Mohr (1969) found that organizational size, by itself, was not a major determinant of innovation; in fact, he makes the case that until sound empirical evidence is available, researchers should remain skeptical of causal relationships between organizational size and innovation. Hage and Aiken (1967, p. 515) argue "that increasing size means more centralization and formalization and, therefore, . . . low rates of program change . . ." They found that organizational size was negatively correlated with innovation. However, Moch and Morse (1977, p. 717) argue that, while size may have spurious or indirect effects, "it is also likely to lead directly to economies of scale which enhance the feasibility of innovative adoption." Size was found to have a significant direct effect on the adoption of innovations. Similar support is also provided by Young et al. (1981), who found that size and innovation are related.

Adoption of new programs often means that an organization must have additional funds and staff for implementation and administration. Larger units of government, in general, tend to have more financial resources and are in a better position to absorb both financial costs and the allocation of staff time needed for new programs. We hypothesize that organization size is positively related to policy innovation.

**Organizational Complexity.** Hall et al. (1967, p. 906) define organizational complexity as "the degree of internal segmentation—the number of separate 'parts' of the organization as reflected by the division of labor, number of hierarchical levels, and the spatial dispersion of the organization." Hage and Aiken (1970, p. 17) suggest that "the complexity of an organization is measured not only by the number of occupations but also by the extensiveness of training and intricacy of task performed." A variation of Hall et al.'s (1967) def-

inition is used and organizational complexity is defined as the extent of the organization's division of labor and the number of hierarchical levels.

It is generally accepted that an increase in organizational complexity leads to an increase in organizational innovation. March and Simon (1958) suggest that as organizations increase in structural complexity, there is an accompanying increase in the number of specialists who, in turn, search for new procedures and more efficient methods to accomplish their tasks. Organizational complexity is hypothesized to be positively related to policy innovation.

## **SAMPLE, DATA COLLECTION, AND MEASUREMENT**

### **Sample and Data Collection**

Incorporated city governments in the state of Colorado were used as the units of analysis. A questionnaire was mailed (1983) to the city clerk of each city (1,000 to 100,000 in population). A return rate of 77 percent resulted in a sample of seventy-nine (79) incorporated communities. No statistically significant difference was found in the mean population size, total revenue, or total expenditures between respondents and non-respondents. Because of their disproportionate population size and other governmental characteristics, cities over 100,000 in population were not included in the sample.

### **Measurement**

**Policy Innovation.** Policy innovation is defined as the adoption of a land use policy decision, by a local government, which determines the use of land within its corporate boundaries. Thirteen variables are selected as indicators of policy innovation.

1. **Zoning Ordinance.** An ordinance designed to regulate the use of land within a governmental entity through the establishment of zones and therein regulating the uses of structures and land, the height and bulk of structures, the size of parcels, and the intensity (density) of use (Baker, 1975, p. 73).
2. **Mobile Home Park Ordinance.** An ordinance designed to regulate mobile home parks by establishing a set of minimum standards for the design, construction, alteration, extension, and maintenance of mobile home parks (Larimer County, 1970, p. 1).
3. **Planned Unit Development Ordinance.** An ordinance designed to regulate the use of land within a governmental entity,

by providing for a mixture of land uses administered with flexible guidelines (Linowes, 1975, p. 174).

4. **Air Quality Ordinance.** An ordinance designed to regulate the maximum concentration or concentrations of carbon monoxide, particulates, hydrocarbons, sulfur oxides, nitrogen dioxide, and photochemical oxidants allowed in ambient air (Moss, 1977, p. 40).
5. **Growth Management.** A separate and distinct ordinance adopted by a unit of government for the express purpose of controlling growth beyond the government's corporate boundaries.
6. **Subdivision Regulations.** An ordinance designed to regulate the division of a lot or a parcel of land into two or more plots of land for the subsequent sale or building development (Colorado Municipal League, 1966, p. 58).
7. **Downtown Mall.** Financial participation by a unit of government in the development of a downtown mall.
8. **Municipal Park.** Financial participation by a unit of government in the development of a municipal park.
9. **Industrial Park.** Financial participation by a unit of government in the development of an industrial park.
10. **Public Housing Project.** Financial participation by a unit of government in the development of a public housing project.
11. **Water Storage Project.** Financial participation by a unit of government in the development of a water storage project.
12. **Water Extension Project.** Financial participation by a unit of government in the development of a water extension project.
13. **Sewer Extension Project.** Financial participation by a unit of government in the development of a sewer extension project.

Policy innovation is measured as both an amount and as a rate or speed of innovation (Downs & Mohr, 1979). Amount of policy innovation is measured by the number of land use policy decisions adopted by a unit of government. For the seventy-nine (79) units of local government, amount of policy innovation has a reported mean of 10.51 and a standard deviation of 3.50. To calculate the unit of government's rate of adoption, Walker's (1969) method was modified and an average rate of innovation was calculated for each unit of government.<sup>1</sup> Rate of innovation has a reported mean of 0.165, a standard deviation of 0.123.

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<sup>1</sup> One of the concerns in this paper was to be able to calculate, for each unit of government, an average rate of adoption for the 13 policy variables. Walker's (1969)

**Independent Variables.**<sup>2</sup> Following the work of Wilson and Banfield (1964), Crain and Rosenthal (1967), Clark (1968), and Svava (1977), two variables are selected as measures of political culture: proportion of persons eighteen and older with some college education, COLLEGE ( $x = 34$  percent,  $S_x = 0.16$ ) and median family income, INCOME ( $x = \$19,122$ ,  $S_x = \$8,310$ ).

Aiken and Alford (1970a) and Turk (1970) measured community integration using the number of children enrolled in private schools, i.e., the greater the enrollment, the less the community integration. An additional variable used by Turk (1970) was number of community-wide voluntary organizations. Turk (1970) argued that community-wide organizations reflect the presence of mechanisms for concerted action and the absence of organized cleavages in the community, thus, community integration. In this paper, number of children enrolled in private schools, CHILDREN ( $x = 176$ ,  $S_x = 362$ ) and number of community-wide voluntary interest groups, GROUPS ( $x = 8$ ,  $S_x = 8$ ) were selected as measures of community integration. An additional variable, number of different religious denominations, RELIGIONS ( $x = 9$ ,  $S_x = 11$ ) was also used as a measure of community integration.

The variables selected to measure horizontal and vertical relations are similar to those used by Aiken and Hage (1968), Turk (1970), and Menzel (1978). Horizontal relations is measured by the total number of intergovernmental agreements a unit of government has with similar level units of government, AGREEMENTS ( $x = 3.17$ ,  $S_x = 3.67$ ). Vertical relations is measured by the total amount of revenue a unit of government receives from state government, REVENUE ( $x = \$241,686$ ,  $S_x = \$435,695$ ).

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method was chosen as the method for measuring rate of innovation. However, since it was not possible to obtain the actual year in which a land use policy decision was adopted, respondents were asked to indicate a period of time in which the policy was adopted (prior to 1950, 1950 to 1959, 1960 to 1969, 1970 to 1979, after 1980). Each period of time was assigned a value from 1.00 to 5.00, respectively. Where a policy had not been adopted, that government received a score corresponding to the last recorded date of adoption. A unit of government's innovation score became the average of its scores on all policy decisions subtracted from 1.00. The larger the score, the earlier the date of adoption. Rate of innovation has a reported mean of 0.165, a standard deviation of 0.123, and a range from 0 to .635.

<sup>2</sup> Sources of data for independent variables: COLLEGE, REVENUE, SPECIALIZATION: Colorado 1980 Local Government Financial Compendium. INCOME: U.S. Bureau of Census, 1980 Census of Population and Housing, Summary for Colorado, Table 1. CHILDREN: U.S. Bureau of Census, 1980 Census of Population and Housing, 5th Count, Items 44, 50, 65, 66, 81, 102. GROUPS, DEPARTMENTS, AGREEMENTS, EMPLOYEES: 1983 mail-out questionnaire. RELIGIONS: 1983 telephone directories.

The measurement of organizational size and complexity also follows the work of previous researchers (Aiken & Hage, 1971; Baldrige & Burnham, 1975; Bingham, 1978). An organization's total number of employees, EMPLOYEES ( $x = 84$ ,  $S_x = 149$ ), is used to measure organizational size. Number of administrative departments, DEPARTMENTS ( $x = 11$ ,  $S_x = 3$ ), is used as one measure of organizational complexity. An additional measure, defined by March and Simon (1958) and Hall et al. (1967) as organizational specialization, is also considered. Total expenditures for the planning department and total number of professional planners were standardized and added together to create a single measure that represents planning specialization, SPECIALIZATION ( $x = 0.00$ ,  $S_x = 1.00$ ).

## FINDINGS

Bivariate relationships between the independent variables and rate and amount of innovation are summarized with the Pearson Product Moment Correlation Coefficient. To examine the strength of those relationships in a multivariate context, ordinary least squares regression (OLS) also is employed. Tables 1 and 2 report the Pearson correlation coefficient and the standardized betas for each independent variable on rate and amount of innovation, respectively.

### Political Culture

The first perspective argues that there is no association between political culture and policy innovation. The null hypothesis is supported at the bivariate level because neither of the variables measuring political culture, COLLEGE or INCOME, covaries significantly with rate or amount of innovation. However, when these relationships are examined under ordinary least squares regression, the null hypothesis is rejected. When other factors are controlled, COLLEGE covaries negatively with rate of innovation and INCOME covaries positively with amount of innovation.

### Community Integration

The hypothesis of no association was posed for the community integration perspective. At the zero order level, none of the three variables selected to measure community integration provide support for the null hypothesis. Instead CHILDREN covaries positively with amount and rate of innovation and RELIGIONS covaries positively with amount of innovation. When subjected to regression analysis, two of the three variables, GROUPS and RELIGIONS, support the

**Table 1. Pearson Correlation Coefficients ( $r$ ) and Standardized Betas ( $\beta$ ) for Independent Variables with Rate of Innovation ( $N = 79$ )**

<i>Independent Variables</i>	<i>Rate of Innovation</i>	
	$r$	$\beta$
Political Culture		
1. COLLEGE	.140	-.306 <sup>a</sup>
2. INCOME	.048	.215
Community Integration		
1. CHILDREN	.455 <sup>c</sup>	-.535 <sup>a</sup>
2. RELIGIONS	.278 <sup>b</sup>	-.103
3. GROUPS	.037	-.054
Extra-Local Environment		
Horizontal Relations		
1. AGREEMENTS	.531 <sup>c</sup>	.196
Vertical Relations		
2. REVENUE	.347 <sup>c</sup>	-.057
Organizational Characteristics		
Organizational Size		
1. EMPLOYEES	.544 <sup>c</sup>	.589 <sup>a</sup>
Organizational Complexity		
1. DEPARTMENTS	.298 <sup>b</sup>	.130
2. SPECIALIZATION	.582 <sup>c</sup>	.527 <sup>b</sup>
Multiple R		.665 <sup>c</sup>
Explained Variance		.443

<sup>a</sup> .05 <  $p$  < .01.

<sup>b</sup> .01 <  $p$  < .001.

<sup>c</sup>  $p$  < .001.

null hypothesis. Strong support, however, is demonstrated for a negative relationship between CHILDREN and both rate and amount of innovation.

### Extra-local Environment

The third perspective hypothesizes a positive relationship between horizontal and vertical relations and policy innovation. Mixed support is given for these relationships. AGREEMENTS, the measure of horizontal relations, correlates significantly, at the bivariate level, with both rate and amount of innovation. Yet, when subjected to controls, empirical support for this relationship disappears. Similar results occur when examining REVENUE. At the zero-order level, REVENUE covaries positively with both rate and amount of policy innovation, but the relationship disappears when subjected to controls.



**Table 2. Pearson Correlation Coefficients ( $r$ ) and Standardized Betas ( $\beta$ ) for Independent Variables with Amount of Innovation (N = 79)**

<i>Independent Variables</i>	<i>Amount of Innovation</i>	
	$r$	$\beta$
Political Culture		
1. COLLEGE	.159	-.272
2. INCOME	.030	.302 <sup>a</sup>
Community Integration		
1. CHILDREN	.357 <sup>c</sup>	-.793 <sup>b</sup>
2. RELIGIONS	.407 <sup>c</sup>	-.002
3. GROUPS	.070	-.068
Extra-Local Environment		
Horizontal Relations		
1. AGREEMENTS	.400 <sup>c</sup>	.003
Vertical Relations		
2. REVENUE	.426 <sup>c</sup>	.109
Organizational Characteristics		
Organizational Size		
1. EMPLOYEES	.526 <sup>c</sup>	.911 <sup>b</sup>
Organizational Complexity		
1. DEPARTMENTS	.386 <sup>c</sup>	.250 <sup>a</sup>
2. SPECIALIZATION	.461 <sup>c</sup>	.267
Multiple R	.651 <sup>c</sup>	
Explained Variance	.424	

<sup>a</sup> .05 <  $p$  < .01.

<sup>b</sup> .01 <  $p$  < .001.

<sup>c</sup>  $p$  < .001.

### **Organizational Characteristics**

Organizational size as measured by number of employees (EMPLOYEES), and organizational complexity, as measured by DEPARTMENTS and SPECIALIZATION, are positively related to policy innovation. Empirical support is given for these hypothesized relationships. At the bivariate level, EMPLOYEES, DEPARTMENTS, and SPECIALIZATION all covary positively with both amount and rate of innovation. When examined in a multivariate context, EMPLOYEES continues to covary moderately with rate of innovation and strongly with amount of innovation. DEPARTMENTS covaries positively with amount of innovation while SPECIALIZATION continues to covary positively with rate of innovation.

## DISCUSSION

Four perspectives were examined for their ability to explain land use policy innovation by local governments. Although Morgan and Pelissero (1980) argued that political culture was a valid perspective and hypothesized that political culture is positively related to policy innovation, controversy has surrounded the use of political culture as a perspective for explaining policy innovation. The findings in this paper provide little support for the ability of political culture to explain policy innovation. INCOME was found to covary positively with amount of innovation, but EDUCATION covaried negatively with rate of innovation when these relationships were statistically controlled. Ordinarily income and education should have similar effects on innovation. One explanation for this inconsistency may be that instead of measuring the public-regarding nature of a community's voters, INCOME may, more appropriately, measure the privateness of a community's voters. Geisler and Martinson (1976) and Rudel (1984) found a strong positive relationship between median family income and adoption of land use controls. An alternative argument may be that median family income reflects the value placed on private property. Communities with a high median family income may have adopted land use controls as a means of protecting the value of private property. Using the measures reported in this study, little support is provided for continuing to investigate the validity of political culture as an explanatory perspective for this type of policy innovation.

A second area which merits discussion concerns the relationship between community integration and policy innovation. Previous research is not consistent in its support for community integration as an explanatory perspective. The findings in this paper suggest that when using number of children enrolled in private schools as a measure of integration (the greater the number enrolled, the less the integration), there is strong support for the community integration hypothesis, e.g., more integrated communities have high innovation rates. Further, even though RELIGIONS and GROUPS do not covary significantly with rate or amount of innovation, there is a small negative relationship. This suggests heterogeneity and policy innovation are negatively related. Taken as a whole, these findings provide moderate support for Pinard's (1963) finding that communities low in integration and high in heterogeneity are not as likely to be innovative as are integrated and homogeneous communities.

Interorganizational relations, both horizontal and vertical, were hypothesized to be positively related to policy innovation. When statistical controls were adopted, the findings did not support this relationship. It may be that AGREEMENTS and REVENUE do not

have a direct affect on innovation. Instead they may work indirectly through organizational size. Menzel (1978) argued that intergovernmental exchanges did not uniformly impact innovation. When organizations are not able to generate the resources necessary to maintain themselves, they enter into interorganizational exchange as a method of securing additional resources. Since larger governments (those also possessing greater resources) may be in a better position to benefit from these exchanges, they are more likely to enter into intergovernmental agreements. Interorganizational relations do impact innovation, but it may be because of organizational size rather than exchange itself.

Research on the effects of organizational size on innovation has been contradictory. One set of findings argues that organizational size has a direct positive influence on innovation. Other findings, while agreeing that size influences innovation, suggest that this influence is indirect and operates through other organizational properties. The research in this paper supports the position that there is a strong direct relationship between size and innovation. When examined in a multivariate context, organizational size continues to covary strongly with both amount and rate of innovation. Support is demonstrated for the Young et al. (1981) argument that as organizational size increases, so does innovation.

Another area of interest is the relationship between organizational complexity and innovation. An increase in complexity is thought to lead to an increase in number of specialists who will search for new ideas and innovative methods of solving tasks. However, much of the literature suggests that complexity is a function of organizational size; the larger the organization, the greater its complexity. If this argument is correct, the relationship between complexity and innovation should disappear when controlling for organizational size; this did not occur. Complexity has a direct and substantial influence on innovation. DEPARTMENTS covaries significantly, and in the expected direction, with amount of innovation; and, SPECIALIZATION covaries positively with rate of innovation. Amount of land use policy innovation appears to be a function of horizontal complexity, while rate of policy innovation appears to be a function of specialization.

In summary, the purpose of this paper was to examine the ability of four perspectives to explain land use policy innovation. Moderate support was established for linking community integration to policy innovation; a direct relationship between organizational size and innovation; and linking organizational complexity to innovation.

Future research should explore an approach that moves beyond

traditional community analysis and examines community properties as a dimension of the organization's environment. When local government action is defined as the behavior of an organization, the larger community served by the government becomes part of its environment. One of the more neglected areas of organizational-environmental relations is a better understanding of the impact of cultural influences in local government decisions. Evan (1976, p. 241) states, "thus far, the field of organizational theory has failed to come to grips with the cultural component of the environments in which organizations are embedded." The findings in this paper agree with Evan (1976), Hall (1982), and Scott (1981) and argue that it is important to clarify the relationship between the local community culture and the governmental organization. Local culture may override other factors and influence the shape and operations of the organization.

Future research should also focus on an integrative model of policy innovation. Downs and Mohr (1976, p. 712) recognized this need and called for the use of interactive models. According to them, this would be the single most important departure from current practice. The use of an interactive model would allow for the examination of individual perspectives on policy innovation and for an examination of the integrated relationships between various perspectives and policy innovation.

Further efforts to increase either the rate or amount of land use policy adoption should take into account those factors which can and can not be manipulated. Change agents can do very little about a community's percent of college educated or its median family income. In a similar manner, such variables as the prevalence of private schools in a community or the number of different religions are also not subject to manipulation. On the other hand, intergovernmental linkages under some conditions may be productive for innovation as is the presence of professional planning units. The latter conditions can be modified and can be expected to impact land use planning activities within local governments.

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# **RURAL COMMUNITY STUDIES AND SECONDARY DATA: AGGREGATION REVISITED**

**By Frank L. Farmer, Albert E. Luloff,  
Thomas W. Ilvento, and Bruce L. Dixon**

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## **ABSTRACT**

This article focuses on the issue of selecting the unit of analysis when employing secondary data in rural community studies. This issue is of increasing importance to community development practitioners and researchers because the 1990 Census will provide more choices of study units than ever before. The implication of this greater set of options is that the researcher and practitioner must exert care in their selection. Here, an empirical demonstration of the influence of selecting one unit of analysis over another is provided. Univariate, bivariate, and multivariate analyses reveal that such choices have a substantial impact upon empirical results.

## **INTRODUCTION**

When using national data, community development practitioners, policy analysts and researchers have been confronted with a fundamental limitation in terms of availability of data. Most of the important socioeconomic information for rural locales has been available only at the county level (or at higher levels of aggregation such as state or region). While these data are commonly used, the relationship between county data and conclusions about "community" remains tenuous. However, the 1990 Census will create new opportunities for researchers and practitioners focusing on rural areas. The 1990 Decennial Census will provide, for the first time, full coverage of the United States at lower levels of aggregation than ever before. Whereas in past censuses complete coverage of the rural areas of the nation

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has been limited to the county level, data for these areas will now be available down to the census tract or block numbering area.<sup>1</sup> This more detailed data set will allow researchers an unprecedented opportunity to select empirical referents of community that can be more clearly linked to theoretically-derived definitions of community. For practitioners, the new data will allow a sharper delineation of boundaries for consideration of community characteristics as the basis for developing action programs.<sup>2</sup>

However, with this greater latitude will come the responsibility for a more careful and thoughtful articulation of the concept of community and its empirical boundaries. This paper demonstrates the impact of boundary selection and shows that the selected community referent has implications for applied research, program development, and/or the stimulation or creation of locality relevant policies as they relate to development. The paper serves to demonstrate that the decision as to the appropriate unit of analysis and the impact of levels of aggregation by proximity on empirical results has, with the 1990 Census, become more important to researchers and policy analysts concerned with rural America.

### **The Community Issue**

Despite the argument for the preeminence of *community* in applied research and policy actions focusing on rural development (cf. Farmer et al., 1989, p. 504), the absence of a consensual operational definition creates immediate problems. The empirical study of community and community development is hindered by the problem of defining the proper unit of analysis. While social scientists generally agree about certain nominal requisites of community—namely, a collectivity of people with a shared territory or local ecology,<sup>3</sup> which contains a holistic or global institutional structure, and where local social inter-

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<sup>1</sup> Data will also be available at units below the block numbering area including block groups, ZIP code areas, and blocks for the total U.S. While there will not be as complete an array of census information at these smaller units, there will be more data available for the rural areas of the nation than ever before. This information will be available in geographic information format through the TIGER files system, providing detailed information on each location.

<sup>2</sup> Comments of the editor and reviewers on an earlier draft are gratefully acknowledged.

<sup>3</sup> It should be noted that several researchers have challenged the utility of a territorial conception of community, particularly when an interactionist perspective is adopted (Bender, 1978; Gusfield, 1975; Blakely, 1989). See Wilkinson (1989) for discussion of the implications of the demise of territory in the community and community development literature.

action occurs (Warren, 1978; Wilkinson, 1986)—there is little agreement as to how to define the empirical referent. The general approach has been to aver that the “community” has a given set of requisite characteristics and/or a structure and that this structure theoretically has an impact on some outcome of interest. Generally, the testing of the stated proposition(s) has been accomplished with the best available data, which often has meant the use of county level measures. For example, a proposition may be based on the concept of community as a town or hamlet but the data may be derived from county estimates. While this is not a problem if the county and community are coincident, to the extent there is a lack of “theoretical continuity” between these two units some degree of bias will be introduced as a result of the lack of harmony between the theory and the data (Hannan, 1971).<sup>4</sup>

To the extent that there is discontinuity between theory and measurement, significant bias can result. If the theory is relatively robust, that is, the level of analysis does not substantially influence associations between variables, the influence of selecting one unit of analysis over another can be assumed to be small. However, in the presence of such bias, a different set of empirical results are obtained.<sup>5</sup>

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<sup>4</sup> Aggregation bias generally occurs whenever an improper specification of a research model is produced through the grouping of individual units into some larger aggregate. Theil (1954) suggested abandoning the estimation of models from macro-data to estimate parameters pertaining to micro-units. This reasoning follows because of the stringent conditions for unbiased estimation when using macro-data. While the issue we are concerned with is related to aggregation issues, it does not fit the classic aggregation bias problem. The current case differs for two primary reasons: (1) the “true” level of inference is not known a priori to the research process (“community” is a latent concept, lacking a clearly defined set of boundaries); and (2) aggregation is not necessarily linear in the sense that alternative conceptions of community are not necessarily linear aggregates of each other. That is, alternative conceptions of community are not necessarily nested within each other, either conceptually or empirically. For instance, one conceptualization may cut across other levels, such as a labor market encompassing various different MCD's located in several counties and/or states.

<sup>5</sup> The definition of bias for the applied researcher is important. An ideal criterion is that measures of association (such as regression coefficients) be identical, regardless of unit of analysis of appropriately defined variables. By appropriately defined we include variables such as rates and/or linear aggregates where the magnitude of the coefficient is invariant to the unit of analysis. In other situations, coefficients would have to be adjusted before comparability could be assessed. While exact equality of estimated coefficients cannot be expected due to finite samples and unavoidable specification errors of empirical models, a good gauge of parameter equality would be differences resulting in policy prescriptions or assessments. It is, therefore, critical to answer the question of whether the relationships are sufficiently different to result in different policy reactions. A secondary criterion for establishing a lack of important bias would be similar levels of statistical significance at either level of unit definition.

### **Practical Implications of Limited Boundary Options**

For researchers and practitioners concerned with rural communities, the limited number of options in terms of units of analysis has served either to restrict studies to those topics for which data are available or to constrain the research in terms of its scope. Stated differently, having limited options of analytic units has forced researchers either to use counties as the proxy for community, because it is at this level that most data are available, or to collect primary data which, because of the time and expenses associated with them, tend to be limited in scope.

Limited options of data also impose severe restrictions for the rural community development practitioner. The targeting of action programs often relies on the differences of incidence of a given social malady. In the case of the use of county data, action programs often require targeting that is much more geographically specific than that represented by this level of aggregation. Further, as in the previous situation, the other option generally available to the practitioner is to collect primary data and, once again, the costs of such efforts are often prohibitive.

In contrast, community researchers and practitioners working in urban areas have had a much wider variety of options available to them for analysis and targeting of programs. With a wider array of data, the urban workers have been better able to study a broader selection of units including metropolitan areas, cities, neighborhoods, blocks, and ecological niches. This advantage, however, is offset by the continued use of the term *community* for all of them.

Thus, a fundamental issue faced by those concerned with local area development, in either rural and small towns areas or large urban settings, is the choice of the most valid unit of analysis and the effect this choice has on the outcome of a particular study. It is to this point that this research now turns.

### **An Empirical Example**

In order to demonstrate the potential impact of the use of different units of analysis, information was gathered for Minor Civil Divisions (MCDs) and counties in eleven states.<sup>6</sup> The analysis is limited to this subset of states because of the availability of comparable data for these units, only, from the 1983 City and County Data Book files.

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<sup>6</sup> The states included are Maine, New Hampshire, Vermont, Rhode Island, Massachusetts, Connecticut, New York, New Jersey, Pennsylvania, Michigan, and Wisconsin.

While limited, this data set is sufficient to demonstrate the impact of choice of unit of analysis, and conclusions from this analysis are useful in assessing the general potential for bias in community research.

The approach to demonstrating the potential impact of the selection of different proxies for community on empirical outcomes will be to first consider univariate and bivariate differences in the data for both units of analysis. As a further demonstration of the potential impact of the choice of analytic unit, regression equations are estimated using Ordinary Least Squares (OLS) estimators and random coefficient estimators. (The results of the latter are found in Appendix 1.) These equations provide estimates of the relationships between the endogenous variable (percent of the population below the poverty threshold) and the exogenous variables listed below.<sup>7</sup> The percent of the population below the poverty threshold is used as an example in this exercise because it represents one of the more commonly used variables in empirically-based rural community research. Further, poverty is also the focus of many community development programs. These exogenous variables, all drawn from the 1980 Census, include:

MINORITY	the percentage of the population that is Black, Hispanic or Native American;
INCOME	the median income of the given unit of analysis;
ELDERLY	the percent of the population that is 65 years or older;
EDUCATION	the percentage of the population over 25 years old that has more than 12 years of education; and
DENSITY	the population per square mile within the unit of analysis.

## FINDINGS

The univariate data for both of the analytic units are found in Table 1. The poverty threshold variable indicates a greater prevalence of poverty when counties are examined (10.6 percent vs. 7.0

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<sup>7</sup> Ideally, other variables would be included in a model seeking to provide insight into the role community structure plays on the prevalence of poverty. For example, percentage of female headed households, a measure of a structurally disadvantaged form of family (Farmer et al., 1989; McLanahan, 1985, 1988; McLaughlin & Sachs, 1988) would provide insight into this problem. With the release of the 1990 Census, such model parameterization may be possible. However, here we are constrained to only those measures available at the MCD level. Thus, despite the fact our equation is misspecified, the point of this research is not to develop the ideal model of the proximate determinants of poverty, but rather to demonstrate the potentially serious effects that choice of analytic unit has on the empirical results of such a model.

**Table 1. Univariate Descriptive Statistics for MCD's (N = 2368) and Counties (N = 372)**

<i>Variable</i>	<i>Unit</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>Range</i>
Percent population below poverty threshold	MCD	7.0	3.9	4-28.9
	County	10.6	3.5	3.0-27.0
Percent minority population	MCD	2.8	5.7	0-65.7
	County	4.1	7.7	.08-65.6
Percent population 25 years plus with Gt 12 years education	MCD	41.6	7.2	11.0-69.7
	County	39.1	4.3	17.3-58.8
Median Household Income	MCD	20,094	5,158	8,833-58,317
	County	15,933	3,261	9,076-26,626
Percent population Gt 65+ years	MCD	10.3	3.9	.29-53.6
	County	12.9	2.9	6.4-27.7
Population density (per sq. mile)	MCD	630.5	1,949	5.7-64,337
	County	796.0	4,265	2.9-64,922

percent), while the standard deviations and ranges for the variable are similar. For example, should the community development practitioner or researcher use the county model to describe the prevalence of poverty in communities, the incidence would be shown to be much higher (50 percent) than if the MCD level model were chosen as the proxy.

The measure of minority population reveals similar differences. The mean is greater for the county data and the ranges are approximately equal. However, with this variable, the standard deviation is larger for counties. Again, the researcher or practitioner wanting to describe the racial composition of a local area would be faced with different results depending on the choice of analytic unit.

While the measures of education, elderly, and population density also diverge, perhaps the most dramatic difference in the univariate comparisons is found in the median household income: For MCD's it is \$20,094 and for the counties it is \$15,933. The difference in the ranges is similarly dramatic, particularly in the upper end (\$58,317 vs. \$26,626). When describing income levels in local communities these differences are considerable and could lead to substantially different evaluation of conditions in the community. Thus, it is clear that even in the case of simple univariate statistics, the unit of analysis provides a very different canvas and texture for a data-based image of the prevalence of community poverty.

An examination of simple correlations among the variables and across the two units of analysis reveals both similarities and differences (Table 2). The associations relating the other variables to the prevalence of the income-based poverty measure are quite similar. In both the county and MCD aggregations, all the bivariate relationships with the poverty threshold are of the same (and expected) sign, at similar levels of statistical significance. Most are roughly comparable in coefficient magnitude with the minor exception of density at the MCD level which is smaller though still significant.

However, a glance at the interior elements of the correlation matrix reveals numerous differences between the county and the MCD data. For example, the bivariate relationship between the education and minority variables is positive and highly significant for the MCD data while the association is negative and not significant at the county level. The association between the elderly and minority variables also changes sign with analytic unit. In the MCDs the correlation is positive, trivial in magnitude, and not statistically significant while the county coefficient is negative and significant beyond .01. Sign direction and significance level differences also occur for elderly/density, minority/income, and density/income relationships. Clearly, the community development researcher or practitioner who is concerned with basic relationships among key measures of socioeconomic structure would be led to substantively different conclusions, depending on the proxy employed for community.

Such divergences in bivariate relationships portend multivariate differences. Table 3 provides the results of the regression equations employing an OLS estimator and modeling the poverty threshold variable as endogenous. One immediately noticeable difference in the two OLS equations is the  $R^2$  values.<sup>8</sup> Using the county data, the equation accounts for approximately 84 percent of the variance in the poverty variable, while with the MCD data the model generates a much smaller  $R^2$  of 53 percent.

The OLS models also demonstrate other, potentially more confounding differences. The impact of education on the prevalence of poverty within a local area, while being an extremely important vari-

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<sup>8</sup> A more subtle difference in the models is related to the presence of degrading collinearity in the  $X'X$  matrix. Collinearity diagnostics (not shown) indicate that in the MCD model the highest-condition number is 20 while in the county data the highest condition number is 29. In the latter case the variance proportions for the income and elderly variables exceed .50. While both of these variables remain significant, the potential for collinearity problems with the change in analytic unit should be recognized.

Table 2. Bivariate Relationships (Correlations) Among Various Indicators of Poverty for MCD's and Counties

	<i>Percent population below poverty threshold</i>	<i>Percent minority population</i>	<i>Percent population 25 years plus with Gt 12 yrs education</i>	<i>Median Household Income</i>	<i>Percent Population Gt 65+ yrs</i>	<i>Population Density (per sq. mi.)</i>
Percent population below poverty threshold	—	.251 (.0001)	-.477 (.0001)	-.795 (.0001)	.346 (.0001)	.297 (.0001)
Percent minority population	.193 (.0001)	—	-.017 (.748)	.173 (.0008)	-.133 (.010)	.685 (.0001)
Percent population 25 years plus w/Gt 12 yrs education	-.526 (.0001)	.118 (.0001)	—	.415 (.0001)	.035 (.0006)	.044 (.395)
Median Household Income	-.700 (.0001)	-.039 (.057)	.585 (.0001)	—	-.656 (.0001)	-.012 (.815)
Percent population Gt 65+ yrs	.236 (.0001)	.008 (.682)	.122 (.0001)	-.378 (.0001)	—	-.002 (.962)
Population density (per sq. mile)	.043 (.038)	.423 (.0001)	.119 (.0001)	.061 (.003)	.099 (.0001)	—

MCD data are below the diagonal; county data, above the diagonal. Level of significance is in parentheses.

**Table 3. OLS Regression Model Employing Parameters of Poverty for MCD's and Counties**

<i>Variable</i>	<i>MCD</i>	<i>County</i>
Intercept	.194** (0)	.329** (0)
Percent minority population	.090** (.131)	.166** (.367)
Percent population 25 years plus with Gt 12 yrs educ	-.100** (-.181)	-.031 (-.038)
Median Household Income	-.44E-5** (-.578)	-.11E-4** (-1.022)
Percent population Gt 65+ years	.035* (.035)	-.330** (-.274)
Density	.08E-5* (.040)	.03E-5 (.034)
R <sup>2</sup>	.534	.837

Original metric estimate is on top; standardized estimate in parentheses.

\*\* Indicates significance beyond .01.

\* Indicates significance beyond .05.

able in the MCD equation (the standardized coefficient is second only to the standardized coefficient for income), does not achieve statistical significance at the county level. Similarly, the impact of density is statistically significant in the case of the MCD's but not for counties.

While the above differences are important, nowhere does the choice of the unit of analysis have a greater impact than in the relationship between the percent of the population 65+ years and the percent of the population below the poverty threshold. In the county data, the elderly variable is highly significant and negatively associated with poverty; for the MCD data the relationship reverses direction and remains significant beyond the .05 level. In one case, the elderly could be viewed as having a desirable effect on the prevalence of poverty while in the other, all things being equal, more elderly would be associated with higher poverty rates.

The clear conclusion that can be drawn from the above exercise is that the unit of analysis has a substantial and strong influence on the degree of prevalence and nature of the relationships among the parameters of poverty. Consideration of univariate, bivariate, and multivariate results has shown that depending on how the researcher defines boundaries for the concept of community, the correlates of poverty change.



## DISCUSSION

Numerous social scientists have noted a multitude of definitions of community, many with different criteria of geographic space, population composition, shared institutions and values, and interactions (Hillery, 1955; Kaufman, 1959; Warren, 1978; Wilkinson, 1970). Extant operational definitions (whether explicit or implicit) correspond to different aspects of local processes in relation to different theoretical and/or empirical interests. It may well be that no single definition of community is correct, and instead, community is an emergent property stimulated by specific issues such as a natural disaster, debilitating poverty, or conflict (Wilkinson, 1970, 1986).

Busch (1979) has noted that there is no way to empirically discern a true community. He offered a series of guidelines to help the researcher. These included questions concerning the arbitrary nature of the makeup of the units, the organizational functions of the units in relation to the research question, and the purpose of the research (whether individual or community).

Practitioners and researchers alike must rely on theory to guide the selection of the proper unit of analysis. Generally, theories have lacked specificity on this crucial measurement issue. The absence of an "auxiliary theory" that provides guidance for the delineation of boundaries for community development researchers serves as a hindrance to efforts to better understand the structure and function of communities in rural areas. Indeed, much of the knowledge of community and community processes may be confounded by the fact that theoretical inferences are drawn from studies of community which were conducted at quite different levels of analysis than those of interest.

With the increased availability of data from the 1990 Census, researchers, practitioners, and policy analysts interested in rural community development will have a unique opportunity to expand their analyses to units other than counties. However, as this paper demonstrates, with expanded availability of data the decision as to which boundary to adopt becomes an increasingly important part of the planning of research and/or action program development. The above analysis demonstrates the influence of boundary choice on substantive implications. Such an impact must be anticipated and the unit of analysis more rigorously justified prior to implementing policy directives designed to identify and alleviate structural imbalances which may retard community economic development.

The opportunity to employ comparable data across a range of aggregation levels will enable researchers to construct separate data sets at different levels of aggregation or *one data set reflecting different*

levels of aggregation for different areas of the country. It will be possible to build a data set for equivalent analytic units (EAUs) that reflect comparable but different units across the country. For example, while counties are important governmental units in the south they are relatively unimportant in New England. A data set of EAUs might contain counties in the south, minor civil divisions in the northeast and possibly county groups in the west and still be inclusive for the population of the United States. Much like the call for explicitness in theories of rurality (Bealer, 1975), community theory (and theorists) must provide assistance in operationalizing the measure of community for research and program development. The decision to adopt a study unit on the basis of data set vastness, completeness, and/or comparability carries no impunity. Community researchers and practitioners must be aware of the distinct constraints imposed upon them by such an adoption.

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### APPENDIX I

The OLS model implicitly assumes that the vector of slope coefficients is constant across all observations. Given the likelihood of model misspecification, it is reasonable to assume that the coefficients are not constant across observations *within* either of the given units of analysis. Thus, the standard regression model employed in much community research imposes a fairly stringent assumption that may not be plausible. As an alternative to the fixed coefficient model, a random coefficient regression (RCR) model (Hildreth & Houck, 1968) relaxes this assumption. In such a model the coefficient vector for each observation is assumed to be drawn from a multivariate population for each observation. The focus of estimation is then the mean and co-variance matrix describing this multivariate distribution. RCR is applied to this data to assess whether the observed differences in the OLS estimates reflect a shortcoming of OLS or are a function of differences engendered in the change of unit of analysis.

In going from a lower level of aggregation to a model with more aggregated data in an RCR model, as in the empirical application, it is reasonable to ask what the relationship of the two mean coefficient vectors should be to each other. Zellner (1969) shows that if the more aggregated variables are linear aggregates (sums) of the micro variables, then using the macro relationship to estimate the mean coefficient vector will give an unbiased estimate of the micro mean coefficient vector. Thus, even though the micro coefficient vectors vary, the classical aggregation bias problem of Theil (1954) is avoided. However, in the present application involving variables that are proportions (and medians) defined over various geographical areas, a similar argument cannot be made. If the homology hypothesis were true, one would expect similar mean coefficients at either the micro or macro level. Lack of similarity leads to a rejection of this hypothesis.

**Table 4. Random Coefficient Regression Model Employing Parameters of Poverty for MCD's and Counties**

<i>Variable</i>	<i>MCD</i>	<i>County</i>
Intercept	.250** (0)	.360** (0)
Percent minority population	.086** (.143)	.178** (.390)
Percent population 25 years plus with Gt 12 yrs educ.	-.072** (-.137)	-.050* (-.061)
Median Household Income	-.73E-5** (-.880)	-.12E-4** (-1.10)
Percent population Gt 65+ years	-.074 (-.048)	-.349** (-.290)
Density	.673E-6 (.048)	.35E-7 (.004)
R <sup>2</sup>	.433	.822

Original metric estimate is on top; standardized estimate in parentheses.

\*\* Indicates significance beyond .01.

\* Indicates significance beyond .05.

The results of the random coefficient regression equations can be found in Table 4. Even when this less restrictive estimator is used, substantial differences result when different units are employed. As with the standard regression model, the MCD and county equations yield different R<sup>2</sup>'s (.43 and .82, respectively). In the case of the county, the R<sup>2</sup> is similar to that generated with the OLS estimator; however, the RCR model for the MCD is smaller than in the OLS model (.43 vs. .53). The coefficients for the individual variables within the equations also differ, both in terms of magnitude and statistical significance. For instance, the relationship between the density variable and poverty differs substantially across units of analysis in these equations. It is notable that while the magnitude of the coefficients obtained from the OLS and the RCR estimators for density are similar, in terms of statistical significance, the OLS parameter estimate for the MCD level is significant at the .05 level and the RCR estimate does not reach this level.

A similar situation can be seen with the education variable. There are substantial differences in terms of magnitude between the different units of analysis. The median household income estimates are, perhaps, the least impacted by both changes in the unit of analysis and selection of estimator. In all cases there is an extremely powerful, negative relationship between the median level of income and the

prevalence of poverty. However, substantial differences in magnitude are nonetheless evident across units of analysis.

As with the OLS model, the RCR equation indicates that, depending on the unit of analysis, the prevalence of elderly in a local area has a different impact on the prevalence of poverty. In the case of counties, the coefficient is large and highly significant while for MCD's the coefficient is small and not statistically significant. It should be noted, however, that while this difference has very important implications for the applied researcher, the difference is less dramatic than was found in the OLS equations. In the case of the OLS equations the policy analyst might be convinced that greater numbers of elderly were (statistically) significantly related to higher or lower percentages of elderly depending on the unit. This is very different from the conclusion of having no significant relationship or a strong negative relationship as is seen in the RCR equations.

# USING SECONDARY DATA TO RAISE REVENUE: A CASE STUDY OF A COMMUNITY DEVELOPMENT DATA BASE PROJECT

By Douglas C. Bachtel

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## ABSTRACT

In an era of large-scale budget cuts, community development practitioners face the continuing challenge of finding revenue for not only maintaining existing programs, but initiating new projects as well. This article describes a revenue-raising project created at the University of Georgia. The development of the initial project is presented using a case study approach. The spin-off programs created from the original project and the problems encountered with implementing innovative ideas in a large bureaucratic organization are reviewed. The importance of developing entrepreneurial skills is stressed throughout the article.

## INTRODUCTION

If one thing is consistent in community development, it is funding uncertainty. Fiscal uncertainties exist because the level of financial support, similar to other sponsored programs, is directly tied to the health of the national economy (Martin & Luloff, 1988). Funding also fluctuates among states because problems, such as deflated energy prices in oil or coal-producing states or low agricultural prices in farm dependent states, directly influence regional economic conditions (Reid & Whitehead, 1982). All things being equal, when the economy takes a nose dive, so does governmental funding in general and community development funding in particular (Rymarowicz & Zimmerman, 1986).

Levels of support also fluctuate between presidential administrations (Bradshaw & Blakely, 1988). In addition, changing organizational priorities can influence funding. The literature describes how

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community development programs have waxed and waned over the years (Ryan, 1988). One noteworthy example is the rise and fall and resurrection of regional planning (Armstrong & Taylor, 1978). The explanation for community development funding patterns, however, is not always dependent upon economic conditions, changing political viewpoints or organizational priorities. Demonstrated program quality, societal need and sound administrative decision making also are important explanatory factors (Matkin, 1985).

Developing and delivering programs in an uncertain economic environment will require practitioners at all organizational levels to accept the dual responsibility of developing educational programs while assuming accountability for their funding activities. One solution for practitioners is to initiate projects that raise revenue. By gaining greater control of their budgets, practitioners will have more flexibility in developing innovative programs that are not dependent upon uncertain funding sources.

### **Purpose**

This article describes a revenue-raising, statistical data base project developed by the Extension Community and Rural Development Department at The University of Georgia. The article outlines the problems of creating a revenue-raising project in a traditional community development organization. It also reviews the key factors required to carry out such a project. Conventional community development subjects and secondary data sources are reviewed to demonstrate their universal applicability in creating products that are sought after by a broad-based group of consumers. A case study approach is used to illustrate how the project got started and how it forms the basis of several other departmental community development projects. Finally, the benefits of raising revenue and cultivating entrepreneurial skills are discussed.

### **BREAKING TRADITION: DEVELOPING A REVENUE-RAISING PROJECT**

National economic conditions suggest that the current level of funding for community development programs will remain problematic (McNamara & Green, 1988). One solution for practitioners facing this problem involves developing programs that not only recover costs but raise revenue. In some community development circles this philosophy has been exercised for years. Numerous departments of continuing education routinely charge for programs and use the

profits to support alternative, less popular programs (Matkin, 1985). Charging for programs and materials in other areas such as the Cooperative Extension Service, however, is rare.<sup>1</sup> Reasons for the reluctance to charge involve a complex funding formula and a tradition of program costs being covered by tax-generated revenue (Vitzthum & Florell, 1976).

Tradition is not the only reason for the reluctance to charge for programming. The issue of unfair competition has been raised by some business groups when government agencies establish revenue-raising projects. Due to its broad-based funding sources and programming activities, the Cooperative Extension Service is an extremely visible government agency. As a result, Extension Service revenue-raising projects have the potential for close scrutiny by business groups. For the most part, however, legal restrictions involve government-sponsored manufacturing activities using prison labor (Official Code of Georgia, 1989).

Regardless of the organization's fee-for-service philosophy, three components are necessary for a successful community development revenue-raising project. First, the project should be compatible with the sponsoring agency's overall organizational mission, structure and clientele base. Tailoring the project to the organization reduces the business problem of finding potential customers. Organizational compatibility further helps with marketing because most organizations have, at least to some degree, an established identity. Second, the project must be needed by consumers and clients. Third, the project must be considered by consumers and clients. Finally, the project must be considered to be of sufficient quality to warrant a charge.

Some practitioners may have overlooked the fact that traditional, text book community development planning activities and methodological techniques have enormous potential for revenue-raising activities. Many of these time-tested processes are vital components of both business and government strategic planning departments. The following section documents the growing trend toward public and private sector planning and shows its applicability to community development revenue-raising activities.

### **Raising Revenue from Secondary Data Sources**

In today's rapidly changing environment, planning has become so important that it has become a growth industry (Townsend, 1990).

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<sup>1</sup> Research conducted on fee-for-service in Extension was found to be nonexistent. Personal experience and conversations with Extension state staff specialists in the South, however, indicates that the practice is not wide-spread and administrators continue to resist levying user fees.



This trend places a demand on planning materials and procedures, and since planning is one of the cornerstones of the community development process (Warren, 1972), it presents an excellent opportunity for practitioners to turn the demand into a revenue-raising project.

One of the crucial steps in the planning process, outlined nearly 30 years ago in the Social Action Process (Beal, 1964), is understanding the existing social situation. The information required for this important first step can be readily obtained from data collected by other agencies (Babbie, 1973). A massive amount of secondary data is regularly collected and published by such agencies as the Census Bureau, Bureau of Economic Analysis, Vital Statistics Department, Labor Department, Department of Education, the Chamber of Commerce, utility companies, banks and numerous others. A great deal of this information is available for all 3,141 of the nation's counties (U.S. Bureau of the Census, 1988) and is presented in a variety of printed and computerized formats. With a modest amount of effort, practitioners can obtain a vast array of useful facts and figures. These data sources are often available free or at low cost from most regional libraries. In addition, with the growth of electronic bulletin boards in both the public and private sector, practitioners in all states can easily access numerous county-level data bases.

### **The Importance of County-level Data**

County-level data are perhaps the most universally collected secondary data (Miller, 1978). Although methodological problems occur, effective planning studies can be conducted with county-level data if their limitations are recognized (Warren, 1972). For example, planners face major problems if they equate the county with a community (Babbie, 1973). Research has shown that some county residents lack a feeling of unity that many community scholars feel is necessary for a true community (Warren, 1972). In addition, because the information is aggregated, it may present problems where several communities make up a county. Problems also arise in communities that are at the edge of a county, or where people live in one county but work in another.

Besides the above-mentioned definitional problems, county-level data also present planners with major methodological obstacles. In states with 90 or more counties such as Texas, Georgia, Illinois, Kansas, Missouri, Kentucky, North Carolina, Tennessee and Iowa, difficulties arise because of the time and effort required to analyze large numbers of counties. Trends can literally start and run their course before data become available. For example, U.S. Census and

Bureau of Economic Analysis information normally requires two or more years to reach publication.

Methodological obstacles create numerous problems for planners attempting to acquire and analyze county-level data. These problems, however, coupled with the growing trend toward public and private sector planning, are a window of opportunity for community development practitioners with entrepreneurial skills. The following section illustrates how the need for data in the planning process was turned into a revenue-raising project.

### **THE GEORGIA COUNTY GUIDE PROJECT**

Beginning in the late 1970s, industrial location decision makers searching for business-oriented environments with non-union labor began to view Southern cities and rural areas as attractive plant sites (Falk & Lyson, 1988). These new manufacturing plants, in turn, provided a base for further economic expansion. As a result of the increased economic activity, staff members at The University of Georgia's Rural Development Center began receiving requests from planners seeking information for industrial plant location analysis.

Industrial planning is a complex process in any state, but it is particularly laborious in Georgia because the state has 159 counties. To meet the growing data requests, the Center staff began work on a project to supply the information requested by the planners. After several meetings with Census Bureau personnel, state and local officials and utility company industrial developers, it became clear that a county-level data base would be useful to almost anyone in the public or private sector who needed information for planning purposes. Thus, the original project was expanded and a comprehensive, three-phase plan developed to guide the project.

The overall concept for the project was readily accepted by Extension administrators because collecting and distributing information to assist decision makers and community residents plan for the future is recognized as the primary mission of the Extension Service. This task is clearly defined in the 1914 Smith-Lever Act which created the Extension Service. Numerous other community development agencies are also involved with the dissemination of information. Thus, the basic thrust of a data base project fits into the overall mission of the Extension Service, and most, if not all, community development type organizations.

Although the revenue-raising aspect of the project was not readily accepted by administrators for the reasons outlined in the earlier section, permission was obtained to proceed. The following section profiles the types of information collected for the project.

## THE FIRST PHASE: A STATISTICAL FACT BOOK

The first phase of the project involved collecting and publishing a host of county-level agricultural, demographic, educational, economic and health-related information in an annual publication, called *The Georgia County Guide*. The data for the publication are acquired from the annual reports and publications of 35 federal and state agencies as well as private corporations such as power companies and educational associations. The subjects were selected by reviewing the data requests received by planners, a literature search of planning text books and relevant journal articles and, most important, talking with actual data users to determine what sources they needed. The usefulness of the data for program planning, representing a variety of different disciplines, also was taken into consideration.

### Developing a Useful Product

One of the objectives of the publication was that it be a comprehensive fact book about all 159 of the state's counties. As a result, the information that appears in the book represents most of the major data subjects routinely collected and published on a county-level basis in Georgia. Even for planners accustomed to sorting through a maze of data sources, agencies, and endless red tape, the data collection process can be maddening. Because of these problems, the *The Georgia County Guide* was specifically designed to provide the reader with easily accessible information.

The information was obtained by requesting information from all state agencies listed in the state government telephone directory. Federally collected county-level information sources were found by examining the *Statistical Abstract of the United States* and requesting assistance from regional U.S. Census Bureau personnel. Follow-up discussions with knowledgeable data users uncovered additional sources.

The major subjects also have sub-categories and each table contains from 10 to 15 variables. A considerable amount of time and effort was spent on the selection of the sub-categories. The data categories were selected to reveal change over time. For example, a table was developed that presents each county's total population percentage change by decade from 1930 to 1990. This table allows the reader to get an immediate understanding of the past and present population growth for every county in the state. Without this table a researcher would have to locate seven different Census publications and perform over 1,000 separate calculations to obtain the information.

Not all of the tables list data back to the 1930s, but time series data are included to assist the reader in gaining a clear understanding of

a particular topic. For example, six years of per capita income figures are included to illustrate how a particular county's income has changed. In addition, rankings and rates permit the reader to compare an individual county to all other counties or the state average. Although the publication primarily focuses on county-level information, one table shows the population for each of the state's 512 municipalities for four decades. The book also has a complete index of data sources listing the name, address and phone number of the agency supplying the information.

### **Production Techniques**

With few exceptions, most secondary data collected by state agencies come from their annual reports in a printed format. Only a handful of state agencies in Georgia computerize their reports. Once the information is obtained it is entered into a Lotus/Symphony spreadsheet. With 159 counties, 83 tables and 1,079 different variables, a spreadsheet greatly reduces the amount of time and effort required to assemble the book.

Although it may sound simplistic, it is sometimes difficult even for experienced researchers to uncover trends and see patterns unless the raw numerical data are converted to percentages, rates or rankings. In addition, percentages allow easy comparisons to be made among counties or to the state average. Since most state agency reports and even U.S. Census Bureau publications only show raw numerical data, a spreadsheet is a wonderful labor-saving tool, particularly when dealing with 159 counties. With the data transformed into an easy-to-use format it becomes sought after by a broad-based group of planners.

After the data are entered and verified, the Symphony files are imported into a word processing program and printed on 8½" × 11" sheets of paper. This process allows the book to be assembled in a camera-ready format which helps reduce expenses. Printing 6,000 books costs \$8,000.00, or \$1.34 a book.

The entire project has been financed without any additional funds being budgeted from regular Extension appropriations. The revenue finances three part-time data entry positions, covers the cost of computers, printers, software and the expense of printing and advertising the book. The 1991 edition sells for \$15. Since 1980, approximately \$250,000 in gross sales have been generated.

### **Profiling the Customer**

*The Georgia County Guide* provides a broad range of individuals, groups and organizations with up-to-date, easy-to-use information for

research and planning purposes. Table 1 profiles the individuals and groups who have purchased the publication. The book is sold through an aggressive direct mail sales campaign and specific groups targeted with special brochures. For example, the mail list of the Georgia Association of Realtors was purchased. A distinctive brochure was designed suggesting that with appropriate information, realtors could become more knowledgeable about their community, thereby increasing their opportunity to close a sale. For the past nine years realtors have comprised a large portion of the customer base.

The medical community buys a large number, followed by banks, lawyers and religious organizations. Many government agencies such as libraries, school boards, state and county courts and public assistance offices, whose staffers routinely use county level information, also purchase the book. A complete mailing list of all customers is kept and they receive a brochure for a new book each year.

### **Reasons for Success**

The following selected cases profile how the information has been used:

- Rome, Georgia, Chamber of Commerce used the information to develop to economic strategy to create a more diversified economic base by attracting retirees.
- The State Senate used the information for the committee investigating improving economic development opportunities in rural areas.
- Georgia College utilized demographic and economic information on a ten-county region for an Architecture Seminar Tour. The data were analyzed by historic preservationists to better understand the social and economic trends influencing the ten-county region.
- Georgia Legislative Black Caucus needed information to gain a better understanding of public policy issues facing the state's black population.
- The Board of Regents, University System of Georgia, requested information for their Institutional Research and Planning Committee. It enabled them to determine demographic trends impacting higher education for their 34 institutions.
- Georgia Department of Education, Division of Public Libraries needed information which would assist their staff in analyzing trends and future forecasts for library outreach programs.
- Georgia Department of Family and Children's Services needed data to develop training materials for county-level staff to better

**Table 1. Profile of Individuals and Groups who Purchase *The Georgia County Guide***

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*Governmental Agencies*

Governor and Legislative Officers  
 Area Planning and Development Commission  
 Board of Industry & Trade  
 Secretary of State  
 Soil and Water Conservation Service  
 Dept. of Agriculture  
 Dept. of Community Affairs  
 Dept. of Education  
 Dept. of Family & Children Services Dept. of Human Resources  
 Dept. of Labor  
 Dept. of Mental Health  
 Dept. of Natural Resources  
 Dept. of Revenue  
 Health Related Individuals and Groups  
 Physicians  
 Dentists  
 Chiropractors  
 Public Health Nurses  
 Veterinarians  
 Hospital and Nursing Home Administrators  
 The Medical Association of Georgia  
 Medical School of Georgia

*Business Groups*

Attorneys  
 Automobile Dealers  
 Banks  
 Chambers of Commerce  
 Electrical Membership Coops  
 Farm Bureaus  
 Fast Food Franchises  
 Industrial Location Consultants  
 Realtors  
 Tractor and Farm Implement Dealers

*Media*

Radio, TV, Daily and Weekly Newspapers, Free Lance Reporters  
 Monthly Publications: *Gold-Kist News, Georgia Trend, Electrical Membership Coops Rural Georgia*

*Charitable / Religious Groups*

American Cancer Society  
 Heart Fund  
 Methodist Churches  
 Southern Baptist Convention

*Educational Institutions and Libraries*

Medical College of Georgia  
 Public and Private Universities  
 Public, Private and School Libraries  
 Vocational-Technical Trade Schools

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understand the social and economic forces affecting the delivery of social service programs.

- Georgia 4-H Long Range Study Committee used the information to assist the 4-H Department with developing long-range plans and policies in order to better meet the needs of Georgia's youth.

### **Problem Areas—*The Georgia County Guide***

Most projects have problems that arise during their development and *The Georgia County Guide* is no exception. A persistent and troublesome problem with the project, however, involves the sale of the publication. Traditional Extension administrators have resisted charging for any Extension-related activity or product and charging for *The County Guide* is no exception. One administrator even proposed a price reduction despite state, university and extension budget cuts and rising production costs. His suggestion came at the time when another computer and part-time data entry clerk was needed, yet no funds were available for additional equipment or labor. Fortunately, his suggestion was not implemented.

Although *The Georgia County Guide* is one of the best selling publications at The University of Georgia and is used on a regular basis throughout the state, it has only recently been accepted and used by county and district agents or state staff. One of the reasons for this may be because many Extension professionals are not research oriented, although this is changing.<sup>2</sup> The project has, however, motivated county staff to collect more statistical data and recognize the importance of cultivating good data collection techniques. For example, on one occasion a County Extension Director called expressing concern about the information showing the number of irrigated acres of farm land. Complaining that the data did not even come close to representing a true picture of the local situation, the County Director expressed strong concern about the problems caused by presenting inaccurate statistical data. The County Director, however, became more aware of the problems associated with collecting data when informed that the information in question had been collected by his office for the past ten years.

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<sup>2</sup> A literature search of the research capability and orientation of Extension professionals was conducted and no studies were uncovered. A content analysis, however, of the job announcements for county, district and state staff for the past three years in the Georgia Extension Service was conducted. This investigation found that the announcements all tended to stress personal and verbal communication skills and did not mention research skills as an expectation for employment.

Another recurring problem involves the single-county mind set that some district and county agents cannot seem to overcome. Since the initial publication of the book, numerous county and district level staff have expressed concern that the information is not available by district or on a single county basis. A single county orientation served a purpose in an earlier era, but when dealing with huge data sets the presentation of reams of data on a single county basis is time consuming and not cost effective. The printing costs alone for producing 159 different books containing 1,079 variables are prohibitive. Imagine the difficulty of attempting to compare several counties to the state average or profiling a multicounty region with the information in dozens of separate publications.

Efforts are currently underway, however, to make the data base easily accessible on a county basis via remote computer terminals hooked into a statewide computer network. This process, however, depends upon the availability of computers, modems, appropriate software and a sufficient degree of computer skills at the local level. The presence of the necessary hardware, software, and expertise varies widely across the state which suggests that acceptance and implementation of sending and receiving data electronically will not occur rapidly.

Another continual problem involves complimentary copies. Complimentary copies are necessary to promote good will and stimulate sales, however, a clear written policy should be established BEFORE publication. This is especially important if the project is to become self-sufficient. Complimentary copies of *The Georgia County Guide* are sent to all state legislators, congressmen, senators, the Governor, the Board of Regents and selected state agency department heads by the Director of the Extension Service and more recently by the President of the University. During election years copies are sent to all candidates running for statewide offices. Complimentary copies also were provided to the media. Some media contacts, however, purchased the book while others were given complimentary copies. To avoid hard feelings, the book is now offered at half price to the media.

### **THE SECOND PHASE: "ISSUES FACING GEORGIA," DATA FOR PUBLIC POLICY EDUCATION**

The second phase of the project, a newsletter called "Issues Facing Georgia," was designed to bring about a better understanding of public policy issues for citizens and decision makers. Each publication presents maps and graphs, along with the brief interpretative, easy-to-read article, that highlights a particular topic. The topic areas are



chosen by a combination of having available data and finding other faculty members and state agency personnel willing to co-author an article. Twenty-five editions have been produced and have dealt with topics from agriculture to veterans. The press run for each edition is 6,000 and costs approximately \$1,800. The "Issues" series has received major media exposure and numerous weekly newspapers have reprinted some editions in their entirety. The series also has been widely quoted in newspaper editorials and TV commentaries.

### **Problem Areas—"Issues Facing Georgia"**

A recurring problem with the "Issues" project involves the distribution of the publication, particularly to nontraditional Extension clientele. Although many county agents do an excellent job of contacting nontraditional clientele, some agents do not have either the time, budget nor inclination to contact the individuals, groups and organizations who would benefit from the publication. "Issues Facing Georgia" subscribers receive a direct mailing of the newsletter and periodically a few agents continue to complain about the procedure.

Some of the topics addressed have been controversial. One topic, "Georgia's Black Population," which profiled the number, distribution, income and education of the state's black population was subjected to intense scrutiny and review by Extension administrators. Once released, however, 1,200 copies were requested by the State National Association for the Advancement of Colored People and it facilitated three separate appearances at the Georgia Black Legislative Caucus annual conference by the author. The publication also was cited by an outside review team investigating Extension's affirmative action programs and policies as an example of programs that should be continued.

### **THE THIRD PHASE: TOTAL COMPUTERIZATION OF THE DATA**

The third phase of the project involves the total computerization of the data for applied research. Although the publication of the book is the centerpiece of the project, the computerized phase has led to the development of some truly innovative spin-off projects. For example, a computerized version of the book is available for \$200. Because of the ease of reproduction the computerized version has generated considerable revenue without additional overhead. Numerous university researchers, state agencies, newspapers, radio stations, bankers and consultants routinely purchase the computerized

version. Since 1988 about 35 electronic data bases have been sold each year.

Another spin-off project is called the "Socio-Economic Perspective" program. Using 35mm slides, this project presents county level demographic, economic and educational information for a public policy education program conducted by Extension state staff at the local level with no cost to the local office. A hard copy workbook also is produced and the program has been delivered in 154 counties and been two times in 44 counties and three times in 5 counties. This project has given the Extension Service a high degree of visibility not only in rural but urban areas as well. This program also has generated local action to address educational, crime, leadership and economic development problems.

### **Problem Areas—"Socio-Economic Perspective"**

The "Socio-Economic Perspective" program became so successful that the staff literally could not keep up with the demand for the programs. This created a problem which has been identified as the paradox of success (Rasmussen, 1989). Problems arise not from failures but from achievement. Difficulties also occurred because of the inability of district staff members and state-level administrators to understand the logistical problems associated with processing massive amounts of data coupled with their unwillingness to change a procedure once it had been implemented. For example, a new graphics program was purchased that greatly reduced the amount of time required for the data entry process and had more options for displaying data. The new graphs were rejected by the staff simply because they were different from the previous format, in spite of the fact that it greatly reduced the input time necessary to produce the finished product.

The success of the "Socio-Economic Perspective" program also created a never-ending problem faced by all practitioners delivering programs on a state-wide basis without the proper resources to complete the job. Because of the incredibly busy schedule of delivering programs, there was never time for any follow-up by either the County Agent or the decision makers who attended the program. Compounding the problem, state and county extension staff trained in agricultural related fields often do not possess the expertise and motivation to continue teaching local decision makers the skills needed to solve the community development related problems raised in awareness sessions like the "Socio-Economic Perspective" program.

To allow the audience to become more self-sufficient, an expanded perspective format was eventually developed that provides much more

than data in graphic form. A discussion accompanies each graph which explains the trends behind the numbers. For example, population growth or loss is related to economic development and the tax base. This new method also met with staff resistance. Because of the extra analysis and writing involved with the new format, a considerable amount of time and effort is needed to produce the publication. As a result, a \$200 charge was instituted. The revenue is used to hire graduate students to write the initial first draft. Thus far, several Chambers of Commerce, school boards and a newspaper have paid for the new format.

The Department, however, continues to have two completely different "Socio-Economic Perspective" formats. The reason for the two formats is chiefly pragmatic. The old version can be produced by a data entry clerk and delivered without a lengthy amount of preparation. The new format, however, is more complex and requires more time to prepare for the presentation.

### **The Extension Information Center**

The computerized data base also led to the establishment of an Extension Information Center. The purpose of the Center is to collect, analyze and disseminate current statistical information to decision makers. The Center currently employs one full-time Data Collection Coordinator and three part-time clerical assistants.

The computerized data base has made it possible for the Extension Information Center to secure contract money. Although the contracts are not large by some standards, they do produce revenue. One of the contracts was from the Department of Education for an educational data base for all 186 school systems in the state. Another contract came from the Division of Rehabilitation Services requesting assistance to forecast the number of rehabilitation cases on a county basis for future programming purposes. They also requested a computer model be developed to predict areas of the state where spinal cord injuries are most likely to occur. In addition, a series of separate follow-up grants are built into the contract to create a sequence of training programs for Rehabilitation Services personnel. Finally, a contract from the Division of Family and Children Services was obtained to predict the future case loads of Aid to Families With Dependent Children.

Numerous smaller projects also have been undertaken, such as providing data for business groups, telephone companies, the Georgia Department of Legal Services, local school boards, The Georgia Municipal Association, newspapers, radio stations and engineering firms. The grants and contracts have been financially lucrative because much

of the information required for analysis already exists in the Center's data files. Approximately \$50,000 has been generated from contracts and small projects.

The data base also has been used by graduate students working on both Masters and terminal degrees in Extension Education, Education Administration, Adult Education, Sociology and Home Economics. Undergraduates in the College of Home Economics also have interned in the Extension Information Center for college credit. The internship allows students to gain real world experience in working with computers, data, library research and the practical application of information for problem solving.

### PROJECT EVALUATION

Project evaluation is one of the steps outlined in the Social Action Process (Beal, 1964). "The County Guide" project has undergone both formal and informal evaluation. After the third year of the project, a questionnaire was sent to all subscribers. The survey questions were developed to find out: 1) if the data categories were adequate; 2) if the format of the book was suitable; and, 3) if the readers knew of additional subject areas that should be included. The subsequent response resulted in the format of the book being totally changed from a slim six-inch wide book to a standard 8½" × 11" size. The survey results also helped uncover several other data sources that were eventually incorporated into the book.

Revenue-raising projects have a built-in evaluation which is measured in terms of revenue the project generates. *The County Guide* project could be judged to be successful because \$250,000 in book sales has been generated since 1980. In addition, the book has become a major source of information for both the print and electronic media and is frequently cited in editorial columns.

The "Issues Facing Georgia" series has never been formally evaluated. However, based upon the number of requests for copies and its use by the media, it also could be judged to be successful. Three editions were reprinted due to demand and the forestry edition was reprinted four times. In addition, five editions have received front page coverage by the state's major newspaper. All of the editions have received major media attention and routinely appear in magazines, newspapers, and electronic media editorials. Formal evaluation, however, represents a key component in any community development project and plans are currently under way to evaluate the "Issues" series through the questionnaire sent to subscribers. The questions involve content, style, usability, relevance and topics for future consideration.

### SUMMARY

Incorporating information into the planning process reflects the principles established by Charles Galpin, an early research pioneer who recognized the importance of developing useful methods to analyze how a community fits into the larger social structure (Warren, 1972). In today's environment, practitioners need more than methodological expertise. With an entrepreneurial spirit, practitioners can use their skills to create useful products that help decision makers analyze community life and raise revenue in the process.

The proliferation of secondary data sources, coupled with the increasing use of information in the planning process, permits practitioners to be in a favorable position to generate revenue from the sale of data-oriented projects and programs. The challenge is to acquire the information and mold it into a product that people can use and are willing to purchase. In some community development departments and agencies, however, instituting an entrepreneurial orientation may prove to be difficult. The tradition of providing no-cost services, legal barriers, or the built-in resistance to change inherent in both large and small bureaucratic organizations, represent powerful forces that must be overcome before change will occur.

The concern over unfair government competition voiced by private enterprise activities is a valid issue. The legal ramifications for the sponsoring agency must be fully explored before developing a revenue-raising project. Some of these problems, however, will be minimized when dealing with secondary data because all of the information is considered to be in the public domain and, therefore, not copyrighted. Thus, the problem of unfair information access is eliminated. To be sure, other problems exist; however, tailoring a project to the overall organizational mission and client base diminishes many problems associated with establishing a revenue-raising data base project.

In an era of shrinking resources, community development revenue-raising activities will become increasingly important. The commitment of staff resources to new projects is always difficult regardless of the economic climate. When a new project requires a major change in organizational philosophy, the decision becomes even more difficult. Administrators who face resource allocation decisions, however, must consider that, while not all community development activities should raise revenue or recover costs, there are special niches that lend themselves to revenue-raising activities. These activities encompass a broad spectrum of topics and vary considerably from state to state. The bottom line, however, is that practitioners who can use their skills to raise revenue will be able to continue to deliver programs regardless of the funding problems.

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# A MULTICOMMUNITY APPROACH TO COMMUNITY IMPACTS: THE CASE OF THE CONSERVATION RESERVE PROGRAM

By David Henderson, Luther Tweeten, and  
Mike Woods

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## ABSTRACT

The economic impact of rural community size on retail sales is analyzed using a multicommunity approach. The Conservation Reserve Program is used to illustrate how farm policy initiatives which change personal farm income affect community retail sales in different sized communities. Regression coefficients are estimated and hypotheses tested which help interpret the interdependent nature of the retail sector within multicommunity clusters. The approach provides a framework which helps explain why some communities are becoming retail growth centers while the retail sector in other adjacent communities is stagnating or declining. An increased understanding of the consumer processes occurring between adjacent communities may help local leaders develop strategies for coping with future changes in local economies.

## INTRODUCTION

A rural development agenda for the 1990s is emerging as a triad of important issues, research opportunities, and educational roles (Alter, 1990). The research opportunities which will surface as important community issues are changed by economic processes and new legislation. A role for educators in the rural development arena may then be to serve as communicators and facilitators who help rural leaders to address unfolding community issues by utilizing timely research results.

Rural educators recently identified an emerging *dualism* between rural communities as one of the current important issues facing rural

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leaders (Alter, 1990). This dualism in the rural economy centers on the interdependence between growing communities and adjacent stagnating or declining communities. Local leaders face the dilemma of understanding the interdependencies between the prospering larger communities and the deteriorating smaller communities within the same rural area.

Current research has focused on the political and economic dimensions of the dependency within multicommunity clusters. The social evidence indicates that intercommunity political cooperation is more successful when it is implemented horizontally across similar sized communities and that vertical political integration between different sized communities within a multicommunity cluster is less successful (Wells, 1991). The economic research suggests rural shopping patterns between different sized communities perpetuate the commercial growth of larger communities and the commercial deterioration of smaller communities within multicommunity clusters (Henderson, 1990).

The multicommunity cluster approach is particularly important in rural areas, where the emergence of regional growth centers and the decline of small towns occurred concurrently (Walzer, 1981). An increased understanding of the shifting spending patterns between the different sized communities in a multicounty area provides a framework within which to explain the interdependent nature of the retail sector to local leaders. Strategies which help retain retail businesses in the smaller communities while simultaneously expanding the retail sector in the larger communities may be fundamental to multicommunity vitality in rural areas.

The vitality of the retail sector in rural communities is of paramount importance because of the contribution of the sector to the local employment. While one out of every three new jobs created in all areas during the 1980s was in the retail sector, over 85 percent of the increase in nonmetropolitan employment was in the retail sector. Retail expansion in one community affects the ability of adjacent communities to draw customers, and the positive impacts of recent rural retail expansion tend to concentrate in the larger regional growth centers of the nonmetropolitan counties (Henderson, 1992).

This paper presents a tangible example of how a specific legislative edict affects the economic vitality of retail businesses within a multicommunity cluster. The Conservation Reserve Program (CRP) of the 1985 and 1990 farm bills illustrates how a national policy can filter through local economic processes to alter established shopping patterns in a multicommunity cluster comprised of different sized communities. The CRP example is utilized because of its enormous



impact on the economic vitality of the hundreds of farm dependent counties (Hyberg, 1991).

### **BACKGROUND**

During the 1950s millions of acres were converted from cropland to alternative land uses under the Land Bank legislation. The CRP is a continuation of USDA policies to permanently retire highly erodible croplands in agricultural areas. The impact of the CRP is greatest in farm dependent areas where farm land is concentrated and personal farm income is the primary source of local income (USDA, 1991).

The CRP entails diversion payments to farmers to compensate for the loss of crop income from the retired acres. The substitution of government payments for crop income represents a change in the source of farm income because the proportion of personal farm income from crops decreases and the proportion from government payments increases (USDA, 1991). If the spending patterns of farm families associated with government payments are different from the spending patterns affiliated with income from crops, then farm shopping patterns may change as a result of the CRP.

Historically, practitioners have used impact analysis of policy events to help educate rural leaders about the economic processes affecting rural communities. Most local impact models have used one county or a set of counties as the impact area (Nelson & Bender, 1986). County impact models may not be the best indicators of impacts for the communities within their borders because impacts vary directly with community size (Shaffer, 1989).

Roberts (1987) used a county level economic base model to estimate the change in the number of retail businesses in 150 counties in Kansas, Oklahoma and Texas between 1929 and 1967. The results indicated that changes in agricultural land use were significant in explaining the change in the number of businesses. Idle cropland was negatively related to the change in retail businesses, implying that an increase in CRP acreage diversions could result in a decrease in the number of retail businesses in rural areas.

Martin et al. (1988) used an input-output model to estimate the impact of the CRP in three counties in Oregon. The researchers noted that when farm expenditures were shifted away from crop-production-related purchases to consumer-related purchases, some of the income generated by CRP diversion payments around smaller communities would leak out to larger communities. Some retail businesses located in the small communities would not be able to achieve

the threshold level of demand necessary to provide the consumer-oriented products purchased from the CRP diversion payments.

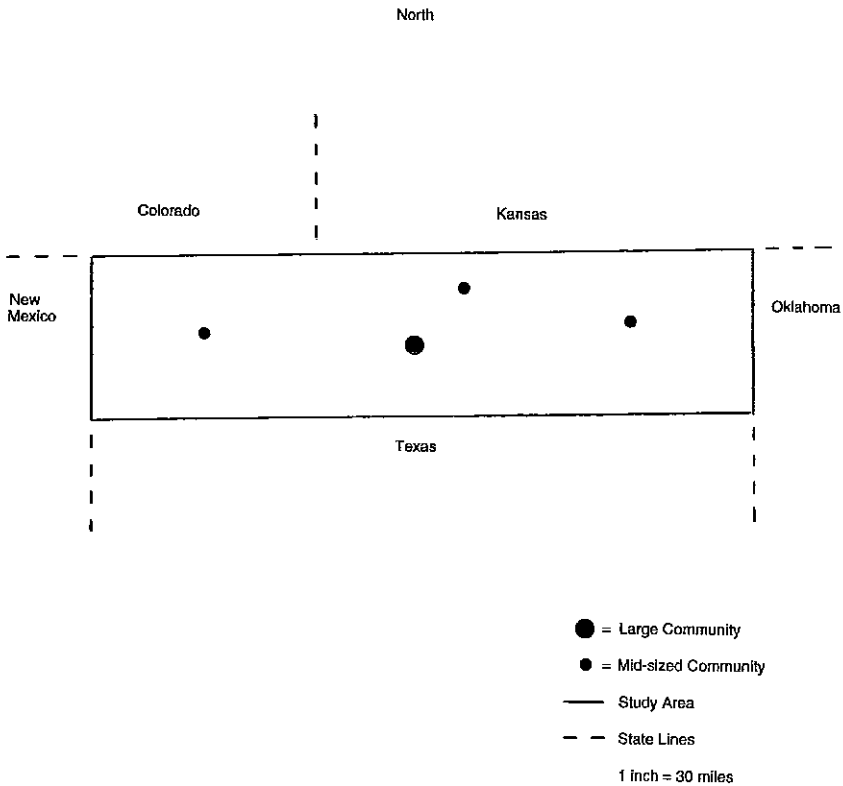
The multicommunity approach builds on the previous export base and input-output impact approaches by incorporating spending patterns between the different sized communities. The impact of changes in farm income from the CRP on intercommunity farm spending patterns may not be equal for different sizes of community. Some larger communities may benefit by attracting more farm customers while other smaller communities lose business because their customers are drawn away from them.

### CONSUMER SPENDING PATTERNS IN RURAL MULTICOMMUNITY CLUSTERS

Central place theory provides a behavioral framework for explaining consumer spending patterns in a rural area which encompasses different sized communities. Within the central place framework, families located in or near a small rural community purchase retail goods in both the small and large communities of a multicommunity cluster. The early central place theory explained how *non-competitive* retail purchases by residents in smaller communities from businesses in larger communities established consumer spending patterns in rural hierarchies. The current central place theory explains how *competitive* purchases of retail goods by residents in smaller communities from businesses in larger communities change the level of consumer spending in different sized communities over time.

Seninger (1978) outlined how *non-competitive* consumer spending patterns develop between different sized communities in a multicommunity cluster. Retail businesses in the smaller communities sell less of a variety of goods and their local customers import the remainder of their consumer items from businesses in larger communities. Shopping for goods in a larger community which are not offered in a smaller community does not adversely effect retail sales in a smaller community because the goods purchased are not sold in the smaller community and are therefore not directly *competitive*.

A dynamic aspect of rural spending patterns occurs when a small town consumer travels to a larger community to purchase goods not sold in the smaller community and while there also purchases goods which are for sale in the smaller community. This shopping behavior represents *competitive* retail imports into the smaller community because the shopper could have bought some of the goods purchased in the larger community from businesses in the smaller community. Purchasing as many goods as possible while shopping in the larger

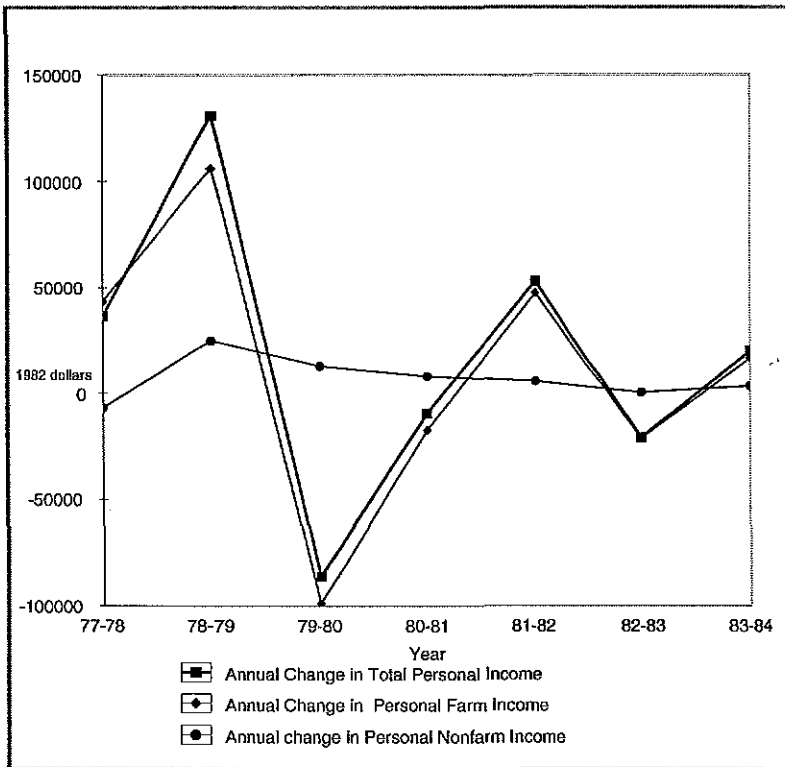


**Figure 1. A rural Oklahoma hierarchy.**

community enables the rural consumer to minimize shopping time and transportation costs during one shopping trip (Fotheringham, 1983). Purchasing goods in a larger community which are available in a smaller community has the effect of decreasing consumer spending in the smaller communities and increasing consumer spending in the larger communities. Thus, over a period of time, the larger communities emerge as retail growth centers while the retail sector in the smaller communities stagnates or declines (Chase & Pulver, 1983).

### DATA AND STUDY AREA

The Oklahoma Tax Commission provided annual data on the amount of sales tax and the number of businesses by community for the 1977–1984 period. The data contained information on 22 communities, 1 of which averaged 221 businesses, 3 which averaged 61 businesses, and 18 which averaged 24 businesses per year over the



Source: Bureau of Economic Analysis

**Figure 2. Annual changes in local personal income: 1977-1984 in 22 Oklahoma communities.**

period. The study area was located in the three Panhandle counties of Oklahoma.

Total population in the area has been stable since 1970 and was about 28,000 in 1980. The population in the largest community increased by 800 residents between 1970 (7,674 population) and 1980 (8,492 population). The combined population of the 3 mid-sized communities did not change significantly between 1970 (5,461 population) and 1980 (5,486 population). The 18 smallest communities gained 872 residents, increasing their total population from 3,518 in 1970 to 4,390 in 1980. The increasing population in some towns may have been due to retirement of farm operators and would not have affected the shopping patterns of those who remained on the farm.

The local personal income data source was the Bureau of Economic Analysis. Total personal income is broken down into the farm and nonfarm components. Figure 2 shows the annual change in total, farm, and nonfarm personal income in the area over the study period.

As is the case in most farm dependent counties, changes in total personal income are driven primarily by the changes in personal farm income.

The farm income data are reported by source of origin including crop income, livestock income, and government payments. Personal farm income from crops is total crop sales minus the production costs of producing crops in the area. Government payments include direct payments to farmers such as the CRP diversion payments.

### **A MULTICOMMUNITY MODEL**

An economic multicommunity model should have a variable which designates a community's position in the local hierarchy. This will account for differences in shopping patterns between the different sized communities. Retail sales and the size of the geographic market serviced are for all practical purposes proportional to the size of a community (King, 1984). Community population is highly correlated to community position and is the most commonly used indicator of community rank in rural hierarchies (Shaffer, 1989).

The economic relationship between retail sales and local income is based on the proposition that the amount of disposable income spent by consumers at businesses in a community equals the amount of retail sales in a community (Henderson, 1990). The number of shoppers and the amount spent will vary directly with the size of a community (Shaffer, 1989). Total demand for retail goods in a multicommunity cluster will then depend on the total number of shoppers who spend local income in a community and the total dollars spent by each consumer in the cluster.

To approximate community demand, a cross-sectional (22 communities) time series (1977-1984) regression equation is employed which specifically measures how changes in the number of shoppers and the amount of local income spent affect community retail sales. Retail sales equal economic demand, of which the principal components at the community level are total income and population. Empirically, the ordinary least squares (OLS) method yields unbiased estimates, but may be less efficient than other more restrictive generalized least squares (GLS) procedures.<sup>1</sup>

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<sup>1</sup> An OLS model and general specification were chosen to enhance the model's widespread usability. The more complicated GLS formulations require esoteric transformations which limits their use by nonstatisticians. The general specification, income and population, uses variables which are universally available as compared to other possible specifications which require unique information on particular local variables not universally available.

Two separate equations were specified to estimate the contribution of personal farm income to retail sales by community size. The first regression estimates a relationship between retail sales and farm crop income by community size and the second regression estimates a relationship between retail sales and government payments to farmers by community size. The regression equations were specified as:

$$S_{it} = a + \beta D_j CY_t + \beta D_j ROY_t + \beta D_j POP_t + e_{ijt} \quad (1)$$

$$S_{it} = a + \beta D_j GP_t + \beta D_j ROY_t + \beta D_j POP_t + e_{ijt} \quad (2)$$

where  $S$  is real gross retail sales (deflated by the implicit price deflator) by community ( $i = 1 \dots 22$ ),  $a$  (intercept term), and  $\beta$  are parameters to be estimated,  $CY$  is the real farm income from crop sales,  $GP$  is the real farm income from government payments,  $ROY$  is real non-farm personal income,  $POP$  is the population of each county,  $D$  (0 or 1) is a dummy variable used to stratify the communities by size ( $j = 3$ ),  $t$  refers to year (1977–1984), and  $e$  is an additive error term.<sup>2</sup>

The farm income variables ( $CY$ ,  $GP$ ) are used as proxies for the amount of spending by the farm population. The sum of the components of farm income spent at retail businesses should equal the amount of retail sales to farmers in the area. Estimating the two farm income relationships separately while holding the effect of nonfarm personal income ( $ROY$ ) and the total number of shoppers ( $POP$ ) constant facilitates measuring the contribution of each farm income source to community retail sales.

The nonfarm personal income variable ( $ROY$ ) is a proxy for the amount of money spent by nonfarm customers in the study area. The sum of all nonfarm personal income spent at retail businesses in the 22 communities should equal the sum of the retail sales to the nonfarm population in the 22 communities. The consumer spending patterns of the central place model predict that nonfarm income coefficients may be negative for the smaller communities because as nonfarm income rises nonfarm consumers may tend to shop more in larger communities.

The total population variable ( $POP$ ) is used as a proxy for the number of local shoppers. Increases in local population should translate into additional local shoppers and increased local sales. Con-

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<sup>2</sup> Each of the equations were tested for first order autocorrelation. The hypothesis of no serial correlation was accepted or inconclusive for all of the equations. Each equation was also tested for heteroskedasticity. Heteroskedasticity was detected, which suggests that although the estimated coefficients are unbiased and valid for hypothesis testing, they may not be the most efficient estimators.

versely, a decrease in local population should translate into fewer local shoppers and less retail sales. Controlling for changes in the total number of shoppers in the area allows measurement of the effect of changes in local personal income on community retail sales.

Following central place theory, the 22 communities were stratified into three size groups based on community population and the number of businesses per community. The dummy variable (D) enables the estimation of an individual parameter for each of the 3 sizes of community. The interaction term between the dummy variable and the independent variables was rotated to estimate a standard error for each coefficient by community size. The standard errors can then be used in formal hypothesis tests to check for differences in the retail sales-farm income relationship by size of community.

The sign on the interaction terms (DCY, DGP) also indicates how farm shopping patterns are associated with retail sales by size of community. A positive relationship indicates that an increase in a particular farm income source increases retail sales in a community of a certain size. A negative relationship indicates that an increase in a particular farm income source decreases retail sales in a community of a certain size.

### **ESTIMATES, HYPOTHESIS, AND IMPLICATIONS**

The results from the regression equations are presented in Table 1. Five of the estimated 20 coefficients, or 25 percent, are not statistically different from zero. All the estimated coefficients are statistically significant for the largest community. The high  $R^2$ , and significant F statistics indicate the principal components of changes in retail sales are the personal income and population of the area.

The estimated negative relationship between income and retail sales in the smaller communities on the surface seems counter-intuitive. The negative relationship occurs because as income increases rural consumers spend more on transportation and consume a wider variety of goods. The combination of greater mobility and consuming a wider variety of goods tends to decrease the number of shopping trips and consumer expenditures in the smaller communities.

The results of the hypothesis test for differences in spending by source of farm income by community size are presented in Table 2. The results of the hypothesis tests provide a basis for inferences about the impact of a change in the source of farm income on retail sales by community size. Three sets of hypotheses were tested that help us understand the economic processes occurring in the community retail markets of the area as a result of the CRP.

Table 1. Estimated Retail Sales Equations

<i>Regression Variables</i>	<i>Crop Income Equation</i>	<i>Government Payments Equation</i>
Intercept	134,176.00* (38,771.61)	137,908.00 (58,262.61)
Large Community (1) <sup>1</sup>		
Farm Income <sup>2</sup>	63.04178* (2.43712)	184.41276* (11.23407)
Nonfarm Income (ROY)	16.47165* (1.163758)	16.38112* (1.16352)
Population (POP)	185.92543* (12.80432)	188.40318* (12.35893)
Mid-sized Communities (3) <sup>1</sup>		
Farm Income <sup>2</sup>	4.99519* (2.14931)	9.50834 (9.47001)
Nonfarm Income (ROY)	-1.10277 (1.62634)	-1.19438 (1.60187)
Population (POP)	36.98519* (12.83621)	39.53133* (12.39477)
Smallest Community (18) <sup>1</sup>		
Farm Income <sup>2</sup>	-5.64768* (1.51719)	-22.73544* (5.83305)
Nonfarm Income (ROY)	-4.08285* (1.60322)	-4.17573* (1.57844)
Population (POP)	11.25794 (12.69417)	13.79268 (12.24921)
R <sup>2</sup>	.8716	.7084
F	71.724	46.67
N <sup>3</sup>	176	176

<sup>1</sup> Number in parentheses refers to the number of communities in each size group.

<sup>2</sup> Farm income refers to crop income in the first equation and government payments in the second equation. Standard errors in parentheses.

<sup>3</sup> N refers to the number of communities times the number of years observed (22 × 8).

\* Significantly different from zero at the 1 percent level.

The first set of hypotheses are based on the relationship between crop income and retail sales by community size. The relationship between crop income and retail sales was positive and statistically significant for businesses in the largest and mid-sized communities, but negative for businesses in the smallest communities. The results suggest that increases in local crop income tends to shift farm purchases away from the smallest communities toward the mid-sized and larger communities of the area.

The second set of hypotheses are based on the relationship between government payments and retail sales by community size. The relationship between government payments and retail sales was positive



**Table 2. Hypotheses tests<sup>1</sup>**

<i>Hypothesis</i>	<i>Result</i>
H <sub>0</sub> : Effect of a change in crop income on retail sales is equal by community size.	
Largest community relationship (63.04) equals mid-sized community relationship (4.99).	Reject
Largest community relationship (63.04) equals smallest community relationship (-5.65).	Reject
Mid-sized community relationship (4.99) equals smallest community relationship (-5.65).	Reject
H <sub>0</sub> : Effect of a change in government payments on retail sales is equal by community size.	
Largest community relationship (184.41) equals mid-sized community relationship (0). <sup>2</sup>	Reject
Largest community relationship (184.41) equals smallest community relationship (-22.74).	Reject
Mid-sized community relationship (0) <sup>2</sup> equals smallest community relationship (-22.74).	Reject
H <sub>0</sub> : Effect of an increase in government payments on retail sales is equal to the effect of a decrease in crop income on retail sales by community size.	
<i>Largest community</i>	
Spending from crop income (63.04) equals spending from government payments (184.41).	Reject
<i>Mid-sized community</i>	
Spending from crop income (4.99) equals spending from government payments (0) <sup>2</sup>	Reject
<i>Smallest community</i>	
Spending from crop income (-5.65) equals spending from government payments (-22.83).	Reject

<sup>1</sup> Two-tailed test of equal coefficients.

<sup>2</sup> Zero is employed as a result of a composite hypothesis test. The first test failed to reject a coefficient equal to zero.

for businesses in the largest community, negative for businesses in the smallest communities, and insignificant for businesses in the mid-sized communities.<sup>3</sup> The results suggest that farm spending from increased government payments also tend to shift farm purchases away from the smallest communities toward the largest community in the area.

<sup>3</sup> The government payments coefficient is not significant because of the large standard error of the estimate. The large standard error probably results from the heteroskedasticity in the model. The coefficient itself is unbiased, but the large standard error makes the estimate relatively inefficient.

As expected, the crop income and government payments results are consistent with the relationship between retail sales and nonfarm income. As farm income expands, the farm shopper makes more shopping trips and consumes a greater variety of retail goods, many of which are only sold in the larger communities. In this framework, the farm consumer is no different than any other rural consumer in that as income rises, more of the income tends to be spent in larger communities.

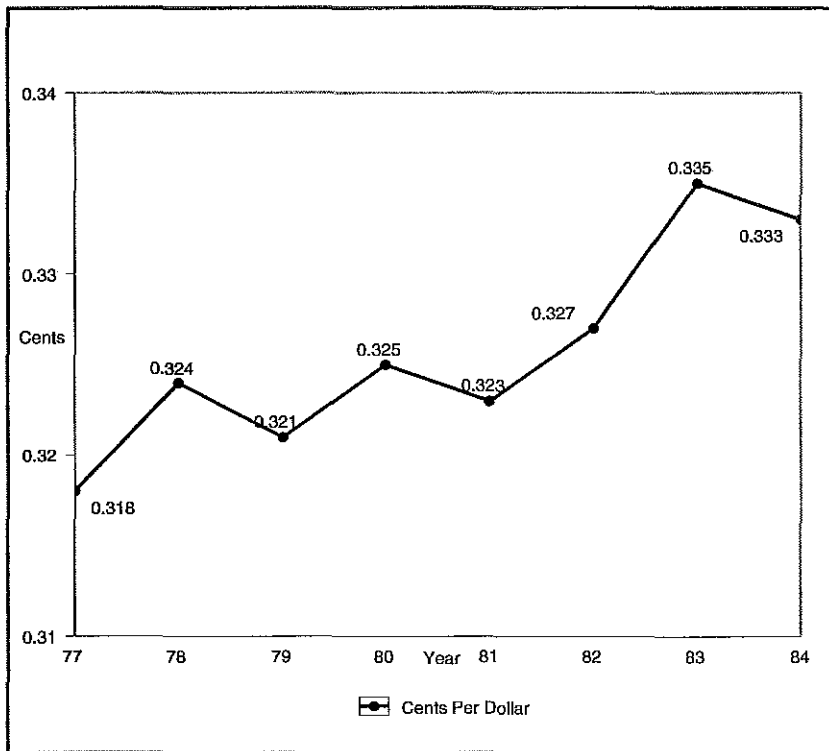
The third set of hypotheses are designed to test if farm spending from government payments is equal to farm spending from crop income by size of community. If the spending patterns associated with the two different sources of farm income are not the same, then the CRP will have the effect of changing the local spending patterns. Changes in local spending patterns induced by a policy change are one of the driving forces behind the rural phenomenon of growing communities located adjacent to declining communities.

The estimated coefficient for government payments is three times as large as the estimated coefficient for crop income for the biggest community. This implies that one result of the CRP will be an increase in the amount of farm consumer spending in the largest community. The larger government payments coefficient implies that farm consumers spent a higher proportion of their government payments income in the larger community than they do from their crop income.

Similarly, the estimated coefficient for government payments is twice as large as the estimated coefficient for crop income for the mid-sized communities. This result indicates that another result of the CRP may be an increase in the amount of farm consumer spending in the mid-sized communities. This result is not as certain as the result for the largest community because the estimated coefficient for government payments for the mid-sized communities is unbiased, but inefficient.

The effect on retail sales in the smallest communities is the opposite. The estimated coefficient for government payments is four times as large as the estimated coefficient for crop income, but both are negative. This result implies the increased government payments of the CRP will decrease the amount of farm consumer spending in the smallest communities. Even though total personal farm income may remain unchanged, farm consumer spending is expected to decrease in the smallest communities.

Figure 3 illustrates the historical change in the average spending in the largest community over the period. Average spending in the largest community per dollar of income increased from \$.318 in 1977 to \$.333 in 1984. Both farm and nonfarm consumers have contrib-



Source: Bureau of Economic Analysis

**Figure 3. Average spending in largest community.**

uted to the increased market share of the largest community by shifting their purchases to businesses in the largest community.

One predicted consequence of the CRP will be an acceleration of farm spending in the larger community. This will occur simultaneously with a decrease of farm spending at the smallest communities. These results occurred because the spending patterns of farm families associated with government payments are statistically different than the spending patterns affiliated with income from crops.

### SUMMARY AND CONCLUSIONS

Many rural areas face the common issue of growing communities located adjacent to declining communities. A multicomunity approach provides a framework in which to explain the current situation to local leaders. Local leaders can use the information to formulate

strategies to cope with the problems associated with growing and declining communities located in the same area.

The vitality of the retail sector in a single community is tied to the vitality of the retail sector in other adjacent communities. Specifically, the decline of retailing in smaller communities is intertwined with the expansion of the retail sector in neighboring larger communities. Increasing rural income intensifies the local economic process by increasing consumer mobility and the consumption of more goods offered only in the larger communities.

Policies initiated in rural areas which change rural incomes affect local spending patterns. Changes in local spending patterns alter the amount of consumer spending at retail stores in the different sized communities. In the case of the CRP, increases in government payments appear to increase retail sales in the larger communities and to decrease retail sales in the smallest communities.

The emergence of dualism as an issue in rural areas indicates that the research community should respond in a meaningful way by helping local leaders to grasp perplexing local predicaments. Economic mechanisms driven by rational consumer behavior are not easily altered, but can be understood and capitalized on to achieve local ends. Local governments, chambers of commerce, and others interested in the rural retail sector can use this research to develop strategies to cope with the effect of local economic mechanisms on retailers in different sized communities.

Local leaders might direct resources towards retaining viable retail businesses in the smaller communities while expanding the retail sector in the larger communities. A systematic retail business retention and expansion strategy would include the following key elements; (1) a consumer survey to determine local consumer characteristics and shopping patterns, (2) a businesses visitation mechanism to assimilate retail business management and marketing needs, (3) a local task force to synthesize the local information, recommend courses of action, and implement a strategy. Retailing in rural America is at a crossroads; research and coping strategies can help to maintain vitality among communities in rural areas.

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# **AN EVALUATION OF A WIDE RANGE OF JOB-GENERATING ACTIVITIES FOR RURAL COUNTIES**

**By Kurt Finsterbusch, Cecelia Formichella, Daniel Kuennen, and Meredith S. Ramsay**

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## **ABSTRACT**

The job-generating activities of governments and civic groups in fifteen rural counties on the Delmarva Peninsula and southern Maryland are examined through more than 175 informant interviews and field work. These counties engaged in a wide range of job-generating activities and many of these were directed toward business recruitment. When community leaders ranked activities for their impacts on jobs, industrial parks received the most high ranks, economic development units second and tourism promotion third. Special financial arrangements for relocating or new businesses were evaluated as very important on average to economic development and grantsmanship was a successful activity in all counties though it never ranked as the first or second most productive job-generating activity. Guidance on economic development strategies for rural counties are derived from the findings.

## **INTRODUCTION**

The economic crisis in rural America is more than a decade old and rural counties are still groping for ways to prevent decline and generate work opportunities for their population. The literature is rich in suggestions, but the value of many of them is unknown or being debated. An evaluation of a wide range of civic economic development activities that are currently employed in rural counties would be helpful at this time. This paper, therefore, reports on an

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evaluation of the comparative efficacy of various civic job-generating activities of fifteen rural counties on the Delmarva Peninsula and southern Maryland based on informant interviews and field work. Lessons on job-generating strategies for rural counties are derived from the findings.

Little empirical work exists (apart from single case studies) on the full range of tactics that counties are employing to generate jobs and on the relative success of these actions. Much advice has been offered on how localities can develop economically and generate jobs (see especially Pulver, 1986; Malizia, 1985; Blakely, 1989; Shaffer, 1990), but most of these many recommendations have not been evaluated for their comparative effectiveness. The empirical literature does suggest, however, that business recruitment is the leading strategy for local economic development and its impacts when successful tend to be positive but much less than expected (Johansen & Fuguitt, 1984; Humphrey & Krannich, 1980; Krannich & Humphrey, 1983; Matlock & Woodhouse, 1987; Rubin, 1986; Ottensmeyer et al., 1987; Tweeten & Brinkman, 1976; Leistritz & Ekstrom, 1990; Schmenner, 1982; Luloff & Chittenden, 1984; Kale & Lonsdale, 1979; Summers, 1976; Summers et al., 1976; Summers et al., 1979; Shaffer & Tweeten, 1974; Brinkman, 1973; USDA, Economic Research Service, 1972; Deaton & Landes, 1978; Finsterbusch et al., 1990; Finsterbusch & Kuennen, 1992; Miller, 1985; Erickson & Leinbach, 1979; John et al., 1988); that economic development units, on average, have rather modest results but also have low costs so they are good investments (Green & McNamara, 1988; Humphrey et al., 1988; Ottensmeyer et al., 1987; Krannich & Humphrey, 1983; Finsterbusch et al., 1990; Levy, 1981); and that other job-generating activities are seldom studied on multiple cases and little is known about their general efficacy.

In sum, the literature does not provide a strong endorsement for any of the specific job-generating activities but does provide mild support for economic development units, industrial parks and financial arrangements as useful job-generating tools if the costs are kept low.

## METHODOLOGY

The study sites were the rural counties in southern Maryland and in the Delmarva Peninsula. The study team had a great deal of qualitative and quantitative knowledge about these counties before conducting the systematic comparative field work on specific economic development activities. These fifteen counties faced a wide variety of development situations ranging from declines to boom. Their major

special feature was that they are rich in water resources. Thirteen of the counties have many miles of shoreline on the ocean, Chesapeake Bay, or the wide parts of the Potomac or Delaware rivers. Like almost all of rural America, however, none are at the high end of most socio-economic scales.

The project team interviewed face-to-face the nine following informants in each of fifteen rural counties: County Administrator, Director of Planning, Economic Development Director, the county director of the State Employment Office, head of the main Chamber of Commerce in the county, a leading real estate broker, the president or vice president of the largest bank in the county, the editor of the major newspaper, and a reporter on that paper. These persons were selected because their positions gave them first hand knowledge of the major economic development events and activities in the county, but other informants were also interviewed as necessary. These informants not only discussed development issues but also assessed numerous county characteristics and activities. The project also used some county statistics for 1980 to describe the conditions prior to the development activities being examined.

Two important questions addressed in this study are: what are counties doing to generate more jobs or retain existing jobs, and which of these activities are the most successful in stimulating economic development? Three approaches are used to answer these questions. First, the County Administrator, Director of Planning, and Economic Development Director examined a list of 38 different economic development activities and indicated which ones the county had employed in the past decade. Next they evaluated how successful each activity had been in generating or keeping jobs, (using a scale from 0 = none to 10 = very much). The results are presented in terms of the number of counties that engaged in the activity and the average impact score for each activity for the counties that engaged in it. The list of activities derives mainly from the list of actions that Pulver (1979, 1986) recommends on the basis of his experience in community development and secondarily from the list that Malizia (1985) recommends. Second, these three informants were asked in open ended questions what the county did in five job-generating or preserving areas. Third, all nine informants specified above identified and ranked the five most important activities, programs or events for generating and keeping jobs and for economic growth in general.

This paper addressed four additional strategic issues using the judgments of leading participants and observers. Is business recruitment an effective strategy? Is a part time or full time professional economic development officer a good investment? Are industrial parks good



investments? Under what circumstances do generally successful job-generating activities not work well? Considerable guidance on these issues is derived from this study though it must be applied with caution to counties in quite different circumstances, especially those in severe economic depression.

### **PREVALENCE AND EVALUATION OF 38 JOB-GENERATING ACTIVITIES**

On average the study counties engaged in quite a few job-generating activities. Twenty-six such activities were conducted by over half the counties while the remaining twelve such activities were conducted by less than half the counties. The average number of activities per county was about 23 (out of 38), and the average number of counties per activity was about nine (out of 15).

The activities in Table 1 are ranked by their average rating for success in generating jobs for the counties that engaged in the activity. Activities that were used in less than half of the counties are listed separately because their average evaluation score may not be very representative. Some specific comments on the first eleven ranked activities are presented below followed by some sketchy comments on the rest of the table.

The activity that was perceived to be the most successful on average in generating jobs was a county group that actively recruited businesses. This finding conflicts with much current thinking about rural community economic development which argues that business recruitment is no longer the most effective way to develop because more and more counties are competing more aggressively for fewer and fewer footloose businesses. (Pulver, 1979, 1986; Southern Growth Policies Board, 1986; Ford Foundation, 1986). Naturally, dwindling supplies and increased demand drive up the price per capture. The critics of the industrial recruitment approach to rural development such as Pulver advocate using a wide range of job-generating activities, which in fact the study counties are doing, averaging at least 23 such activities.

Two features of this study should be noted before generalizing these findings on industrial recruitment as a viable rural development strategy to other areas. First, the study counties are fairly near to the growing metropolitan areas of Washington, Baltimore and Wilmington. The findings for the counties, therefore, may not be applicable to more isolated rural counties. Second, the evaluations of job-generating activities were for the past decade. The results, therefore, may not be a good guide to the future if the conditions change

significantly. However, further research in the fifteen counties indicates that business recruiting has continued to be quite successful in the three years since the completion of the interviews reported here.

The second and third most successful job-generating activities on average concern programs for obtaining capital for economic development. The informants found these programs to be very valuable for the economies of their counties and regretted the state and federal government cut-backs in this area. Assistance in the provision of capital for development at low or moderate costs is perhaps the major way these governments can assist local development.

Tied at third in job-generating success are industrial parks. In some counties they are the most important job-generating activity, as will be shown later, but they also fail entirely in some counties, especially the most remote and disadvantaged. They are a major business recruitment tool, and without one most counties are not seriously in the business recruitment game. Nevertheless, they are a gamble. In the study counties they were quite successful on average, but these counties were better located than the average rural county for attracting businesses. They also require an active economic development (ED) unit to succeed in disadvantaged counties. One remote county had two industrial parks. One was actively promoted by its municipal government and is quite successful; the other was not actively promoted by its municipal government and remains empty today. An active economic development unit is practically a necessary condition for the success of an industrial park in disadvantaged counties, but it is not a sufficient condition. The two remotest counties of the study spent jointly \$100,000 a year for three years on an ED unit to fill their joint industrial park and failed to recruit one business. They said that they came close to landing some good size fish but could not even get one fish in the boat.

The next most successful job-generating activity is the in-county siting of a state or federal activity or facility. Only nine counties had such a siting, and some sitings had modest impacts on jobs (e.g., a small state park), but a few sitings were major economic events (see Table 3), so the siting of government activities has a high average impact on jobs for counties with sitings. Furthermore, this activity was more successful than industrial parks and business recruitment efforts in the most remote and disadvantaged counties.

The lower part of Table 1 indicates that a county group that lobbied for government activity to locate in county was quite successful on average in generating jobs in the seven counties that had such groups. They were not as successful on average, however, as a county group that recruited businesses.

**Table 1. Number of Counties Engaging in Various Job-Generating Activities and Evaluations of Their Effectiveness by Three Top County Officials for Fifteen Rural Counties in the Delmarva Peninsula and Southern Maryland**

Has your county created or significantly enlarged any of the facilities, activities, or programs listed below on this form in the last 10 years? Please evaluate them for their impact on the generation of additional jobs in your county. Base your responses on a scale from 0 to 10 where 0 is a total failure or none to 10 a total success.

<i>Rank</i>	<i>Job-Generating Activity</i>	<i>Number of Counties</i>	<i>Impact on Jobs</i>
1.	a county group that searched for a firm to locate here	11	7.1
2.	special capital arrangements for starting new businesses	10	6.8
3.	new industrial parks	14	6.6
3.	float bonds for development projects	12	6.6
5.	new state or federal government activity locates here	9	6.5
6.	new commercial sites	15	6.4
7.	new office sites	12	6.2
7.	infrastructure upgrade to attract businesses	12	6.2
9.	upgrade other community services to attract businesses	9	5.8
10.	schools improved to attract businesses	12	5.7
11.	tourist promotion programs or campaigns	15	5.6
12.	vocational and technical education programs	14	5.5
12.	county officials who actively seek businesses to locate here	12	5.5
14.	applications for special federal, state, association & foundation grants	15	5.4
15.	county information office for potential businesses	11	5.1
15.	counselling or education programs for starting new businesses	9	5.1
15.	tax advantages to attract businesses	8	5.1
18.	zoning requirements changed to accommodate businesses	9	4.9
19.	beautification programs to attract businesses or tourists	9	4.6
20.	university outreach programs in the county	10	4.5
21.	renewal of downtown shopping districts	12	4.4
21.	study of market potentials	10	4.4
23.	new or revitalized chamber of commerce, business clubs, downtown associations	10	4.3
23.	labor force survey	9	4.3
25.	education programs or conferences on management techniques	10	4.1
25.	community needs assessment	9	4.1
The remaining Activities were Practiced by Less than Half the Counties.			
1.	business visitation programs	6	6.2
1.	new industrial development corporation	6	6.2
3.	a county group that lobbied for government activity to locate here	7	6.0
4.	new community development corporation	4	5.3
5.	education programs or conferences on science and technology	6	5.0
6.	buy locally programs or campaigns	5	4.7
7.	new community action association	3	3.0
8.	free entertainment events for crowds at retail centers	7	2.4
9.	reduction of regulation or restrictions to attract businesses	2	—

Table 1. Continued

Rank	Job-Generating Activity	Number of Counties	Impact on Jobs
9.	programs or campaigns to retain or gain elderly residents	2	—
11.	new community development credit union	1	—
11.	incubator programs	1	—
	Average	8.9	5.25

New commercial and office sites were also very successful job-generating activities in the study counties. These counties were rich in water resources so they were attractive for tourism, recreation, retirement, and second homes. Thus, these counties presented more commercial opportunities than the wealth and number of local residents would indicate. Realizing these opportunities, however, often required new shopping malls. Counties without shopping malls would lose considerable consumer dollars to the shopping malls of nearby more developed counties.

New office sites were also good job generators on average. They were much more successful in counties that were closest to metropolitan areas and were absent or small and unimportant in remote counties. In general rural areas do not have a labor force that is suited to this type of development. Nevertheless, the service sector is growing and some highly clerical services are moving to low wage rural areas, so rural counties should explore recruitment of such businesses.

The next three most successful job-generating activities are improving schools, infrastructure, and other services to attract businesses. According to our informants, businesses consider not only economic factors in making relocation decisions but also quality of life factors and especially good schools. They have difficulty bringing managers and professionals to areas with poor schools and the lack of amenities.

Tourism promotion was undertaken in all fifteen counties. Tourism itself was an important industry in most of these counties, but these informants did not see tourism *promotion* as generating a lot of jobs except in one or two cases. Nevertheless, not much money was devoted to the effort so informants in all counties seemed to think the effort was worth while.

The next seven activities in Table 1 were judged to have moderate success rates on average. The first four of these are fairly basic and widely employed activities: vocational and technical education pro-

grams, county personnel who actively recruit businesses, applications for grants and a county information office. These are fairly standard county job-generating activities today. The next three are less frequently utilized: counseling for starting businesses, tax advantages and zoning changes. Some counties are not well set up to help new business start up and some others have impressive programs. Furthermore, some counties give tax breaks and make zoning changes to accommodate new businesses, but others seen no need to make these concessions or are unwilling. Usually the more disadvantaged counties are more likely to give tax breaks, but the tax breaks in the disadvantaged counties were judged to generate fewer jobs than in advantaged counties.

The next eight activities were perceived as having only small impacts on jobs and the remaining twelve activities were practiced by less than half of the counties. Of these last twelve activities, business visitation programs, industrial development corporations, and a county group that lobbied for government activity to locate in county were judged to be quite successful in generating jobs by the six or seven counties that did them. Finally, it should be noted that these counties evidenced few self-help or grass-roots development activities as expressed in community development corporations, community action associations, or community development credit unions.

In sum, Table 1 identifies county business recruiting groups, capital providing programs, industrial parks, state/federal facilities and commercial sites as the most successful activities for generating jobs in the fifteen study counties. Office sites, upgrading county services to attract businesses, tourism promotion, vocation education programs and grant applications were also fairly successful job-generating activities.

### **LEADING METHODS IN FIVE APPROACHES TO JOB-GENERATION**

The second line of research on job-generating activities was to ask the county administrator, director of planning and the economic development director to indicate the major job-generating activity for each of five strategies for generating jobs. The results are presented in Table 2. The major approach to job generation in these counties was business recruitment and the major business recruitment activities were creating industrial parks and economic development (ED) units. One county was not interested in recruiting businesses so they did nothing in this area. The only public recruiting of businesses that was done for this county was by private industrial parks and by a regional ED unit.

**Table 2. Major County Activities that Address Five Development Needs as Reported by Top County Officials in Fifteen Rural Counties in the Delmarva Peninsula and Southern Maryland**

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I. What has been done to attract new employers over the past decade?
6 Industrial park
5 Economic development unit
3 Advertising
1 Work of regional economic development unit
II. What has been done to encourage the start of new businesses?
6 Personal attention of ED unit
4 Arrange financing
4 Gift package such as tax abatement
1 Industrial park or shell buildings
III. What has been done to assist existing firms to survive and expand?
7 Help with financing
2 Visitation program
2 Work out problems/Mayor's breakfast for reviewing problems
2 Save railroad/improve harbor
1 Get state aid
IV. What has been done to encourage consuming in the county instead of out of county?
4 New shopping centers
4 Promote local shopping
1 Recruit chain stores
1 Downtown revitalization
1 Work on legal issues
1 Trade fair
2 Nothing
V. What has been done to acquire more state or federal dollars?
8 Apply for grants
2 Lobby for facilities
2 Obtain loans and funds
1 Lobby for services locating in county
1 Petition for assistance, i.e., beach build up
1 Hire development coordinator to hustle grants

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Note: The numbers indicate the number of counties which identified that activity as the major action of the county for the specified purpose.

Business recruiting is not the only way to generate or preserve jobs. Counties can also aid the development of new businesses, assist existing firms to expand or survive, get more people to consume in county and acquire state and federal monies (Pulver, 1979, 1986). Programs in these four developmental areas are usually smaller, less visible, and less emphasized by counties than business recruitment but should not be overlooked in county development strategies. Programs for aiding the start of new businesses rely heavily upon the

resources of the ED unit and often involve assistance in obtaining financing (a major obstacle to starting businesses in rural areas) and/or special concessions such as tax breaks during the first few years. Industrial parks also facilitate the start of new businesses even though they are created mainly to attract outside employers.

Full and precise data are not available but the data that are available show that, in many of the study counties, more growth in employment in the 1980's occurred from the expansion of existing firms than from recruited firms. ED units, therefore, might do well to emphasize helping exiting firms, but this research found most ED units diverting most of their energies to business recruitment and most of the rest of their energies to helping new businesses start. The main activity of the ED unit in helping new businesses start up was to help arrange for financing. Help with financing was also the main form of help for the expansion of existing firms. As noted earlier, only six counties had a business visitation program of some of these were very sporadic. Nevertheless, these are useful programs and probably deserve more emphasis.

The private sector provides almost all of the activity that is designed to capture more consumer dollars in county. The major way to accomplish this is by developing a shopping mall in the counties that lacked them. In counties that already had their shopping malls the major tactic for wooing consumers was shop-local campaigns.

All counties were somewhat active in seeking state/federal dollars. The main activity along this line was grantsmanship. Lobbying for new state/federal government facilities was much less frequent but at times would hit a jackpot.

### **OVERALL RANKING OF JOB-GENERATING ACTIVITIES**

Table 3 presents a weighted overall ranking of the most important job-generating activities in the fifteen study counties. All nine informants in each county selected and ranked the top five job-generating events or activities for the past decade. Their scores were summed to determine the top five activities for each county. Then the county rankings were summed (5 points for rank 1 down to 1 point for rank 5) to determine a weighted overall ranking.

The top ranked job-generating activities in these fifteen counties in the past decade were industrial parks, economic development entities, and tourism promotion. This finding provides further evidence that business recruitment remains a highly regarded strategy and industrial parks and economic development entities are seen as the

**Table 3. Activities Chosen among the Five Most Important for Generating Jobs in Fifteen Rural Counties in the Delmarva Peninsula and Southern Maryland by Nine Designated Informants in Each County**

Rank	Job-Generating and Economic Development Activity	Rank of Average Importance Rating for Nine Informants for Development Activities					Weighted Sum*
		First	Second	Third	Fourth	Fifth	
1.	Industrial park	6	3	3	2	1	56
2.	Activity of an economic development entity	2	4				26
3.	Tourism promotion	1	3	1	2	1	25
4.	A large firm coming or growing	3				1	16
5.	Siting of state/federal facility/park	2		1		1	14
6.	Grants, loans, or industrial development bonds			2	2	2	12
7.	Schools improved		1	1	2		11
8.	Assistance to company to prevent failure or leaving	1	1				9
9.	Commercial sites		1	1		1	8
9.	Chamber of Commerce activity			2	1		8
11.	Shopping malls and centers		1		1		6
12.	Office sites		1			1	5
12.	Large housing & multi unit developments			1	1		5
14.	Regional/state economic development units' efforts			1		1	4
15.	Airport and airport industrial park			1			3
15.	Training programs				1	1	3
15.	Military facility			1			3
18.	Festivals					2	2
18.	Hospitals				1		2
18.	Advertizing county for business recruitment					2	2
18.	Downtown renovation				1		2
18.	Beautification				1		2
23.	Preservation of railroad line					1	1

\* Weighted sum based on weights of 5, 4, 3, 2, 1 for first, second, third, fourth, fifth choice, respectively.



major job-generating activities in many of these counties. Industrial parks were identified as the most important job-generating activity in six of the fifteen counties and included in the top five activities in thirteen of the fifteen counties. In two counties a second industrial park in a second city also made the list of top five activities, so fifteen industrial parks altogether made the list.

It should be pointed out, however, that not always is an industrial park an effective activity. If they were, they would have even a higher average impact score in Table 1. Several industrial parks in the study area remain empty and some are just getting one or two relatively small tenants after several years of recruitment. Where industrial parks fail, however, not much else works well either. They generally fail in disadvantaged counties or where the county is not really very interested in development and therefore does little recruitment to the park. There are three activities that are exceptions to the general rule of failure in disadvantaged counties: getting government grants that are designated for needy areas, getting state or federal activities or facilities to locate in county, and promoting tourism. Disadvantaged counties should compare the prospects for these activities against the industrial recruitment policy when deploying their job-generating energies.

The second most important job-generating activity was the work of economic development entities. They may be an ED unit working for the county government, a municipal or county committee, an active Chamber of Commerce, a regional organization for industrial recruitment, or a private sector group. According to Table 3, six counties had very active and successful economic development entities. According to Table 1 a county group that searched for a firm to locate in county had the highest average impact on jobs of all activities. County officials seeking firms had lower but still significant impacts.

The interviews revealed that county ED units were often instrumental in recruiting businesses into the industrial parks. A common economic development approach for these fifteen counties was the threefold combination of an industrial park, an ED unit to recruit and facilitate businesses locating in the park, and special capital arrangements to expedite the move. Sometimes other special arrangements such as tax breaks, altered regulations or rezoning were also part of the package. It should be noted that special capital arrangements had the second highest average score for impact on jobs in Table 1 and floating bonds for development projects the third highest. These are not the type of activities that catch the mind's eye, and therefore, are often overlooked by informants as one of the top five

job-generating activities. An exception was the old industrial development bond program which was sometimes seen as a major job generator because it was crucial to other development activities.

The third major job-generating activity in these maritime counties was tourism promotion which spawns a very different type of development from industrial parks and economic development entities. Tourism, along with farming and fishing, is highly seasonal and is associated with high levels of off-season unemployment. In remote areas, however, tourism and recreation services sometimes provide almost the only ready opportunities for generating additional jobs. This study did not evaluate the importance of tourism and resorts on the county economy but rather the impacts on jobs of efforts to promote tourism. This activity was seen as the leading job generator in one county and the second leading job generator in three counties. Nevertheless, on average across the counties tourism promotion has only modest impacts on jobs (see Table 1).

The next two leading job-generating activities according to the informants were the location or growth of a large firm and the siting of a large state or federal facility in county. These are major events for rural counties and can involve 500 to several thousand employees. They do not happen often but dramatically change the county's economy when they do. For example, the siting of a state prison in Somerset, the expansion of the Purdue chicken plant in Accomack and the expansion of Black and Decker in Talbot have altered the economic landscape of these counties. In like manner the siting or expansion of a military base or facility can have profound impacts on rural counties but such events are relatively infrequent, and therefore, not highly consequential on average. Military facilities were very important to the economies of three counties in this sample, but their workforce was relatively stable during the past decade and only one added enough jobs to be ranked as third most important job-generating activity of the decade for its county.

Grants, loans or industrial bonds were included in the top five job-generating activities in six of the fifteen counties. Grantsmanship was practiced in all fifteen counties but surfaced as one of the five leading job-generating activities only in disadvantaged counties which did not have many successful activities or important events. In fact, in a few of the counties some of the informants had trouble thinking of as many as five important job-generating activities or events for the past decade. In such counties grants that spend one or two hundred thousand dollars in the county are noteworthy. Another feature of grantsmanship is its low failure rate. Its average impact score was only just slightly above the average for the 38 activities, but in no county was

it rated at 0, 1 or 2 on a scale of 1 to 10 and only one county rated it as low as 3. In other words, no county really failed in this activity. On the other hand, there are limits on how far counties can go with it.

As mentioned earlier, development bonds and special capital arrangements were evaluated very highly for their positive impact on jobs. All but one of the nine counties that created special capital arrangements scored their impacts on jobs at 5 or higher and all but one of the twelve counties that floated development bonds scored their impacts on jobs 4 or higher. Access to credit on favorable terms is very important for launching new businesses in struggling rural counties and some informants spoke very highly of the old industrial development bond program in this regard. According to these informants, state or federal programs directed toward rural revitalization should have a large credit component.

School improvement is the next most frequently mentioned activity on the top five list. This is not normally considered a major economic development activity but the informants in this study generally had strong convictions that good schools are essential to successful industrial recruitment and other development efforts. Twelve counties said they sought to improve their schools to attract businesses and on average these efforts were considered to have greater impact on jobs than the average activity. Some of the school systems in these fifteen counties were perceived as very good, so improvement was not a burning issue there. These counties used their schools, however, as a selling point in their recruitment strategy. Where the school system was perceived negatively, leaders that favored economic development thought it important to improve the schools to attract businesses and government activities.

The next activity on the job generation or preservation hit parade is assistance to companies to prevent their failure or leaving. Pulver (1986) preaches strongly that counties should be just as concerned about preserving jobs as generating jobs, but he observes great bias toward job creation. This study supports both his thesis and his observation. Only six counties had a business visitation program (the main mechanism for helping companies stay and survive) and one or two of these had fallen by the wayside as limited energies were re-deployed elsewhere, usually into recruiting businesses. Nevertheless, the few business visitation programs were judged to have very positive impacts on jobs (6.2), and in two counties assistance to failing or potentially moving companies was the first or second most important activity for jobs. In sum, all counties that are vulnerable to economic decline or stagnation should have a business visitation program (costs can be quite small) to deal with problems of struggling businesses and

to provide an early warning system of potential failures or pull outs to give time to save the company if possible.

Commercial sites and shopping malls ranked ninth and eleventh on the job-generating hit parade. Though important to the economies of these counties, they were not ranked higher because they are viewed as responding to demand rather than generating extra jobs. In the county which ranked shopping malls as the second best job-generating activity, the malls were located on a heavily traveled highway which served "through" traffic to the ocean resorts. Nevertheless, shopping malls or commercial sites were built in all fifteen counties during the decade and were judged to have high average impacts on jobs (6.4).

Chamber of Commerce activity is tied with commercial sites in ninth place on the job-generating hit parade. Ten counties claimed new activism in their Chambers of Commerce. Chambers of Commerce played a major job-generating role in three counties, but on average they did not have significant impacts on jobs (4.3). Though Chambers of Commerce did not usually play a key role in economic development they were an important part of the development picture. Their support for or opposition to development initiatives influenced how aggressive counties were in generating jobs. Furthermore, a considerable amount of volunteer work is required to bring about economic growth in all but booming rural counties, and Chambers of Commerce are one channel for the efforts of volunteers. Two other forms of volunteer work listed in Table 1 are a county group that recruits businesses and a county group that lobbies for state or federal activities to locate in county. These activities had high impacts on jobs. Finally, the informants in the two counties that most successfully recruited businesses perceived that volunteerism, good community spirit and vital voluntary associations such as the Chamber of Commerce were importance to successful business recruitment and other forms of development.

The efforts of regional or state economic development units do not score highly on the job-generating list in Table 3, but they play a greater role than their fourteenth ranking suggests and potentially will play an even larger role. A good number of businesses that located in the region were originally referred to the counties by the state economic development unit. The important work of landing the fish was done in county so the lion's share of the credit went to the county economic development unit and other local activities. One frequently repeated finding of this study, however, was the importance of cooperative efforts between many agencies, organizations, associations and persons, and the state economic development units contributed

much to the team effort. Furthermore, the State of Virginia is positioned to play a greater role in the economic development of Northampton and Accomack in the future and the State of Maryland has increased its economic development thrust in the past few years under Governor Schaffer.

Regional economic development units like state EDs can play crucial roles in generating jobs in rural counties. Western Maryland has taken a more regional approach than Southern and Eastern Shore Maryland and is reported to have benefitted substantially from using this approach. Chesapeake Country is a regional economic development unit serving five Maryland counties on the Delmarva Peninsula and won the third and fifth ranks for job-generating activities in two of these counties. As the area becomes more eager for economic development and Chesapeake Country's experience and networking increases, it is likely to play an even larger role. Finally, it should be noted that six of the fifteen counties had a part time person, an unpaid committee, or no one that served as its economic development unit. These six counties depend heavily on regional or state development agencies to guide moveable businesses to the county.

The remaining findings of Table 3 rate new office sites as important for generating jobs in this study. New office sites are seldom discussed as important for generating jobs in rural areas. The importance of office sites may be a peculiarity of this sample of rural counties which are fairly near to Washington, Baltimore, and Wilmington, but national economic trends indicate a strong shift from industry to services, and rural counties need to capture a great share of service jobs. In sum, this study suggests that the potential of office sites should receive greater attention by rural economic development personnel.

Second, home building is an important economic activity in many of these counties which are attractive for second homes, retirement, and resorts. large housing developments, however, were an important feature to only a few counties though they could be heavily impacting one or two other counties shortly.

Third, the informants did not voice complaints that tax advantages and other assistance to new businesses have fewer benefits than costs. In general such policies were looked upon favorably. A few counties, however, have graduated from these policies. Their development is now strong enough for them to consider discontinuing tax breaks and other generous incentives that may cost the county dearly.

Fourth, in some counties the hospital is the largest single employer, so building a hospital in a county without one would be a major job-generating activity for that county. This fact was understood in one county of this study area which sought to build one. The state au-

thorities, however, did not permit it to do so, because it was not considered a justifiable use of limited medical resources in the region. Therefore, new hospitals can generate considerable new jobs, but it might not be possible to start a new hospital. The hospital activity that earned a fourth place on the job-generating hit parade was the expansion of an existing hospital. Even an expansion of a hospital creates quite a few new jobs.

Fifth, renewal of downtown districts or beautification programs are fairly common activities but not very important for generating jobs (4.4 and 5.6, respectively). Sixth, festivals were important job generators in two counties. They are creative ways to extend the tourist season beyond the summer months and give the county pride and visibility. Seventh, these counties were not hotbeds of grassroots organizations. Only three counties had community action associations and these had very little impact on jobs according to the perceptions of the three county officials used as informants.

Eighth, infrastructure upgrading in terms of mainly water and sewer provisions were necessary for attracting businesses, because the high water table in many of these counties made sewerage a major problem and the basis for opponents to obstruct development activities. Finally vocational and technical education programs were considered by many of the informants as an important part of the development picture even though they were not viewed as one of the major job generators.

## **SUMMARY AND CONCLUSIONS**

This study can be summarized as empirical support for Pulver's (1979, 1986) recommendations. Pulver advises local officials to employ a wide range of job-generating activities in addition to business recruitment. These counties did so and the leaders of most counties positively evaluated the results. Most activities were credited with rather modest impacts on jobs, but they also had very low costs to the county government. This study, however, did not support Pulver's deemphasis on business recruitment. Although the study counties used a wide range of development tools, they continued to strongly emphasize business recruitment and with evident success in most of the counties. Business expansions were also very important but county development efforts contributed very little to these events.

The exploratory research evaluates what local leaders perceive to be the most important economic development methods for generating jobs and improving the county economy. There is a strong preference by public officials for a county economic development

unit. The EDU is now considered a *sine qua non* for rural county development. Also highly regarded by officials are industrial parks, tourism promotion, business financial arrangements and grantsmanship. Although this research has indicated the direction of fifteen Mid-Atlantic coastal rural counties in economic development and has helped evaluate the instruments they use, the final sorting out and choice of public economic development instruments remains a local decision. This research provides some guidance and focus for that local decision making process.

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# MEASURING IMPACTS OF BUSINESS RETENTION AND EXPANSION VISITATION PROGRAMS

By Thomas R. Smith, George W. Morse, and  
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## ABSTRACT

Effective program evaluation provides feedback from participants that can be used to make improvements and justify program expenditures. This study describes a method of evaluating the benefits of Business Retention and Expansion (R&E) visitation programs. The effectiveness of this relatively new economic development strategy has not been explored systematically. Opinions of 81 program coordinators across six states were solicited regarding eight key aspects of the benefits of their R&E visitation program. The R&E visitation program was most beneficial at enabling the community to demonstrate a pro-business attitude and at providing data for local economic development strategic planning. The R&E program objectives of helping firms use state and federal programs and providing early warning for plant closures did not rate as well, suggesting a need for changes in the program. Despite these deficiencies, the R&E programs were rated very successful, with eighty-nine percent of respondents recommending it to peers in other communities.

Since the early 1980s, twenty-five states have developed educational and applied research programs to help communities start local business retention and expansion (R&E) visitation programs.<sup>1</sup> Economic development organizations at the local level have substantially in-

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<sup>1</sup> Morse (1990a, p. 4) defines R&E programs as "all local development efforts designed to assist and encourage existing local businesses to grow." While business visitation programs are only one component of a fully developed R&E program, many states use the R&E term to refer to their visitation program. We follow that practice here.

creased their efforts in R&E (McNamara, 1991). While considerable anecdotal evidence is available on this new economic development strategy, no systematic measures have been developed to evaluate the benefits of R&E visitation programs (Hagey, 1990; McLaughlin, 1990; Morse, 1990b; Morse et al., 1990; Mullet, 1990; Coleman, 1991; Lenzi, 1991; Sabatine, 1991). The purpose of this article is to present quantitative estimates of the benefits for a sample of retention and expansion visitation programs.

Success of an R&E program is important to state-level sponsors as well as to local sponsors. Sponsors at the state level may include utilities, universities and state governments (Otto et al., 1990). These institutions all share a common goal of desiring community economic development and being willing to commit resources to that end. Educators and R&E program administrators are accountable to their institutions and eventually to the public for their efforts in business/economic development. Programs designed to achieve long-range goals are often scrutinized well before ultimate impacts are measurable. For community development researchers the component evaluation concept employed in this research offers a method by which on-going social programs can be measured early enough to influence the manner in which the program develops. Such program evaluations can be employed to show immediate and intermediate program results, to uncover aspects requiring improvement, and to market the program to other communities prior to the time when evidence regarding the ultimate impact or success of the program is available.

Credibility of any community development program largely rests on its accomplishments or successes. Clear documentation of program benefits is necessary to recruit new communities and to maintain funding (Voth, 1975). Evaluations of alternative methods of program delivery require clear methods of quantifying the success of the program. However, the literature regarding evaluation of rural economic development programs lacks a consistent definition of success. Past studies have used a variety of measures, including construction of infrastructure (Moxley, 1985), new plant location (Smith et al., 1988), net migration of youth and employment (Scott et al., 1988), income and population changes (Erickson & Johnson, 1971), increases in jobs or income (Green et al., 1990), and attitude scales (Frazier, 1979; Moxley, 1985) as measures of success. The component theory of analysis employed in this paper permits the measurement of immediate and intermediate impacts when it is useful to monitor the on-going progress of programs and in situations where measuring outcomes is costly or requires a lengthy time span.

First, this paper describes the R&E visitation program, followed by

a detailed review of the characteristics of the local R&E coordinators, who are the key local actors and were the respondents for this study. After exploring the conceptual issues in measuring the short-run or immediate benefits of R&E programs, empirical measures for the R&E program objectives are delineated. Following an examination of data collection and validity issues, the empirical results are reported. Finally, the conclusions and lessons from these findings for community development practitioners and academicians are addressed.

### R&E PROGRAM DESCRIPTION

While R&E visitation programs are not identical across all states, many have closely related goals and operate in a similar fashion. Those included in this study can be characterized as locally controlled action-oriented strategic planning programs, aimed at assisting the community's existing businesses.<sup>2</sup> All states known to have R&E visitation programs were invited to participate in the research. Six states (Indiana, Minnesota, Nebraska, North Dakota, Ohio and Wisconsin) agreed to participate in a mail survey of their entire population of 165 R&E program coordinators that had completed their R&E programs between 1986 and 1989. The mail survey instrument was prepared, pretested, and disseminated following the Total Design Method (Dillman, 1978). A forty-nine percent response rate was achieved (81 respondents).

The most visible parts of the R&E visitation program are the visits made by local leaders to existing firms within the community. During these visits, a team of two volunteer visitors interview the firm's CEO or plant manager. Typically the interviews run for an hour, with most states using a ten- to fifteen-page survey instrument.

A local Task Force, comprised of a broad array of community leaders, organizes this local data collection effort. The Task Force includes representatives from the business community, educational institutions, the local government and, in larger communities, economic development professionals. This group of ten to fifteen people

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<sup>2</sup> Conceptually the R&E visitation program is very closely related to Pulver's (1979) strategy for "improving the efficiency of existing firms." However, Morse (1990b, pp. 2-3) suggests that the efficiency strategy and R&E are not synonymous since R&E programs frequently involve non-efficiency steps (e.g., tax subsidies, quality of life services, and public relations programs) as well. Since the R&E program has a strategic planning component, it has also been classified under institutional-oriented local development initiatives (Shaffer, 1990).

is responsible for finding volunteers to visit (interview) firms,<sup>3</sup> handling the follow-up problems identified by the firm visits and developing written strategic recommendations based on the data collected. The R&E coordinator leads the Task Force. Typically, the coordinator is responsible for both the logistical preparations for the visits and providing leadership as the Task Force reaches policy decisions on future directions.<sup>4</sup>

Volunteer visitors are selected from community leaders based on their willingness to make the firm visits and their ability to guard confidential information. Local programs averaged twenty-four volunteer visitors, with two-thirds of these being local business people. Development professionals, public officials, and educators made up eleven, ten, and seven percent of the visitors, respectively (Loveridge, Smith & Morse, 1991). Since most visitors are not economic development professionals, they are trained in personal survey methods.<sup>5</sup> Each firm is notified by mail that the volunteer visitors will be contacting them in a few days. During the firm visit, the firm managers are asked their opinions on the adequacy of local services impacting on their own business, their concerns or problems with labor recruitment and retention, their plans for expansion or contraction, and their needs for technical assistance or educational programs. Information is also collected on the firms' recent employment histories.

Volunteers usually have two to three weeks to make their visits and return the questionnaires to the local coordinator. The manner in which the survey information is handled from this point varies considerably between states.<sup>6</sup> In some states, the Task Force has a small executive council, usually called a leadership team, comprised of the coordinator, an assistant coordinator, an outside development pro-

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<sup>3</sup> The choice of language is important to this program. While "visits" is acceptable, "interviews," "studies," and "research" are not. Yet long before a community decides to undertake the program or makes the first visit, all participants realize that during their visits they will be using a survey instrument to interview local firms and collect data for an applied research study.

<sup>4</sup> Additional detail on the characteristics of the R&E coordinator and his/her role is given later in the paper.

<sup>5</sup> Community leaders are used as visitors for several reasons. First, there are a number of benefits to the strategic planning process of exposing community leaders to the concerns of local firms. While community leaders have worked on local issues in the place of development professionals in small communities that do not have the professionals, few communities see these as substitutes. Interestingly, one of the most consistent outcomes of programs that used many community leaders is their support for hiring additional professional staff to handle day-to-day economic development concerns.

<sup>6</sup> Due to confidentiality, the results have not been reported by individual states.

fessional, and a Cooperative Extension Service agent. This leadership team reviews the surveys and responds to the needs of individual firms whenever possible. Some states have the Task Force review each of the surveys, after removing both the firm name and the employment and product information to protect confidentiality. The Task Force decides as a group which of its members are most likely to be able to help explore the concern of each firm and assign it to that person. At that point, this individual is told the name of the firm, allowing follow-up. Other states have used a more informal response system.

At the same time, copies of the R&E surveys are sent to the state program agency for coding, analysis, and draft report writing. Again, the manner in which these are handled varies somewhat between states. In some states, the state agency provides a written report, without any input from the Task Force and no local recommendations. In others, the state agency analyzes the survey results and prepares "tentative suggestions" for action recommendations to respond to the long-range issues. Then the state agency personnel meet once or twice with the Task Force to review the research results. The Task Force uses the "tentative suggestions" to initiate their discussion of the recommendations but makes the final decisions on the recommendations to be included in their report.

In most programs the formal R&E visitation program is concluded with a community meeting. This meeting is actually an educational commencement ceremony with the Task Force presenting highlights of the survey findings and the recommendations that stem from these. In most cases, the Task Force also reports on the success stories that stem from the short-run follow-up. In addition to inviting the direct participants in the program (volunteer visitors, firm representatives), community and regional leaders are also invited to this final community meeting.

### **CHARACTERISTICS OF R&E COORDINATORS**

The local R&E coordinators are the key community actors in this program, as well as the respondents in this study, meriting close examination. The coordinators in this study have varied backgrounds, as shown in Table 1. While the coordinators had an average of over nine years of experience in business, nearly forty percent of them had no business experience. The mean number of years of experience in economic development was less than five, with twenty-one percent of the coordinators having no economic development experience prior to starting this program. A similar picture was found for ex-

**Table 1. Experience of R&E Coordinators**

<i>Type of Experience</i>	<i>Years of Experience</i>			
	<i>None</i>	<i>1-3</i>	<i>4-6</i>	<i>7+</i>
	----- Percent of Coordinators -----			
Business	39	8	4	49
Economic Development	21	35	21	23
Leading Volunteer Groups	30	11	17	42

perience in leading volunteer groups with thirty percent of the coordinators having no prior experience in this.

Eighty-one percent of the coordinators were community development professionals while the rest were civic leaders who volunteered for this role. Over eighty-two percent of the coordinators received orientation prior to the visitation program (Table 2). The nature of this orientation varied widely, with less than thirty percent reporting that they participated in all aspects of the more intensive orientation that required the completion of an orientation course, interviews with experienced coordinators, and practice visits to firms.

As shown in Table 3, the R&E coordinators spent an average of nearly ninety hours on the program over an eight-month period (Loveridge et al., 1991). Over one-third of their time was spent on preparing for and conducting the volunteer visitor training. The remaining time was split fairly evenly between the immediate follow-up for individual firms and the development of recommendations.

Coordinators reported that the total time required for the project was slightly more than they expected. Eleven percent of the respondents felt the total time was less than expected, sixty-nine percent found it the same as expected, and thirty-one percent found it more than expected.

### **THE GOALS OF R&E VISITATION PROGRAMS: A CONCEPTUAL MODEL**

The retention and expansion of jobs, income and investment are the ultimate goals of R&E visitation programs. There are two ways that the R&E visitation program leads to these ultimate goals. In the short run, the Task Force responds to as many of the individual firm problems as possible. Generally, this involves providing them with information on various state and federal programs or serving as a communication link or ombudsman with local units of government. There are numerous examples of jobs being created as a result of these short-run follow-up efforts (Mullet, 1990). In the long run,

**Table 2. Orientation Received by R&E Coordinators**

<i>Type of Orientation</i>	<i>Percent</i>
None	18
Met with State Staff	64
Completed Course	59
Interviewed Experienced Coordinators	41
Held Practice Visits with State Staff	46

additional jobs, income and investment are likely to be created as the community implements the recommendations for new programs and policies. The implementation of these long-run efforts usually results in time lags between the R&E visitation program and employment growth or even investment by local firms. This makes it difficult to use the ultimate goals (jobs, income, and investment) as measures in the short run.<sup>7</sup> A further difficulty with the jobs, income, and investment measures is that they are influenced by a host of other variables.

Bickman (1985) approaches the same issue by breaking the program into "components" to study the immediate or intermediate outcomes.

<sup>7</sup> Use of secondary data to document employment changes introduces additional delays in the analysis. In order to trace the changes due to local factors rather than the industry mix or the business cycle, it is necessary to use a shift share regional share component of employment change for the dependent variable. This requires the use of disaggregate data, such as the *County Business Patterns*. To do research on the eighty-one communities in our study and allow a two-year lag after the completion, we would need to wait until 1992 when the 1990 *County Business Patterns* data becomes available. However, if no analysis was done until then, improvements in the program that might stem from research would also have to wait. Further, the lack of any evidence on the impacts might have resulted in some programs being discontinued even if they were highly successful. And finally, it would be difficult to collect detailed data on the R&E programs after several years. A second research project is currently underway to examine these employment impacts.

**Table 3. Hours Spent on R&E Program by Local Coordinators**

	<i>Activity</i>	<i>Mean Hours</i>	<i>Standard Deviation</i>
I.	Before Volunteer Training	27	31
II.	Training Volunteer Visitors	5	4
III.	Immediate Follow-up	28	28
IV.	Development of Recommendations	29	40
	Total	89	111

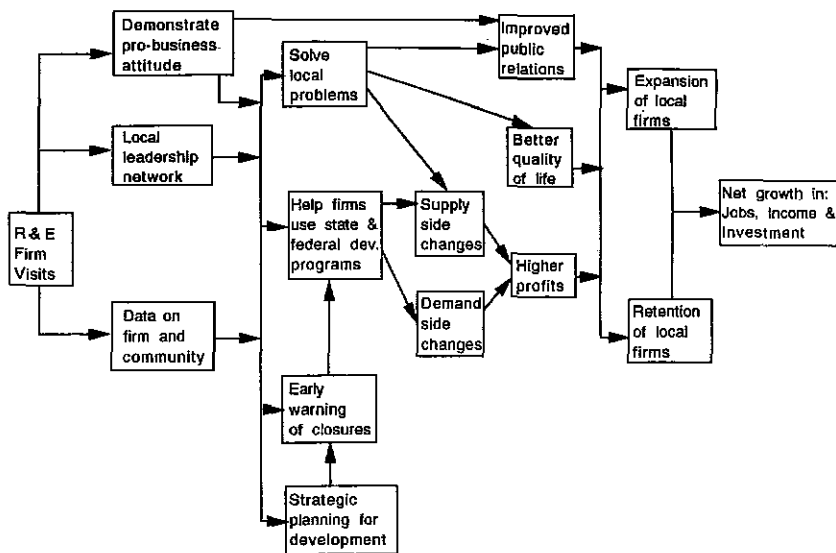


R & E  
Visitation  
Program

Short-run  
Community  
Benefits

Factors Influencing  
Firm Investment &  
Location Decisions

Long-run  
Community  
Benefits



Adapted from Morse, 1990a

**Figure 1. Conceptual model of R&E visitation program.**

Bickman used the “program components” approach to assessing health services delivered to pre-school children. The major advantage of the components approach is that it allows short-run or immediate impacts to be measured. For example, while the ultimate results of some pre-school health care programs may not be known for forty to fifty years, it is possible to measure a child’s change in immediate behavior. Then theory is used to link these immediate results to the long-range impacts.

Figure 1 shows the theoretical links between the R&E visitation programs, short-run community benefits, factors influencing investment and location decisions and long-run community benefits of job generation, and/or growth in community income and investment.

The most commonly stated objectives of the R&E program were:

1) to demonstrate the community's pro-business attitude to existing local firms;

2) to assist local businesses in becoming more competitive and efficient by helping them use state and federal programs designed for this purpose;

3) to assist existing firms in solving problems with local governments;

4) to provide an early warning system for plant closures or expansions; and

5) to provide data for strategic planning in economic development.

The theoretical links between each of these program objectives and the ultimate outcomes (jobs, income and investment) are now examined, following an approach suggested by Morse (1990a, pp. 3–16).

Demonstrating a pro-business attitude is an immediate outcome gained from the R&E program. In order to improve public relations and the quality of life in the community, local leaders must first indicate their willingness to work with business and show their appreciation for the job creation role that businesses play in the community. By mobilizing local economic, educational, and other development-related agencies in the community to conduct visits and express pro-business attitudes, the likelihood that a firm will work closely with local leaders on its problems increases. This improves the odds that the firm will expand or remain within the community.

The second R&E program objective is to help firms improve their efficiency. This reduces their cost per unit and leads ultimately to higher profits, increasing the odds the firm will stay and even expand in the community. Frequently this involves improving access to knowledge and capital (Pulver, 1989). Yet, few small to medium-sized communities are able to provide this information on their own. A number of regional, state, and federal programs are aimed primarily at helping firms become more efficient and productive. Most firms, especially the smaller ones, find it difficult to keep abreast of the nature and effectiveness of these public sector programs due to frequent changes in the programs and infrequent use by individual firms. While very few small communities can provide these programs, nearly all communities can assist firms in taking advantage of them.

State programs that provide assistance with labor training, guaranteed loans, labor management relations, marketing, management, and other information all may contribute to the firm's competitive position. While tax exemptions and subsidies may benefit the firm in the short run, the state development programs offering development of human and technical expertise provide benefits of a long-run na-

ture. The role the community plays in obtaining state development aid varies from situation to situation depending upon the project as well as whether the local community is prepared to receive aid. Better prepared communities have defined the problems and done enough groundwork to be able to receive the immediate and specific attention of a state expert. Less prepared communities may be unfamiliar with state-administered programs and the information required to justify the aid (e.g., industrial water pressure requirements, zoning requirements, and prevailing wage requirements).

A third objective of the R&E program is to assist firms in solving local problems and improving the quality of life in the community. Pulver (1989) suggests that access to a high-quality living environment is one of the five most critical factors in the location and growth of firms. Local problems may include schools, utilities, recreational opportunities, transportation, health care, waste disposal or any other city or county government issue that may arise. Solving a local problem may be as simple as moving a telephone pole or as complex as starting a school/business partnership. Solving local problems sometimes reduces the costs of the local firm and may lead to retention or expansion of the business. Even if local problems are not solved, the firm manager may be impressed with the effort that the community puts forth in attempting to solve the local problems and the community can benefit from the pro-business image it has legitimately created.

A fourth objective of the R&E program is to provide an early-warning system for plant closures and expansions. As the U.S. and regional economies restructure themselves in the 1990s, early warning of plant closures allows the community time to ease the impact of layoffs and relocations imposed by plant closures or downsizing. While reasons for closure may be national in scope, steps taken at the local level may minimize local losses (Bentley, 1990). R&E business visitation programs hope to prevent plant closures, but they may only be able to serve as catalysts for creation of community-based support systems to facilitate reinvestment in both human and technological capital. On the positive side, communities need early warning in order to provide effective assistance to facilitate potential plant expansions.

The fifth objective of most R&E programs is the provision of data for strategic planning in economic development. These data are obtained by asking business managers questions concerning the firm's plans to relocate, expand or close; what specific problems the firm has; and how the firm views the community as a place to do business. Firm managers are also asked if the firm would like assistance in resolving any problems. By collecting these local data, the community

obtains an aggregate picture of itself as a place to do business. Positive aspects of the community can be used in attraction or expansion efforts while data on negative aspects can be used to set priorities for local efforts to correct these.

In the long run it is expected that the data collection effort and the subsequent analysis of local options for helping existing industries become more competitive are the most substantive contributions of the program. It is through this strategic planning effort that the coalition of local leadership forms and programs for assisting firms are developed.

In summary, there is a clear theoretical link between the program objectives of the R&E visitation program and the ultimate objectives of additional community income, investment and jobs. The question explored in this research is: How successful were the R&E visitation programs in achieving their five immediate program objectives, i.e., the short-run benefits?

### **Developing Measures of R&E Short-Run Benefits**

Eight variables were chosen to measure the five program objectives outlined earlier. The first five of these rate the ability of the program to meet its major objectives while the last three variables provide an overall assessment of the program. Each of these is now described.

**Ratings of Program Objectives.** The coordinators were to rate the following five specific program objectives on a ten-point scale, with ten being most beneficial and one being least beneficial:

- Demonstrated Pro-Business Attitude
- Helped Firms Use State Development Programs
- Assisted Firms in Solving Local Problems
- Provided Data for Economic Development
- Gave Early Warning of Potential Plant Closings

**Worthwhileness Rating.** The above ratings reflect perceptions about various components of the R&E visitation program. In order to develop a summary measure of the overall effectiveness or impacts of the R&E visitation program, we asked those with experience in the program whether it was worthwhile. Coordinators were asked to outline the time spent on the program and then asked:

“Considering both the time, costs, and benefits of the program, how worthwhile was the R&E visitation program?” Responses could range from (1) not worthwhile to (10) worthwhile.

In answering this question with respect to the R&E visitation program, an implicit cost-benefit analysis is done by the experienced coordinator with regard to the time required by the program and

the benefits achieved. Recall that on the average respondents spent 89 hours on the program over an eight-month period. By putting the time requirement question just before the above question, we hoped to avoid any upward bias to this question. If the program coordinator reported that the program was worthwhile, then clearly the respondent believes the benefits exceeded the costs.

**Expected Reactions from Businesses.** As a second overall assessment of the program, the coordinators were asked to indicate their expectations of the reactions of businesses that had participated. The specific question was:

"What percentage of the firms that you visited would recommend other firms participate in this program?"

This question was asked for two methodological reasons. First, it was expected that it would lead the respondents to be more cautious in their responses, removing some of the positive bias discussed earlier. Second, it would allow us to compare coordinator expectations with the results from businesses in subsequent research.

**Recommendation Rating.** As an alternative means of asking for an overall rating, coordinators were asked whether they would recommend the program.<sup>8</sup> This approach is similar to that used in decisions on hiring new employees for high-level jobs or decisions on whether to publish manuscripts. In all three cases, respected peers are asked to offer recommendations on the course of action. In all three of these cases the reason that recommendations are important elements in the decision process is that there are incommensurable benefits and costs that can not be neatly summarized into a single quantitative ratio. While strong recommendations to undertake a program may not be sufficient to convince the prospective communities to adopt the program, they are often a necessary condition.

### **Data Collection and Validity Issues**

All of the measures of success reflect the perceptions of the local program coordinators. These perceptions, analogous to the student evaluations of instructors of a course, have the same advantages and limitations. The validity of the coordinators' reports depends upon their ability to provide accurate information. According to Fowlou (1988), such validity is increased when respondents have sufficient information, satisfactory recall and a thorough understanding of questionnaire items, and when the survey is designed to minimize the

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<sup>8</sup> The response categories were: "Yes, definitely," "Yes, probably," "Maybe," "No," and "Definitely Not."

efforts of socially desirable responses. In this context, the advantages of using the coordinators as informants about program success are that they may provide particularly accurate reports because they: (1) have detailed knowledge about the program; (2) should have few problems with recall; and (3) should understand survey questions related to program objectives.

A validity issue meriting further discussion is the possibility of socially desired responses. Following Fowlou (1988), such bias has been minimized due to the use of self-administered questions and ensuring confidentiality and anonymity of response. Thus, if the employment status or the local prestige of the program coordinators depended upon "success" in this program, their responses would be positively biased. Yet, neither status would be directly impacted by the type of responses given to this survey since the responses for individual coordinators were entirely confidential. Further, many of the coordinators were volunteers whose employment status was completely independent from this work.

One indication that the responses are sincere reflections of their opinions of the program is the variation in responses given to the different program objectives and the variation between communities in the level of rating. If coordinators were simply trying to justify their participation in the program, higher ratings would be expected on all objectives.

There is no question, however, that perceptions are likely to vary depending on who answers the questions. The coordinators' opinions are likely to be closer to those of the local community leaders than to those of state agency personnel. How the responses of Task Force members, visitors, and firms might differ from those of the coordinators is an issue that will be explored in further research.

## **RESULTS ON MEASURING R&E SHORT-RUN BENEFITS**

As noted previously, eight variables were used to evaluate the immediate benefits of the R&E visitation programs. Five of these variables reflect specific program objectives and three variables reflect overall evaluations by the local program coordinators.

### **Formal Program Objective Ratings**

The benefits received from the pro-business attitude generated tended to be rated the highest (Tables 4 and 5). Only two local leaders gave this objective a rating of five or less, while eighty-nine percent rated this component at eight or above. These very high ratings are

**Table 4. Ratings of Formal Objectives of R&E Business Visitation Programs**

<i>Objective</i>	<i>Mean</i>	<i>Standard Deviation</i>
Pro-business Attitude	9.0	1.3
Provide Data for Economic Development	7.8	2.3
Assisted Firms in Solving Local Problems	7.1	2.2
Gave Early Warnings of Plant Closures	5.4	2.8
Helped Firms Use State Development Programs	4.8	2.0

consistent with the objectives most frequently articulated by local leaders when they initiate the program. One reason that this objective might have received the highest rating is that it is achieved by simply going on the firm visits. Firm representatives appreciate the attention given to them by community leaders. Thus, if the visit is completed, this objective seems to be achieved immediately. A second reason for this high rating might be that it is nearly impossible for outsiders to question its achievement.

Providing data for economic development was given the second highest rating, with a mean rating of 7.8 on a 10-point scale. This is a very important finding since the data are used in many communities for strategic planning and to start new programs aimed at existing businesses. There was a fairly high standard deviation for this response, however. Communities that developed recommendations based upon the data tended to rate this objective more highly than those that did not develop written recommendations.

Assisting firms in solving local problems received the third highest rating, with a mean score of 7.1 and standard deviation of 2.2. The

**Table 5. Percentage Frequencies for Formal Program Ratings**

<i>Rating</i>	<i>Pro-Business</i>	<i>Data for Econ. Dev.</i>	<i>Solving Local Problems</i>	<i>Early Warning Closures</i>	<i>Help Use State Programs</i>
10*	47	27	15	11	1
9	26	12	16	8	5
8	16	28	15	8	3
7	4	9	18	5	18
6	4	4	8	7	12
5	1	14	15	22	14
4	1	1	5	11	11
3	0	3	8	14	19
2	0	1	0	4	7
1	0	0	0	10	9

\*10 = most beneficial, 9 = next most beneficial, etc.

wide variation of response may stem from differences in the quality of follow-up work by the coordinator, consultant, or Task Force.

Early warnings of plant closures received a mean rating of 5.4, suggesting that this particular program component was not as effective as other components. These low ratings are probably due to the low probability of an R&E program being in progress while a firm manager would be able to report that the plant was in danger of closing. If few managers reported closures then few R&E coordinators would perceive the benefit of having the early-warning system in place. Thus, most R&E coordinators would tend to give low ratings to the early-warning component of the R&E visitation program. In the short run, the R&E visitation program alone is probably not likely to be an effective means of providing early warning. But in the long run, the improved level of trust between local economic development officials and firm managers might encourage the firms to seek local assistance early enough to make a difference. The evidence from this study, however, suggests that generally the R&E program did not give an early warning.

Information on state development programs tended to be perceived as the least beneficial program objective. The average rating was only 4.8 of a possible ten points. There are several possible reasons for these low ratings. First, not all states offered specific guidance on how to approach the state government regarding state development programs. However, even among states where the R&E program did offer such guidance, this component received the lowest rating. Second, the ratings might reflect differences in achievements of the program and prior expectations. If expectations were high for this objective, the ex-post ratings might be lower. Discussions with local coordinators suggest that they need additional assistance on this objective and that they believe that the state agencies could do much more to help them respond to the needs identified by local firms.

### **Coordinator's Overall Rating of the R&E Program**

Three variables were used to assess the coordinators' overall assessment of the R&E visitation program: worthwhile rating, expected business rating, and recommendation rating. The results for these are shown in Tables 6, 7, and 8.

The worthwhile rating had a mean score of 7.9 (with ten being the best score). These ratings are very impressive when one considers that the average amount of time spent by the coordinators was eighty-nine hours and all of these coordinators participated in the program voluntarily.



**Table 6. Worthwhile Rating R&E Business Visitation Programs**

<i>Rating*</i>	<i>Number of Coordinators</i>	<i>Percent</i>
10	15	19.2
9	18	23.1
8	20	25.6
7	14	17.9
6	5	6.4
5 or less	6	7.7
Total	78	100.0

\* Rating could be from 1 to 10 with 1 = Not Very Worthwhile, . . . 10 = Very Worthwhile. Mean Rating = 7.9; Standard Deviation = 1.7; Range = 2 to 10.

The expected business rating is shown in Table 7. Note that this rating was about the same as for the worthwhile rating. On the average the coordinators expected seventy-eight percent of the firms would recommend the program to other firms. The expected business rating was hypothesized to be lower than the worthwhile rating for the following reason. Only a portion of the firms visited have problems and are actually assisted in a significant fashion. If, for example, ten percent of the firms requested assistance and the R&E visitation program responded to their needs, this ten percent is likely to give the program a very high rating. The ratings would be expected to be lower for the rest of the firms that neither sought nor received assistance or firms that had problems that were beyond the resources of the R&E visitation program.<sup>9</sup>

As a final overall measure the recommendation rating is shown in Table 8. Extremely high ratings were reported for this question. Eighty-nine percent of the coordinators said that they would recommend the program. Only one of the seventy-five coordinators responding to this question would not recommend the R&E program while over sixty percent responded "Yes, definitely."

Recall that coordinators were not reluctant to give low scores to particular pieces of the program. This overall rating suggests that, while some parts of the R&E visitation program need to be strengthened, coordinators felt the program overall was very effective.

<sup>9</sup> In a separate study in which firms were directly surveyed and asked whether they would recommend the R&E visitation program, only 6.6 percent said they would not. However, only 64.7 percent said that they would recommend the program, with the rest (28.7 percent) being uncertain. This suggests that the coordinators might be a little less optimistic about the firm's reaction. While the firm's reactions are lower than the coordinators, they still strongly support the program on a ten to one ratio. Note, however, that the data for the firms came from only eleven of the eighty-one programs and might not accurately reflect the total sample.

**Table 7. Expected Business Ratings of R&E Visitation Program\***

<i>What Percent of Firms Would Recommend to Other Firms?</i>	<i>Number of Coordinators</i>	<i>Percent of Coordinators</i>
100	5	7.2
96 to 99	10	14.5
86 to 95	18	26.1
76 to 85	11	15.9
51 to 75	13	18.8
26 to 50	8	11.6
1 to 25	4	5.8
None	0	0.0
Total	69	100.0

\* Based on Coordinator perceptions. See text for details. Mean Score = 77.8%.

### CONCLUSIONS AND LESSONS FOR COMMUNITY DEVELOPMENT

Overall, the retention and expansion visitation programs received very high ratings from local coordinators. The worthwhile rating averaged 8.0 on a ten-point scale, with over sixty-seven percent giving a rating of 8 or higher. The recommendation rating averaged 4.5 on a five-point scale, with eighty-nine percent of the respondents indicating they would recommend the program to peers.

The demonstration of a pro-business attitude was rated highest in the evaluation of R&E programs. This is probably due to the personal visits made by community leaders (non-development professionals) to the firms. Managers appreciate being recognized for their job-providing role in the community and attention given to their concerns. This benefit appears to almost be a certainty if the visits are made. Consequently, it is not surprising that coordinators rate it very highly.

The collection of data for strategic planning received the second highest rating, followed by the objective of solving local problems.

**Table 8. Recommendation Rating of R&E Visitation Programs**

<i>Score</i>	<i>Would You Recommend to Other Communities?</i>	<i>Number of Coordinators</i>	<i>Percent</i>
5	Yes, Definitely	46	61.3
4	Yes, Probably	21	28.0
3	Maybe	7	9.3
2	Probably Not	1	1.3
1	Definitely Not	0	0.0
Total		75	100.0

Mean Score = 4.5; Standard Deviation = 0.7.

These ratings are encouraging since community leaders must take a more global view of their local economies and accept responsibility for helping local firms adapt to changes in national and international supply and demand.

Two objectives received relatively low ratings. The early warning objective received a rating of only 5.4 (on the ten-point scale). This was neither surprising nor disappointing since there are seldom opportunities for the program to react to potential plant closing. However, the low rating for the objective of helping firms use state development programs was both surprising and disappointing. Less than ten percent of the coordinators rated this program with a score of eight or above. One reason for the low rating is that this benefit may be evident only to those that find a firm in need of and eligible for a state program. A more likely reason for a low rating is that at least one state R&E program had no mechanism built into the program that would allow or encourage the local coordinator to seek out state government program support. Yet, even states that did have a mechanism in place received a low rating on this objective, indicating a need to re-examine the support mechanism.

This research provides several important lessons for community development professionals attempting to help communities with R&E. First, inexperienced local economic development professionals are most likely to be willing to serve as R&E coordinators. This is not a surprise since the program gives them a quick way to evaluate both local businesses and local leaders. Rather than be forced into a large project of questionable value, a new economic development professional can buy time to understand the local situation while being involved in a highly visible and popular project.

Second, the large amount of time required to lead the local R&E program suggests that the leadership for the local program needs to be divided among several local leaders rather than concentrated in a single individual. One means of doing this is to require a three- or four-person Leadership Team to meet and divide the specific tasks among themselves prior to starting the program. This division of labor also has the additional benefits of broader perspectives on local issues and more stability of leadership if one of the members suddenly can no longer participate due to health or business reasons.

Third, efforts to sell the program to new communities should emphasize the pro-business attitude and the strategic planning objectives since these are viewed as the most successful aspects of the program. Further, the overall ratings (worthwhile rating and recommendation rating) provide very strong evidence of the value of the program.

Fourth, the very positive overall ratings suggest that the program

can best be introduced to new communities by giving them an opportunity to talk directly with an experienced local coordinator.<sup>10</sup>

Fifth, additional orientation needs to be provided to the local R&E Leadership Teams and Task Force on means of handling the immediate follow-up, early warning aspects, and providing information on state and federal programs.

Sixth, the low ratings on helping firms use state and federal development programs also suggest the need for closer working relationships between the state R&E agency and these state and federal programs. Specific steps which might be explored include: 1) training programs on state programs for the R&E "Consultants," 2) localized brochures on state and federal programs listing the most local contact for the program as well as a brief description of it, 3) development of a local "program team" composed of local leaders with an interest in specific programs that received specialized training on specific programs, and 4) development of a state agency response system upon notification by the local R&E program of interest or concern with a specific program.

This research also provides lessons for researchers interested in evaluating other community economic development programs which yield long-range results which are influenced by a host of other variables. The component method of evaluation, with its focus on measuring specific short-run objectives and linking these results to the long-run goals, provides promise for a wide range of community economic development programs.

While this research has shown that local coordinators rate the program highly overall, aspects of the program can be improved. Given the popularity of this program, an on-going research effort should be established to monitor both its immediate and long-term impacts. Future research should go beyond the scope of the present study since the local R&E coordinators' perceptions are only one aspect of an overall evaluation of the program.

Three other evaluation designs might be used to examine the impacts of R&E programs. First, researchers would determine to what degree the strategic plans and recommendations developed in R&E Visitation Programs are implemented and the factors that influence differences in implementation rates. In most states, the local programs develop written recommendations that provide a public benchmark which could be examined after several years. Second, researchers

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<sup>10</sup> In several states a speaker phone has been used for a question-and-answer period after showing local leaders a video on the program. This allows for a direct dialogue on the program without imposing high costs on the experienced R&E coordinators.

could examine the perceptions of local firms on the benefits and costs of the program. Third, research is needed to document the long-run benefits (employment, income, and investment) of this program and the factors that influence them.

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## BOOK REVIEWS

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Fitchen, Janet M., *Endangered Spaces, Enduring Places: Change, Identity, and Survival in Rural America* (Boulder, CO: Westview Press, 1991, 314 pp.), hardcover, \$37.50, paper, \$14.95.

*Endangered Spaces, Enduring Places* is a lucid anthropological study of how communities in upstate New York are grappling with changes in agricultural and non-farm employment, rural demographics, rural poverty, community service delivery, local governance, and rural land use and how this is affecting rural culture and identity. While Fitchen's field work was conducted in New York, many of the trends she describes have affected rural communities throughout the United States. The many direct quotes from interviews and field notes enrich the book and provide a unique perspective on rural issues.

The book is broken into eight sections, each of which can be read independently, and an appendix describing how the research was conducted. The first section is on the farm crisis of the mid-1980's and examines its effect on individual families and on communities. The second section of the book examines the effects of shifting non-farm economies, particularly due to the decline of rural manufacturing. These sections are most interesting in their analysis of the identity crisis that declines in agricultural and manufacturing activity have caused in rural communities. In the third section, Fitchen describes the changing demographics of upstate New York, including the aging of the rural population, population loss, in-migration (most of which are persons from different ethnic, racial and cultural backgrounds), and how long-time and rural residents are dealing with these changes. Part four deftly analyzes worsening rural poverty. Fitchen carefully describes the causes and processes involved in increased rural poverty, including inadequate rural employment, a tighter rural housing situation, increasing mobility and the in-migration of the urban poor.

The next two sections deal with the provision of community services and the changes affecting local governments. The type of urban-based policies and programs that tend to work poorly in rural communities are described, as are innovative approaches to service delivery developed by rural communities. The discussion of local government finance and structure and the description of how local governments

are dealing with increasingly complex environmental problems are especially insightful.

The seventh section follows up on the environmental and developmental issues facing local communities with two excellent chapters on new uses for rural lands as "dumping grounds." In particular, these chapters examine the siting of prisons and of waste disposal facilities in rural areas. Leaders in any rural community considering bidding for a prison can benefit from lessons provided in chapter 14, "Prisons in the Wilderness." Likewise, the waste disposal chapter provides important insights into the siting of low-level radioactive waste facilities and the resistance of local communities to siting. Her description of 'reverse NIMBY' (i.e., as long as it is *not* in my back yard) is particularly useful in understanding why it has been difficult for small groups that are directly affected by environmental problems to create broader public interest in and support for addressing these problems. The final section on rural identity and survival examines what is rural and how the changes in rural reality have challenged long held community views concerning rural identity. Finally, it looks at ways to ensure the survival of rural places.

The only weakness of the book, from this reader's perspective, was the lack of more specific suggestions in the concluding chapter on how state and federal policies might be modified so as to not penalize rural areas for being rural. Also, while the elimination of rural services solely because they are not "cost effective" is most disturbing, it still does not lessen the need to *find* more cost effective ways of providing services to rural residents. Fitchen does provide some excellent examples of how this might be achieved through the consolidated delivery of services by state and federal agencies in small rural communities using the local school or other central community institution as a clearinghouse.

This book is well worth reading for those wishing to deepen their understanding of how rural communities and culture in America are changing and how some communities are responding to these changes. Fitchen provides sympathetic but objective analysis, using direct quotes to allow rural people to describe what has happened to them over the last decade. In this book she deftly combines analysis based on her field work, secondary data and extensive review of related work. Similar studies conducted in every region of the country would significantly increase understanding of the current state of rural communities and their development. As one effort in the Northeast, this book takes the reader a long way.

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Rost, Joseph C., *Leadership for the Twenty-First Century* (New York, NY: Praeger Publishers, 1991, 220 pp.), cloth, \$45.00.

Community developers who are serious about leadership should consider reading Rost's work for an iconoclastic and clarifying examination of this perplexing field. The author quotes Chester Barnard who commented that leadership has become "the subject of an extraordinary amount of dogmatically stated nonsense." This book leads us into the labyrinth of frequent dead-end pursuits and the seemingly contradictory world of leadership studies. Rost guides the reader through a review of the leadership literature since 1900. He explores 221 definitions of leadership that he discovered including dictionary definitions from the eighteenth century.

Rost examines twentieth century leadership studies decade by decade. His critiques are probing and insightful, while providing an exhaustive review of the literature. In essence, it appears leadership scholars and practitioners define leadership as anything they want it to be. Hence, leadership is nonsensical.

Rost offers a way out of this nether world. He examines the background and assumptions embedded in the definitions and models and discovers a "school of leadership." He concludes the leadership literature of the twentieth century equates leadership with good management. It is an industrial paradigm of leadership which is applied to factory, office and community settings. Rost argues this paradigm is inappropriate for post-industrial society. It should be added that the industrial paradigm has been especially inadequate for community developers who are attempting to nourish indigenous community leaders.

Rost devotes a chapter to the nature of leadership in the post-industrial paradigm. He sees it as "an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes." This relationship is noncoercive. So, Rost contends, if the relationship involves authority or power, it ceases to be leadership.

Another chapter is devoted to the distinction between management and leadership. Rost carefully dissects the ambiguities associated with these two camps. He views management as an "authority relationship between at least one manager and one subordinate who coordinate their activities to produce and sell particular goods and/or services." Rost does not slip into the trap which calls managers "bad guys" and leaders "good guys." Each has their value.

Chapter seven explores the ethical relationships between followers and leaders. After investigating the limitations of utilitarian ethics, rule ethics (e.g., the Ten Commandments), social contract ethics and

ethical relativism, Rost claims we need a new language of ethics which builds on the concept of civic virtue and the common good. He draws upon *Habits of the Heart*, which claims we have twisted the concept of civic virtue to mean the accommodation of our private interests with little concern for the commonwealth. It is unfortunate that Rost did not mention the Community Development Society's principles of good practice. These principles are ethical relationships between change agents (leaders) and followers which might fit his post-industrial paradigm.

The last chapter deals with the future of leadership studies. Rost wants leadership scholars to come out of the woodwork of management science and address the wants, needs and emerging values of people in a post-industrial society. As director of the doctoral program in leadership in the School of Education at the University of San Diego, Rost offers constructive examples of research and practice which fit post-industrial needs. He believes post-industrial leadership scholars must be reflective practitioners (doers). They will also have to collaborate with others outside their narrow disciplines for a post-industrial school of leadership studies to emerge.

James MacGregor Burns, a giant in leadership studies, lauds Rost in his forward for his biting critique of the great majority of writings on leadership "and certainly not sparing my own." Rost's work is likely to be a major turning point in how we think about leadership for the twenty-first century. Community development practitioners and scholars cannot ignore the questions and insights raised by Rost.

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Savory, Allan, *Holistic Resource Management* (Washington, DC: Island Press, 1988, 564 pp.), paper, \$19.95.

Keen observations, research, and development of new techniques for resource management are condensed in this book, written by a man who has made improvement of the environment an important part of his life. Spurred by increasing desertification (deterioration of basic land, water, and biological resources) throughout the world, the author has developed a non-traditional approach to the management of land while taking into consideration the "whole" community. The idea of holism (from the Greek word *Holos*) has been around a long time and has now become the basis for a planning and management system that Allan Savory feels is the only way to successfully deal with the environment.

Much of the book is devoted to the explanation of the holistic

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