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JOURNAL OF THE COMMUNITY DEVELOPMENT

S O C I E T Y

Volume 27, No. 1
1996

Diarmuid Ó Cearbhaill
Tony Varley

An Irish Community Development
Movement's Experience of Crisis Conditions:
Muintir na Tíre's Struggle for Survival

Mary E. Robertson

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of Information Technologies and Voluntary
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Communities as Service/Trade Centers

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Do Manufacturers Search for a Location?
The Case of Hardwood Processors

(ISSN 0010-3829)

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RUSSELL SMITH
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(402) 595-2311

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EDITOR'S NOTE

This year the Community Development Society continues its movement toward an international organization devoted to the practice and theory of purposive community change by holding its first annual meeting away from North America. The Australian members of CDS have organized a world class conference on community development. It is sure to have an impact on the Society for many years to come. In commemoration of the first "international" conference, this edition of the *Journal of the Community Development Society* is devoting a significant portion of its articles to research and commentary on community development theory and practice taking place outside the boundaries of the United States.

One of the more important reasons for taking an international approach to community development is the sharing of knowledge. CDS through publications like the *Journal* has much to share with the rest of the world regarding community development. In particular the Community Development Society represents a specific approach to facilitating change within a community setting. Citizen participation is the foundation of this approach. It is most accurately reflected in the Society's Principles of Good Practice. If you are not familiar with the Principles, a copy follows this Note.

The world is rapidly changing. Among the many factors affecting this change is the movement toward the decentralization of authority and responsibility. In the future central governments will likely have less and less say about the development paths communities take. Development choices appear to be increasingly given to local community leaders. Hopefully CDS and the Principles of Good Practice can help these community leaders around the world learn about community development alternatives.

The editors of the *Journal of the Community Development Society* thank the following people for their time and effort reviewing the many manuscripts that are submitted for publication. Without the thoughtful input of these people and many others the *Journal* cannot continue as a valid social science journal.

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PRINCIPLES OF GOOD PRACTICE

(Adopted by the CDS Membership in July, 1985)

- Promote active and representative citizen participation in decision making so that community members can meaningfully influence decisions that affect their lives.
- Engage community members in problem diagnosis so that those affected may adequately understand the causes of their situation.
- Help community leaders understand the economic, social, political, environmental, and psychological impact associated with alternative solutions to the problem.
- Assist community members in designing and implementing a plan to solve agreed upon problems by emphasizing shared leadership and active citizen participation in that process.
- Disengage from any effort that is likely to adversely affect the disadvantaged segments of a community.
- Actively work to increase leadership capacity (skills, confidence, and aspirations) in the community development process.

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The Community Development Society (CDS) invites you to attend and participate in its 29th conference, July 26-31, 1997, in Athens, Georgia. Your involvement is important to CDS to encourage and facilitate the exchange of ideas, information, observations, and expertise among individuals and organizations engaged in or concerned with community development as a vehicle for change management in our everyday lives.

The 29th annual conference theme—*Reflections and Visions on the Learning Community*—provides the opportunity for us to look back on what we have done and proclaim what we will do! Our accomplishments have been many and we want to provide a meeting which encourages us to celebrate our successes while we collectively create a vision for the future of community development around the world.

For general information and guidelines contact:

Rusty Brooks or Bernie Moore
1234 South Lumpkin Street
The Institute of Community and Area Development
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Phonc: (706) 542-3350 Fax: (706) 542-6189
email: rbrooks@uga.cc.uga.edu

***Deadline for submission of workshop and presentation proposals is
December 15, 1996. Deadlines and details about other participation
opportunities will be distributed later.***

AN IRISH COMMUNITY DEVELOPMENT MOVEMENT'S EXPERIENCE OF CRISIS CONDITIONS: MUINTIR NA TÍRE'S STRUGGLE FOR SURVIVAL

By Diarmuid ÓCearbhaill and Tony Varley

ABSTRACT

A major stream of community development in Ireland has been identified with Muintir na Tíre ("People of the Land"), a movement that has concerned itself with the promotion of the social, economic and cultural welfare of mainly rural localities since the 1930s. What Muintir offers is a vision of where community development should fit in the public life of the Irish nation, and a model that enunciates some basic principles as to how local representative self-help groups should organise and operate. Muintir has always existed on two levels: at local level, where there are now about 120 Muintir-affiliated community councils, and at national level, where a central office attempts to represent and service community councils, as well as local communities more generally. This paper will focus on two central issues: the serious difficulties that have confronted Muintir at all levels in recent years, and the manner the movement has sought to negotiate the various obstacles it has encountered. Our conclusion is that while Muintir has shown undoubted ingenuity and resilience in weathering many storms, the ongoing crisis it now faces continues to raise serious questions about its future both as a national movement and as a significant force in Irish community development.

INTRODUCTION

The historical contribution of Muintir na Tíre (literally "People of the Land") to Irish community development has been to pioneer the use of voluntary area-based councils as a vehicle for pursuing what came to be called community development in the 1950s. While the movement has had always to adapt to changing circumstances and has found itself in crisis on a number of occasions (Devereux, 1991, 1993), the difficulties it has encountered in recent times have

Diarmuid Ó Cearbhaill is a statutory lecturer in Economics, and Tony Varley is a college lecturer in Political Science and Sociology, Centre for Development Studies, University College, Galway, Ireland. This is a revised version of a paper presented at the 26th Annual International Conference of the Community Development Society, Lincoln, Nebraska, U.S.A., July 23-28, 1994. In researching this paper, we would like to acknowledge the generous cooperation of Tom Fitzgerald (Administrative Officer) and Michael J. Lynch (former President) of Muintir na Tíre. The usual disclaimer applies.

been sufficiently severe as to call the movement's continued existence into question as never before.

The contemporary crisis confronting Muintir can be located among the movement's 120 or so area-based community councils (CCs)—as the voluntary, representative local self-help groups affiliated to it are named—and especially from the tendency of CCs to abandon the organisational and operational principles adopted by the movement in the early 1970s. The crisis can also be located at the national level, where the movement's central executive and representative institutions have found themselves struggling to survive in a frequently adverse environment. For a time in the post-1987 period, on account of a halving of its annual grant-in-aid in 1987 from £30,000 (\$50,000) to £15,000 (\$25,000), the chief functions of Muintir's national headquarters had either to be scaled down or temporarily abandoned.

Our discussion will deal with the crisis-generating difficulties faced by Muintir at national and local levels and with the manner of the movement's response. A mid-1980s survey of twenty-one west of Ireland community councils (fifteen of which were then affiliated to Muintir), the only major research of its kind, will be drawn upon in our discussion of the local CCs.¹ The prospects for the movement at national and local levels, as these have emerged in the light of developments over the past decade or so, will be considered in concluding section.

THE EXPERIENCE OF MUINTIR NA TÍRE

Historical Background

After an initial attempt in 1931 to organise Muintir as a producers' co-operative (modeled partly on the Belgian Boerenbond) had failed,² Fr. John Hayes, the movement's founder, broadened the focus of his approach to encompass the entire locality. His aim now was to establish parish-based guilds and councils that aspired to organise local communities by offering representation to occupational groups as well as to other social groups, such as youth and women (Muintir na Tíre, 1971, pp. 38–41).

An important intellectual influence on the new movement was exerted by the Catholic social encyclical, *Quadragesimo Anno* (1931), and by Catholic social thought more generally. The desire to reconstruct capitalist society around the principle of subsidiarity and the pre-eminence of small-scale property and rural life stand out as major themes of Catholic social thought. To *Quadragesimo*

¹ Originally conceived as a longitudinal study, there were initially 25 CCs surveyed in 1979, 17 of which were affiliated to Muintir. Four failures brought the number down to 21 in 1984–1985 (see Ó Cearbhaill & Varley, 1986; 1988; 1991; 1993).

² Conflicts between different groups of producers—such as grain and pig farmers—served to underline the limitations of this approach (Rynne, 1966, p. 107).

Anno in particular can be traced Muintir's early hostility to excessive state involvement in social and economic life (Devereux, 1995).

For all the suspiciousness of the movement's leadership, many individual parish councils (PCs) quickly settled down to building relationships and working closely with state agencies and departments. Individual PCs, in fact, were to play a significant role in canvassing for rural electrification and in the advancement of piped water schemes in the immediate post-war decades (Rynne, 1960, pp. 242–243; Muintir na Tíre, 1971, p. 47). The period of greatest expansion occurred between 1945 and 1950, when the number of parish councils increased in number from 106 to 305 (Devereux, 1988, p. 104).

Under the impact of increasing urbanisation and the feeling that the primarily vocationalist composition of the PCs was insufficiently representative, a decision was taken early in the 1970s to replace the Muintir guilds and parish councils with a new set of arrangements that would centre upon the community council, elected regularly on an unrestricted franchise. Special representation was to be offered to local voluntary groups and power to make co-options was also provided. A review committee, instituted at that time, proposed that the Irish state should give Muintir national responsibility for promoting the establishment of community councils and for meeting their training and information needs. A professionally staffed development unit was envisaged that, with adequate financial support from central government and the local authorities, would serve as the means of meeting the various needs of a constantly expanding number of Muintir-affiliated CCs (Muintir na Tíre, 1971, pp. 36–37). As a means of putting its 1970s programme into practice and as a model for individual CCs to emulate, a distinctive organisational structure and set of operating procedures were devised and propagated. Particular emphasis was laid upon the value of community-based self-help activity, the necessity of building community action on genuinely representative and democratic foundations, and the desirability of having CCs work in tandem with the state.

More concretely, the new community councils would be urged to plan a programme of work based on a mix of long and short term projects that related to a locality's "social, cultural, economic, educational and recreational needs" (Muintir na Tíre n.d., pp. 4–5). Each CC would be allowed to decide its own voting system, although basically the choice was between writing preferences on to blank ballots and choosing from a pre-selected list of named candidates (Muintir na Tíre, n.d., p. 6).

Muintir's Recent Difficulties

The crisis conditions faced by Muintir, locally as well as nationally, find expression along two distinguishable dimensions, representativeness and effectiveness. Representativeness refers here both to the movement's claim to be regarded as the national representative body for Irish community councils, and to the claims of individual councils to represent specific localities. The impor-

tance of representativeness to Muintir lies in the legitimacy and democratic mandate it can confer on individual CCs and the national movement alike. Obviously, Muintir's credibility is crucially dependent on its ability to be effective.

What are the difficulties Muintir has faced as an aspiring national representative body? The movement has found it an uphill struggle to convince outside interests (especially the state) of its capacity to represent the so-called community sector. Certainly, it has never succeeded in securing recognition as the representative of a legitimate, organised interest from the main social partners (the state, employer groups, organised labour and farmers) that have participated in different corporatist agreements in Ireland over the past twenty-five years. Nor can it be said that its public profile has been significantly raised through its membership of a national committee monitoring the LEADER (*Liaisons entre actions de développement de l'économie rurale*) Programme (an area-based partnership initiative designed to achieve integrated development in rural areas), and its membership of the Department of Social Welfare body currently reviewing the voluntary sector.

Despite the public acknowledgement by one taoiseach (prime minister) in the 1970s of the achievements of community groups, and of the potential of representative CCs to mobilise local resources for the implementation of national policy (see Roseingrave, 1978, p. xi), many local politicians have been suspicious of community groups in practice, seeing in them a threat to their own position as official public representatives.³ For its part, the state's civil service has historically shown no great appreciation of or commitment to community development in Ireland. Demands for more local autonomy have tended to clash with the deeply ingrained traditions of centralism and accountability found in the civil service. The Department of Finance, for instance, is alleged to have refused a European Economic Community offer of £8.5 million to fund community groups directly in 1989 (Tucker, 1990, p. 46).

A number of general difficulties have militated against individual community councils' efforts to project themselves as capable of representing the interests of local communities. First, the representative standing of local councils is affected by the fact that they are unevenly distributed in space. A second problem reflects the fact that some councils are but weakly organised and do not survive for very long. Even strongly organised CCs can have weak phases in which local enthusiasm may ebb to a very low level indeed (Varley et al., 1990). Such weakness underlines just how centrally a community council's capacity to be

³ This is not to say that individual politicians have not been willing to come to Muintir's assistance. There have been occasions, perhaps most notably in the funding application for Muintir's EC pilot scheme of the 1970s, where individual politicians have played a critical role in assisting Muintir to overcome bureaucratic obstacles. More recently, a former national treasurer of Muintir, who subsequently became a Minister of State for Rural Development, has helped Muintir significantly in its efforts to secure state funding for its Community Alert scheme.

effective bears on its claims to be representative. Yet another problem is that rival councils, possibly based on long-standing lines of factional division and conflict, may compete within the same locality.⁴ To the extent that local politicians and state officials view them as threatening, community councils may find that their credentials to act as legitimate representatives of local interests may also be challenged or rejected entirely.

As far as the national movement is concerned, the question of effectiveness has two principal dimensions. These relate to how well the national organisation can represent its affiliated community councils and assist them to maintain and expand their capabilities. Muintir's constitution provides for a national council whose members are elected by the movement's network of county federations. By the early 1990s, however, in the wake of the collapse of most county federations, this council had almost disintegrated, thus depriving the national organisation of its traditional source of new blood. Only five county federations (out of a potential twenty-six) have survived. The operational problems faced by the county federations, and by individual councils, would appear to be particularly severe in the remoter western counties. The relative strength of some county federations in the south of Ireland can be attributed to the decision of the Southern Health Board to fund two community development officers to service and co-ordinate CCs. Unfortunately, the Southern Health Board decided against funding the Kerry County Federation in 1994, with the result that a full-time Muintir community development officer had to be let go. It seems, in addition, that the commitment to funding the Cork County Federation on an ongoing basis is wavering.

In accounting for the demise of county federations, Muintir officers point to the cost of transport and the very long distances to be travelled in attending meetings and events,⁵ the general decline of voluntary activity at a time of economic recession and growing individualism, and the appearance of more specialised groups to organise the quizzes, drama festivals, and debates previously handled by county federations. The decline of community councils at local levels can be identified as the most important factor of all. Where a fairly dense network of CCs remains (as in County Cork) the survival prospects for county federations improve dramatically.

The discontinuities created by relatively short-term and pilot state/European Economic Community (EC)/European Union (EU) schemes have posed severe difficulties for Muintir. The loss of several community personnel, when the 1975–1980 EC-financed pilot training programme drew to a close, meant that not only was morale severely damaged but that the surviving animateurs had to

⁴ In the Gaeltacht (Irish-speaking) areas of Ireland, according to Ó Conghaile and Ó Cinnéide (1991), the pattern is for at least two groups to compete in claiming to represent the same locality.

⁵ Clearly, however, as the case of Cork (the largest of the Irish counties) well illustrates, the distance constraint can be overcome when other circumstances are favourable.

serve a much wider geographical area, thus reducing their overall impact. Diminishing financial resources and the loss of field workers also dealt a fatal blow to Muintir's proposals to establish a development and service unit, capable of fostering and nursing newly-formed councils. The consequences of all this are evident in western Ireland, where CCs, notwithstanding the benefits initially obtained from Muintir's guidance and professional services (Ó Nualláin et al., 1980, pp. 92-93), have allowed their affiliations to lapse in significant numbers.

Low-cost comprehensive public liability insurance, available only to Muintir-affiliated community councils, had for long been the most tangible benefit flowing to individual CCs from affiliation to the national organisation. As the cost of claims began to escalate in the more litigious 1980s, however, the price of insurance soared and ultimately Muintir's group scheme became unsustainable. Individual councils were then faced with much higher annual premiums and this inhibited their overall activities. At present each activity has to be insured separately while especially risky activities, such as the holding of regattas, can be prohibitively expensive to insure. CCs have been able for some years to avail themselves of Muintir's status as a registered charity and so avoid paying deposit interest retention tax on bank or building society accounts. Yet, only those CCs with a bankable surplus can hope to gain tax relief from charitable status. While not all have money in the bank, all are obliged to have insurance.

Inability to charge impoverished groups an economic price for its services means that the quality of assistance the national organisation can provide its community councils inevitably suffers. Faced with declining revenue and rising costs, Muintir saw itself with no option but to raise its annual affiliation fees in 1990, from £50 to £100. Fee income then amounted to about £12,000 (*circa* \$19,200), as compared to an annual state grant-in-aid of £15,000 (*circa* \$24,000) to help cover administrative costs. A national lottery sponsored by Muintir looked promising initially but lack of interest caused this source of funding to fail after some time. At the 1995 annual congress, a resolution was passed reducing the yearly CC affiliation fee to the previous level of £50.

As is common with many voluntary groups, Muintir's preoccupation with fund-raising, and the clearing of outstanding debts, have seriously cut into the time available to devote to organisational and service development. Clearly, some services Muintir can provide are more crucially dependent on funding than others. What is equally evident, however, is that inadequate funding has constrained Muintir's capacity to render professional assistance, provide community workers with training, undertake social research and furnish information as part of its supportive role.

In a situation where state assistance to community groups has tended to be tied to economic activity, Muintir's weakness in the area of community enterprise has proved to be a significant handicap. A good indication of this is that Muintir was not initially invited to play any national role in the European

Union's LEADER 1 (1992–1994) programme. At first Muintir did act in County Tipperary as convenor in preparing the application for LEADER 1 funding, but before long the more powerful (though arguably less representative) co-operatives and local business interests had emerged as the major players in this venture.

One of the more important special programmes Muintir involved itself with in the 1980s was *community enterprise*. In view of the scale of Irish unemployment, the promotion of community enterprise offered Muintir a chance to establish a new niche for itself while demonstrating its practical relevance in contributing to the solution of a problem that had become the most pressing concern of national public policy.⁶ Little headway was recorded, however, in working with nine community groups (all at the pre-enterprise stage) in six counties.

Greater success has been achieved with social and recreational projects, such as the Canon Hayes Recreation Centre in Tipperary Town. The sports complex here employs 13 persons, as well as six more under a FÁS (the national training and employment authority) temporary employment scheme. A pilot community enterprise run in eight neighbouring parishes in association with FÁS provided temporary employment for 40 persons in 1993, carrying out house repairs and doing odd jobs for old people. This pilot programme was conceived as part of a broader initiative involving French and Portuguese counterparts. Muintir activists believe that, given adequate and sustained support from public agencies, similar cost-effective innovations might become commonplace in rural communities across the European Union countries.

Another difficulty Muintir has encountered in running special programmes is that having pioneered some new line of activity, this can hive off and assume an independent, more specialised existence. The main example to date of this phenomenon is found in the Muintir scheme to set up local information centres. The network of eighty citizens' information centres that grew from a Muintir nucleus is now being administered by a state body, the re-established National Social Service Board.

Individual CCs would appear to be most effective in improving local infra-structural facilities and amenities such as water schemes, and community centres, facilitating better service provision, and providing recreational facilities. Some research suggests that they are at their weakest in undertaking economic development projects that would generate employment or raise incomes locally (Ó Cearbhaill & Ó Cinnéide, 1983, pp. 22–23). Attempts have been made to explain such weakness in terms of the scarcity of financial resources, shortage of managerial and professional expertise, the lack of a comprehensive system of state supports for community groups, the delays

⁶ At its height in 1992–1993, almost 20 percent of the Republic of Ireland's estimated labour force was out of work (McCarthy, 1993, p. 15).

associated with securing community consensus, and the difficulties surrounding the legal standing of CCs in holding property and initiating commercial ventures (Ó Cearbhaill & Ó Cinnéide, 1983, pp. 23–24, 32).

The building of partnership ties has presented another source of difficulty for community councils. Partnerships among CCs, public representatives and state officials, as we have seen, constitute one of the three elements of the model of community development Muintir adopted in 1970. On account of the partnership ideal, Muintir discourages its CCs from acting as pressure groups prepared to use adversarial or confrontation tactics against the state. Up to very recently, however, the Irish state has never taken the notion of partnership with local self-help groups very seriously.

In the early 1970s, official proposals emerged to involve community groups in the formal structure of Irish local government, but the opposition of politicians who felt threatened by community groups effectively blocked this move (Roche, 1982, pp. 303–304). What has been termed the “uneasy partnership” between rural voluntary groups and the state in Ireland has been attributed to the multiplicity of state agencies, the attendant fragmentation of responsibility, the dearth of overall co-ordination and the absence of any national programme to stimulate community development (Commins et al., 1978, pp. 112–114). Differences in the resources and bargaining power at the respective command of the state and community groups, may also have tended to rule out the possibility of equal partnership when partnership-type relationships do in fact develop (Varley, 1991).

Responses to Crisis Conditions

How the Muintir organisation at the national level and the surveyed western community councils have responded to the difficulties experienced with representativeness and effectiveness will now be considered. At all levels, improvisation has been a major response to the organisational crisis faced by Muintir. Muintir leaders are inclined to see their current difficulties as partly the product of an image problem. Uneasy with its rural self-image, Muintir has sought to distance itself from its rural origins by sub-titling itself “Irish Communities in Action” and “The Irish Community Development Movement.” There is also a perception among the Muintir leadership that the movement’s public image suffers from the lack of an effective presence in the urban-dominated broadcast and print media. More fundamentally, the question of Muintir’s vision of its future development would seem to be at stake here. In July 1995, the national executive decided to set up an advisory committee to examine afresh Muintir’s role and where it might fit in “the plethora of governmental and non-governmental organisations now in existence for the advancement and development of Irish rural life.”⁷

While the movement continues to identify itself explicitly as Christian in orientation, clerical influence within Muintir continued to wane in the 1970s.

As part of its process of image refurbishment, Muintir has recently changed its logo from the cross and plough to a more abstract image that seeks to convey the community character of the organisation as well as its Christian philosophy.

Muintir's formal organisation at national level has undergone some major change. A new management committee, a body not known to Muintir's constitution, has come effectively to replace the national council. With representatives from eight of the Republic's 26 counties, this management committee met two or three times yearly for a number of years to prepare submissions, make policy decisions and deal with pressing business. It was this management committee that adopted the reports of the two review groups, set up in 1992 to consider the options facing the movement in the straitened circumstances then confronting it. Most of the recommendations of the review groups, however, could not be adopted on account of the movement's very limited resources. Throughout 1994 the management committee itself did not meet and management of the national organisation was left in the hands of five national officers who came to comprise a national executive committee.

The members of the *ad interim* management committee and national executive committee consider it desirable to restore the more broadly based national council. The hope is that this possibility may be realised with the recent appointment of a new full-time president whose tenure of office is five years. It is also hoped that this development may help to introduce new facilitators and attract more personnel at operational levels.

Despite a prolonged unwillingness on the state's part to reciprocate and treat Muintir as a partner in any serious sense, no serious disenchantment with the notion of partnership can be detected within the national organisation. The present-day dominance of notions of *participation* and *partnership* in the public discourses of the EU and the national state has, if anything, given heart to the leadership that Muintir's chances of being accepted by the state as a partner worthy of the name are improving.

In the face of accelerating rural decline and state retrenchment, some cracks have, nonetheless, begun to appear in Muintir's desire to shun confrontational tactics in its dealings with the state. Just as local authority and other cutbacks have caused some individual community councils to adopt a more confrontational stance vis-a-vis the state in the 1980s, the national organisation in recent years has increasingly voiced concern about the *fabric of rural Ireland* being threatened by state rationalisation and retrenchment in providing infrastructure and services. The proposal in 1991 to close down many rural sub-post offices provoked Muintir's national president to participate in public protests organised by the postal workers' trade union.

⁷ Personal communication, Michael Lynch, former president, Muintir na Tíre, 17 July, 1995.

To show that it is still a relevant force in community development, a range of new activities, especially a Community Alert scheme, have been taken up by the national organisation in recent years. Seeing in the environmental issue a new opportunity for the national organisation to assert its relevance, Muintir has urged its CCs to promote greater environmental awareness among the public by sponsoring lectures, seminars, exhibitions, school competitions, and projects. This campaign has made some progress but by no means can it be judged to be an unqualified success. A national environmental competition, launched by Muintir in 1991 and assessed by An Taisce (The National Trust for Ireland), succeeded in attracting only a small number of entries from among Muintir's affiliated CCs, although some of the better entries did include impressive and potentially important heritage projects (*Muintiras*, 1992).

Muintir, at national level, also accepts that environmental issues can become extremely divisive when, as has occurred frequently in Ireland, the aims of environmental integrity and job creation come into conflict (Allen & Jones, 1990). Even where small voluntary bodies like community councils are unanimous in their opposition to what they see to be undesirable development, their ability to appeal has been severely curtailed by the 1992 Planning Act, under whose terms the cost of lodging an appeal has doubled and appellants are required to state all the grounds of their appeal in full within one month of the commencement of the appeal procedure. The new legislation allows CCs and other small local groups less than four weeks to organise, raise funds, and secure expert advice before appealing to An Bord Pleanála (The National Planning Board) (O'Sullivan, 1991).

Currently Muintir's major undertaking, the Community Alert scheme is comparable to the Neighbourhood Watch scheme which the Gardaí (police) have operated in the larger urban centres, but which has been much less successful in taking hold in rural Ireland. In the wake of a spate of attacks on the rural elderly by violent gangs that began in 1984, local vigilance groups have been mobilised as a form of community policing in many parts of Ireland. The Community Alert scheme is sponsored and promoted by Muintir.

Muintir's national level activists see in the Community Alert scheme a means of restoring the movement's national profile, demonstrating its practical relevance, and giving the local CCs a new focus and lease of life. Community Alert at local levels is organised by voluntary community groups in association with the Gardaí. Its aims are to reassure the elderly of the community's concern for their security, provide them with advice and guidance in crime prevention measures and encourage the reporting of suspicious persons or happenings to the Gardaí.

The hope in Muintir circles has been that Community Alert would not simply revolve around the narrow issue of protection but would open up a whole range of community-based actions to improve the position of the elderly in rural areas. Whereas the Gardaí tended (certainly at first) to regard their Community Crime

Prevention Programme as being solely a matter of professional police work, Muintir insisted on seeing Community Alert as part of a much more comprehensive care of the elderly policy.

These differences of approach may have been gradually resolved with the passage of time, but new problems arose with the rationalisation of rural policing in 1991 that saw a reduction in the number of permanently staffed Garda stations in rural areas. This retrenchment, Muintir and others have persuasively argued,⁸ will have serious consequences for police crime prevention and detection operations. It also, of course, greatly strengthened the Muintir case for extending the network of Community Alert groups in rural Ireland.

Muintir claims that it has been actively involved in the setting up of more than 80 percent of the approximately 450 Community Alert groups established up to 1993 (*Muintiras*, 1993). It appears that in the most recent phase of accelerated activity, which has stretched Muintir's personnel to their limits, nearly 770 Community Alert groups had been established up to July 1995. Many areas as yet unorganised are still clamouring for inclusion in the programme.

The establishment of a financial service unit (FSU) in 1993 has been a potentially significant addition to the range of services Muintir has on offer. The idea is that community councils will be able to look to the FSU for assistance in the preparation of comprehensive applications for bank loans required for the development of community projects. The financial service unit, it is hoped, will also be instrumental in enabling CCs to secure significant concessionary interest rates for substantial borrowings incurred on such projects as the building or equipping of community centres. The FSU's appearance has again opened up the prospect of negotiating a cheap insurance cover package that would allow reductions of the order of 10–15 percent in the premia payable by individual CCs. So far, individual CCs have made very little use of the FSU. Nevertheless, in February 1995, Muintir organised a national conference on insurance to highlight the high cost of insurance in the voluntary sector. A total of eighty-seven different groups attended this conference and a series of follow-up meetings are planned to bring the insurance question to greater public notice, and to put more pressure on the state to take ameliorative action.

As so much funding from external sources is nowadays tied to job creation schemes, Muintir (despite the traditional weakness of CCs as economic actors) has felt itself obliged to turn its concern again to community enterprise. In spite of the setbacks encountered in promoting community enterprise in the 1980s, the Muintir leadership claims that it can use its long experience and track record in local development to make a worthwhile contribution to the newly structured Community Employment Programme (CEP) (Fitzgerald, 1994). More explicitly than any of its antecedents, the CEP recognises the importance of a local

⁸ The difficulties associated with greater centralisation of the police force were dramatically highlighted in 1994 when a spate of brutal homicides occurred in western Ireland (see Cusack, 1994).

dimension to enterprise and employment creation, and of developing the capabilities of local communities as well as developing area based strategies at sub-regional level, to be funded largely from operational programmes within the community support framework of the European Union.

So as to strengthen its case in arguing for assistance from European Union Structural Funds toward the training and employment of community workers, Muintir arranged for a study of the resources of four County Tipperary parishes. By means of a comparison of these four cases (two active and two inactive), it is hoped to identify and enhance the environment for creating some employment opportunities at local level (Fitzgerald, 1994). The strategy being pursued by Muintir here seeks to build on the notion of a pre-enterprise phase of primary movers at local level, in which the assistance of community development officers is required to help local communities engage in action planning, capacity building and network creation.

The Muintir leadership began in 1992 to seek support for the training of six to eight community development officers to work under the aegis of the new county enterprise boards which had attracted an allocation of £25 million in the 1993 national budget. In the event, these proposals did not materialise due to the prolonged delays in setting up these boards. Muintir has now renewed hopes of funding for such training under the current National Development Plan, 1994–1999.

The difficulties caused by CCs straying from the path Muintir has laid out for them are of fundamental long-term importance for the national organisation. Yet, apparently reflecting the dominant Cork influence on one of its review committees, the policy recommendations regarding community councils, adopted by the management committee in 1991, refused to brook any significant deviation from the CC-centred model of local organisation agreed in the early 1970s. Under the 1991 proposals CCs will continue to be obliged to hold regular elections and will be required in addition, to furnish reports of their annual meetings to national headquarters. All this might be interpreted to mean that the national leadership is seriously out of touch with the reality on the ground which (at least in the western counties) shows a large measure of slippage from the ideals, especially as far as the holding of regular elections in the prescribed manner is concerned (Ó Cearbhaill & Varley, 1986).

The same survey research has also detected a growing disenchantment with and reluctance to accept Muintir's teaching regarding partnership with the state. Nowhere was this more evident than in the relationships of CCs with outside official bodies. The local authorities emerged easily as the state bodies with which CCs have the most frequent contacts and the perceived indifference of these was a common complaint. Exasperated by poor quality piped water and sewage treatment facilities, CC activists complained in one case of the excessive red tape and the unhelpful attitudes adopted by officials who were said to view community councillors as "people to be put up with" or "a bit of a nuisance."

In a second case activists expressed resentment at the “autocratic and malicious manner” of officials who persistently ignored their “just demands” for better access roads (Ó Cearbhaill & Varley, 1986; 1988).

Historically Muintir’s organisational strength has been concentrated in Munster and in south Leinster. The available social science research indicates that in the poorer and more remote western and northwestern counties of Ireland, many CCs came in the 1980s to feel poorly served and represented by Muintir nationally. The indications are that such CCs are unlikely to remain affiliated with Muintir, especially if affiliation is seen to confer no obvious or immediate benefits, as compared to those available from state agencies (Ó Cearbhaill & Varley, 1993). Muintir’s capacity to service its affiliated CCs has been continuously restricted by its own limited resources (the halving of its grant-in-aid in 1987 was especially damaging here) and the collapse of the group insurance scheme that had acted as a powerful incentive to affiliation. The CCs that have survived have tended, particularly in response to local authority retrenchment, to lose faith in the partnership approach traditionally advocated by Muintir principles of good community development practice. A number of them, indeed, have come to adopt confrontation tactics in their dealings with particular arms of the state.

CONCLUSION

The general manner Muintir has sought to negotiate the crisis conditions confronting it at national level in recent years is amenable to two possible interpretations. A pessimistic analysis might suggest that the changes that have come about in the organisation at national level have happened not as a result of any long-term strategy on the part of the leadership; rather, they have to be seen as the piecemeal and defensive reactions to changes in circumstances. More particularly, it might be said that the cost of staying alive organisationally has been that Muintir has had to move ever further away from what has historically and constitutionally been its core activity—the organisation and servicing of local representative councils.

The optimistic view, on the other hand, is that a sign of Muintir’s vibrancy as a national movement is to be found in its energetic efforts to find a niche for itself in a policy climate increasingly dominated by area-based schemes aimed at economic development and job creation. Muintir, the optimists might say, should also be commended for its energy in opening up new areas of activity, especially its efforts to extend the Community Alert scheme into a national programme, capable of addressing dimensions of care other than security for the elderly.

Muintir likes to see the Community Alert movement as capable of stimulating community action more generally. Community Alert committees are therefore encouraged to broaden their activities to the general care of the elderly and,

ideally, to begin the process of establishing full-blown representative community councils. However, as most Community Alert groups are neither sponsored by CCs nor are they likely to result in the establishment of a CC, a clear danger for Muintir with the whole Community Alert scheme is that goal displacement may occur, with Muintir becoming progressively more distracted from its core activity of organising and servicing CCs. To date, only a tiny handful of new CCs have affiliated with Muintir as a consequence of Community Alert. Yet, the Muintir leadership continues to be optimistic that if the Community Alert initiative can realise its full potential, many more new CCs will follow in due course.

An immediate dilemma Muintir faces and which its experience with Community Alert highlights is that it needs, if it is to stay alive, to present itself as capable of taking on the provision of some service which the state considers worth providing and is willing to contract to a voluntary agency. The Community Alert scheme is seen to offer the best prospects here, though by concentrating its meagre resources so heavily on this project, Muintir runs the risk of losing sight of its primary task of organising, servicing and representing councils. Clearly, Muintir also exemplifies the general paradox facing European voluntary organisations: "as they face the challenges of tendering and sub-contracting and providing for increasing social needs, many are simultaneously suffering a severe and sometimes fatal financial crisis" (Baine et al., 1992, p. 32). Another widespread European fear (Baine et al., 1992), one that surfaces increasingly in Ireland as well, is that weaker community organisations (such as Muintir) stand to lose out to the larger service-providing voluntary agencies as the shift towards contractual and fixed-term funding becomes more pronounced.

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EXPLORING THE RELATIONSHIP BETWEEN THE USE OF INFORMATION TECHNOLOGIES AND VOLUNTARY PARTICIPATION IN A RURAL AREA OF NORTHERN ONTARIO

By Mary E. Robertson

ABSTRACT

This study addresses the social impact of information technologies upon rural communities by examining the relationship between external orientation (the relative frequency of long distance versus local communication) and participation in voluntary roles within the community. One hundred seventy-nine community members and leaders from three rural northern communities completed questionnaires. A stepwise regression analysis was run with external orientation as the criterion, and the formal participation variables (membership in community organizations, committee membership, executive positions held, and number of meetings attended) as predictor variables. Committee membership was found to be the only significant predictor. The negative regression co-efficient indicated the higher the external orientation scores, the lower the rate of participation. Interviews with community leaders suggest leadership roles themselves impact upon communication patterns. This study adds to the understanding of the interdependence between global and local systems within contemporary communities.

INTRODUCTION

Information technologies are now a permanent influence in a global society. Rural communities have not been exempt from their influence. Territory-free, multi-locality telecommunication networks provide unprecedented opportunities for communication and the accessing and processing of information. These capabilities provide rural communities with enticing possibilities for overcoming the disadvantages associated with their isolation and smallness by providing linkages that open up opportunity for enhanced integration into the social, cultural, and economic mainstream. However, the impact of these innovations upon the rural social system may not be unilaterally positive. This study was

Mary E. Robertson is a private consultant working in the field of rural community research, planning and development. This article is based upon her Ed.D. dissertation, completed at the Ontario Institute for Studies in Education, University of Toronto, 1995.

undertaken to explore the social impact of information technologies upon three rural municipalities located 225 kilometres north of Toronto, Ontario, on the shores of Georgian Bay. The findings address the question of how changes in social interactions associated with enhanced external community linkages affect participation in the local community.

Rural Community Development in Ontario: A Canadian Context

Interest in the study of the social impact of new information technologies upon rural communities grew from recent provincial support for both community development approaches and the application of information technologies rural development issues. Efforts to advance both the community development movement and telecommunications within rural areas creates a concern that the latter may have unintended implications upon local capacity. Shaffer (1995) suggests community developers are increasingly facing such fundamental questions.

Edward Blakely (1989, p. 307) suggests that "...community development has been shaped by conditions of the times rather than by an abstract view of society order or theory." Certainly this holds true within the Canadian context. Governments and communities alike are turning to approaches that integrate social and economic community development in response to dramatic restructuring that has threatened the viability of rural areas. Rural communities are suffering from loss in terms of the traditional culture, economic base, sense of communion, autonomy and control (Sim, 1988). Federal and provincial policies have shifted to a role of providing technical and financial support for locally-driven development, rather than being the direct initiator of economic development (Atlantic Provinces Economic Council & C. Bryant, 1993).

The flagship program for community development in Canada is the Community Futures Program introduced by the former Department of Employment and Immigration (now Human Resources Development Canada) in 1986 to replace previous regional adjustment programs that focused solely upon economic and business aspects of a region. Critical elements of the program which reflect the bottom-up approach to development include: locally-based; community-driven; multi-community collaboration; local strategic planning; voluntary boards; local responsibility; limited federal funding; specific projects tied to a strategic plan; and, ability to contribute to improved labour market. In summary, The Community Futures Program strives to develop plans for the well-being of the entire community through collaborative processes. By the 1990s, local development had successfully gained credibility. Six years after its inception, the Community Futures Program was serving over 230 communities and areas in Canada covering 75 percent of the non-metropolitan population (Employment and Immigration Canada, 1993).

The government's role is one of partner with participating communities. It is not an unconditional partnership however, but one subject to program parame-

ters, funding criteria, and political priorities. Recent shifts in the delivery of some components of the Community Futures Program from Human Resources Development Canada to various federal government development agencies has raised concerns that the emphasis upon community and community economic development approaches will be challenged by more traditional business development strategies ("Does Community Futures Have a Future?" 1994; "Shaping the Future of Community Futures," 1995).

Throughout the early 1990s, the Province of Ontario also recognized community development approaches as a viable part of the economic strategy. By mid-1994, the Ministry of Agriculture and Food had been renamed to reflect its expanded mandate. The responsibility for community economic development in rural Ontario was assumed by the Ministry of Agriculture, Food, and Rural Affairs, the Ministry of Municipal Affairs, and the Ministry of Economic Development and Trade. A Rural Development Secretariat had also been formed to act as a coordinating body in the implementation and review of related provincial policies.

The provincial job-creation strategy which developed throughout the early 1990s incorporated a strong community development focus through its jobsOntario Community Action Program. Increasingly grant programs were being linked to a community's ability to plan, assess community-wide priorities, develop partnerships, and secure local commitment for development projects.

In addition to government efforts, organizations and special interest groups such as the Ontario Economic Development Coalition, the Social Investment Organization and Women and Rural Economic Development emerged during the first half of the 1990s to support local development, financed in part by provincial community-action funding.

Urgency over the provincial debt and other economic and employment issues, however, contributed to a change in government following the 1995 Ontario provincial election, and with that change in government has come a drastic reduction in community-based funding.

The influence of the Community Futures committees in Ontario, the provincial and other government programs focusing on local development, and supporting organizations have collectively encouraged many local rural communities to take charge of their own development destinies. This is evident through the appearance of development agencies, community strategic planning initiatives, public forums, and a wide variety of local projects spread across rural Ontario. There are increasing pressures upon local communities to work cooperatively to find creative means of managing with diminishing assistance from provincial sources.

With a population thinly spread across one of the world's largest land masses, communications systems have long been recognized as critical in tying Canadians together and supporting economic activity. Universal and affordable access to information technologies for rural and remote communities has been identi-

fied as a goal in the recent federal report entitled "The Challenge of the Information Highway," final report of the Information Highway Advisory Council (1995), as well as the 1992 report of the Advisory Committee on a Telecommunications Strategy for the Province of Ontario, *Telecommunications: Enabling Ontario's Future*. The latter report identifies several strategic thrusts including one directly related to the role of telecommunications in helping communities develop. Economic advantages associated with employment possibilities and improved productivity are cited, as are those related to social conditions and quality of life.

A telecommunications infrastructure program for Ontario was announced in 1993, to which rural communities responded with unique proposals for communication networks within communities or regions. While special grants have assisted select communities with telecommunications projects, the question of stable funding to support the provision of minimum levels of service to communities of all sizes including small and remote communities has yet to be resolved in the current market-driven system.

LITERATURE REVIEW

Globalism and Localism: Dichotomous Trends in the Information Age.

A fundamental contradiction is emerging as part of the shifting paradigms which accompany the information age. American commentator on economic and social trends Drucker (1993) and Canadian political journalist Simpson (1993) both describe the current transition to economic and political regionalism which transcends national boundaries. The new age of world connectedness is closely aligned with the development of modern communications. As organizations and interests expand beyond the boundaries of national sovereignty, there is an unmistakable reaction to transnationalism—the emergence of localism. Drucker uses the term *tribalism* to describe this counter-trend. In his view, it is an inherent human need for roots or tangible community that is driving the move toward the assertion and celebration of cultural identity. Naisbitt and Aburdene (1990) identify the same phenomenon in their analysis of trends for the '90s: "In the face of growing homogenization, we all shall seek to preserve our identities, be they religious, cultural, national, linguistic, or racial" (p.147).

While communication specialists promote the wide range of advantages associated with linking communities externally via technology, there is a simultaneous wave of interest in locally-based development. The latter emphasizes the need to increase community pride and commitment, to maximize local resources and potential, and to increase the capacity for locally-based planning and action through partnership. A question emerges: Are these two forces—globalism and localism—complementary at the local level? Are new information technologies a positive factor, acting as tools of community development, or do they detract from the process by focusing on information, energy and action external to the local community? While an oversimplified and dichotomous

view, the question highlights the dilemma associated with these innovations and the external linkages they provide.

Technological Development: A Two-Edged Sword. Dillman, Beck, and Allen (1989) and Hines (1994) point out the potential for telecommunications technology to be a double-edged sword relative to their impact upon rural communities. These authors promote the application of technologies as a means of increasing the effectiveness of community institutions, overcoming isolation, and diversifying the rural economy. Telecommuting now enables residential preferences to determine locational decisions of many individuals. This could bode well for rural areas as new technologies allow individuals to move out of the urban centres, bringing their businesses or jobs with them. But warnings are raised. Just as telecommunications enable rural communities to compete for urban jobs, so urban firms can use technology to compete for rural markets. "As a result of telecommunications, local economies in rural areas will ultimately be less protected by geography and distance than ever before" (Hines, p. 12).

Dillman (1985) also raises a concern that a two-tiered society may evolve, the *haves* being those with access and control of new information technologies, and the *have nots* those without access to technologies and related skills. In their study of information technologies, LaRose and Mettler (1989) and Dutton, Rogers and Jun (1987) found educated, higher-status individuals were better able to afford new technologies and services. Greater exposure to information technology through work or home led to more positive attitudes toward technology and, consequently, greater use. Harvey (1986) warns that those at the bottom of the socio-economic order, represented disproportionately by women and people of colour, will not have the experience to benefit from computerization. He predicts those with the least skill and power within the community will suffer from technological changes, and the income gap between the *haves* and the *have nots* will increase.

Communication and Social Change. Communication scholars such as Innis (1950) and McLuhan (1964, 1969) provide an alternative hypothesis in terms of the impact of technologies upon rural communities. They take a macro-level perspective in examining the role of communication technologies in driving social change. In their analysis, Gillespie and Robins (1989) suggest Innis and McLuhan present two opposing scenarios. McLuhan suggests that in the "global village" the instantaneous and pervasive nature of electronic communication is decentralizing. The eventuality is a society in which the friction of distance and inequalities between *centres* and *peripheries* will dissolve. In contrast, Innis refers to the geographic bias associated with technologies and their tendency to reinforce centralization through new forms of corporate and organizational integration. New technologies may not be free and ubiquitous but subject to the control of core urban areas and global corporate structures. Gillespie and Robins (1989) argue new forms of monopolies and empires of transnational proportion will emerge, leading to the domination of the marginalized. In this context,

communication technologies could become an agent of external social control (Samarajiva & Shields, 1990).

Rural Communities in the Global Age. Core to the discussion of the social impact of information technologies upon rural communities, is an understanding of the elusive entity *community*, the foundation of social life that community developers strive to nurture. Wilkinson (1989) refers to the contemporary community as a process:

Community is not a place, but is a place-oriented process. It is not the sum of social relationships in a population, but it contributes to the wholeness of local social life. A community is a process of interrelated actions through which residents express their shared interest in the local society (p.339).

This perspective recognizes the community as a social system without restricting the activity to a specific geographic locale. Economic and social pressures to work cooperatively with adjacent communities through formal or informal structures is creating a breakdown of traditional boundaries as clustering occurs. At the same time, many local residents hold membership in a variety of professional or recreational associations which extend beyond the local community through tiered communities of interest.¹ These mutual interest associations serve roles and lifestyles rather than spatially defined communities, and may even have international memberships (Webber, 1970; Quarter, 1992).

Dillman (1988) describes three eras of social and economic change which highlight the shift away from the community isolation of the past toward today's increasing dependence upon vertical linkages which connect communities to others outside their locale. Dillman describes the "Community Control Era" which existed prior to 1920, as a time when rural communities were isolated and self-sufficient. During the corporate era of the mid-twentieth century a "Mass Society" emerged. At this time transportation and communication technologies along with a dominance of hierarchical social and economic organizations led to a breakdown in the independence of rural communities. Power and control shifted to external sources. The "Information Era" now dominates community life as information is realized as both raw material or resource, and as a product in itself. Dillman stresses that even rural communities are now linked irreversibly to the global society through new technologies, albeit to different degrees.

The integration of local communities into the global society has come to challenge the relevance of the territorial community concept. However, even though the territorial community may in fact represent only one pattern of

¹ A first tier organization has individuals as members. A second tier organization has first tier organizations as its membership, for example, a local service group may belong to a provincial organization, which may in turn belong to a national organization. The latter would be a third tier organization.

community within contemporary society, it remains applicable in the rural context where the influence of affiliation and attachment to locale remain strong. Blakely (1989) warns that as mutual interest associations, or communities of interest come to predominate, the collective consciousness once equated with the traditional community will diminish.

The Strength of Weak Ties Argument. Granovetter's (1973, 1982) *strength of weak ties* argument suggests the connections associated with external linkages can lead to the strengthening of local community. He points out that weak ties act as bridges that diffuse ideas and information into groups. The knowledge accessed by a weak tie that flows into and through clusters within operative networks such as professional or friendship circles, tends to enhance cohesion within the group. In addition, weak ties between community groups lead to greater integration, cohesion and community capacity for mobilization toward social action. Weak ties between the community and the larger society also lead to the access of resources beyond those available locally. It follows that these links play an important role in overcoming rural isolation and marginalization.

Wilkinson (1986) also discusses the importance of horizontal linkages (those connecting individuals and organizations within a community) in maintaining community collectivity and mobilization. It could be argued that these horizontal linkages are facilitated via weak ties or bridges among community groups or organizations as described by Granovetter. Likewise, the increasing number of extra-community linkages which contribute to social change within communities represent weak ties manifest through communication and formal organizational linkages to sources external to the community. As new technologies increase, these external linkages have the potential to act as local bridges which bring in new information and ideas, commerce and services which act as tools for local people. There is a concern however that these linkages may shift focus and energies outwardly, thus increasing dependence and affiliation with outside organizations and economies. Wilkinson (1986) identified dependency along with distance as the two key barriers to development in rural communities. Likewise the infusion of new ideas may undervalue or reduce confidence and the capacity to develop locally-based solutions to community issues (Lockhart, 1987).

It would be naive to suggest that rural communities not participate in the information revolution, for surely the negative effects related to exclusion from the knowledge-based economy and power structures of the global community could only increase the marginal status of the rural sector. Information and knowledge is not only an important ingredient of the development process but is also a product in itself. It is equally naive not to recognize the increasing systematic relationships and interdependency with larger society (Warren, 1978). The concern here is to understand the social impact associated with new technologies which provide these linkages, and appreciate that maximizing their

full capacity may not, in all circumstances, serve to strengthen or build the capacity of the local community.

This study assumes citizen participation in voluntary community organizations to be an essential element in building local capacity and control. Participation thus was chosen as the key variable to measure the social impact upon the rural communities under study. The research question is: What is the relationship between external orientation and participation in voluntary roles in the local community? It is hypothesized that there is a positive relationship between having a leadership role in the local community and external orientation. Finally, the study answers the question, Do members of community organizations consider external orientation to be an important leadership quality?

COMMUNICATION AND PARTICIPATION IN A NORTHERN ONTARIO COMMUNITY

Methodology

The community of Parry Sound, a town of 6,400 people, and the adjacent municipalities of McDougall and Foley Townships were chosen as the location for the study. The history of the area is closely linked to the surrounding natural environment which is dominated by the rocky landscape of the Pre-Cambrian shield, Georgian Bay, and the many in-land lakes and connecting waterways leading into the Bay. Tourism is the main economic activity as people travel to the area to enjoy outdoor recreation and the natural surroundings. The area is relatively isolated, being approximately one and one half hour's drive from any major centre. Telephone exchanges serving the area are very localized and do not incorporate any major centres. At the time the study was conducted, there were no community-based services offering local dial-up access to the internet. The Parry Sound area is representative of many rural and northern communities that do not enjoy toll-free access to the information highway.

Two populations were sampled: permanent residents of the three municipalities, and organizational leaders. The total permanent population of the area was 9,525, including 4,113 households. A systematic sample of 203 households representing 5 percent of the total households, was drawn from municipal rolls. The participants were adult heads of the household, defined as either male or female, 18 years or older, and active in family decision-making.

Because it was assumed the greatest potential for new technology to impact upon the community would be through its organizational leaders, a second population was targeted. It was assumed that too few participants from the community survey would fall within the leadership category to produce meaningful results. A profile of voluntary community organizations was thus prepared. One hundred eighty-four voluntary, community-based organizations were identified and classified as representing the health/social service/education

sector; the economic sector; the culture/recreation sector; the environmental sector; or, community institutions. A stratified sample of 22 leaders was drawn from among these groups. In addition, the municipal leaders (two Reeves and a mayor) representing the area under study were included.

A questionnaire was developed to provide quantitative and qualitative data to address the research questions and the hypothesis. Because mail out surveys often lead to low rates of return (Best & Kahn, 1986), the researcher opted to administer the questionnaires personally. In addition, the organizational leaders participated in an in-depth interview.

Measures

External Orientation. The two main variables in this study were degree of external orientation and participation in the local community. The measure of external orientation has been adapted from LaRose and Mettler's (1989) inquiry into the use of technology in rural and urban areas. The data gathered focused exclusively upon communications mediated by technology. It is acknowledged that face-to-face communication is a significant aspect of the communication system, however the intent of this study was to examine the relationship between the use of communication technologies and voluntary participation levels specifically.

The frequency of long distance versus local communication via telephone, computer modem and facsimile was measured. Usage patterns for both business and personal communication were included.² An interval scale with assigned values was used to measure frequency of use of each of these communication media. The scale ranged from *never* (1) to *more than once a day* (10). If the latter was indicated, the respondent was asked to specify the average number of communications per day. Orientation was treated as a continuous variable by converting all interval scores into monthly participation rates. For example, the category *once a week* would equal four times a month. If the respondent chose the category *more than once a day* and went on to indicate an average of three communications, the response would be translated as three times 30 (days in the month) to equal a score of 90. If the respondent was unemployed, all scores in the business-related section were recorded as *never* (1).

² The following questions were asked in conjunction with personal, volunteer, or other non business-related activities; and, job or business-related activities:

- a. How frequently do you make local telephone calls, including local cellular phone calls?
- b. How frequently do you use a computer modem to communicate within the local area?
- c. How frequently do you make local fax transmissions?
- d. How frequently do you make long distance telephone calls, including long distance cellular phone calls and toll free (800) numbers?
- e. How frequently do you use a computer modem to communicate outside the local area?
- f. How frequently do you make long distance fax transmissions?

The long distance communication scores in both business and personal contexts were summed. The local communication scores for both business and personal contexts were also summed and the two compared. All respondents were assigned an external orientation score calculated by subtracting the local score from the long distance score. The external orientation score reflects the dominant pattern of communication relative to the quantity of contacts made.

The speed at which new technologies were being implemented in this community and at which discrete communication technologies and computing systems are converging posed a challenge to the researcher in developing an instrument with which to accurately measure usage patterns. As the speed of technological change increases, it is likely this issue will continue to challenge empirical researchers.

Participation. To measure participation in community organizations, the number of memberships was indicated as one of five categories, scored in a range from *none* (1) to *more than six* (5). Oberle, Darby and Stowers (1975) point out that distinguishing between general membership and participation as a committee member, director or officer provides a more accurate reflection of participation levels. With this in mind, respondents were asked to indicate the number of organizations in which they currently held such positions of responsibility. These responses were categorized and assigned a score as above.

A further measure of participation related to actual time committed to work associated with a community organization (Luloff et al., 1984). To incorporate this indicator, a survey question asked the average number of meetings attended per month in conjunction with community organizations. Again responses were grouped in one of five categories and scored within the range of *Less than one per month* (1) to *More than six per month* (5).

Data Analysis. For informational purposes, a profile of the two study samples was developed including age, sex, ethnicity, occupation, education, family income and term of residency in the area. The mean formal participation scores were calculated by age, sex, education, ethnicity, occupation, family income, and term of residence. These data were useful when interpreting the regression analysis results.

To determine the nature of the relationship between external orientation and participation in voluntary roles in the the local community, a stepwise regression analysis was conducted between the orientation scores and the four measures of formal participation (membership in local organizations, committee membership, holding executive positions, and number of meetings attended per month).

Findings

Description of Participants. Participants in the study were drawn at random from among community members of McDougall Township, Foley Township and the Town of Parry Sound. Of the 203 community residents identified though random sampling, 154, representing a 76 percent return, completed the ques-

tionnaire. In addition, a sample of 25 leaders completed the questionnaire, 22 chosen randomly from among selected community organizations plus the three municipal leaders from the area. In total, 179 completed the questionnaire.

Table 1 provides a description of the two samples: a random sample of community members and selected community leaders. In reviewing these data, it is noted that community members 65 years and older were over-represented at 27 percent relative to the 1994 projected population figures for the District of Parry Sound of 17 percent for that age category (East Muskoka/Parry Sound District Health Council & West Muskoka/Parry Sound District Health Council, 1991, p.56). The high number of seniors participating may skew other results. The sample also appeared to over-represent professionals (17 percent) and under-represent industrial workers (1 percent) and the unemployed (1 percent). Sixty percent ($n = 93$) of the sample had a secondary school diploma or less while 38 percent had completed a post secondary degree or diploma. Women had a higher response rate (65 percent) than men (35 percent). The imbalance may be related to two possible factors. Daytime interviews were more apt to involve women, especially among the younger age groups where children were at home. The researcher also notes that if both the male and female of household were available, the men often referred the questionnaire to the women. Gross family income levels (28 percent of respondents indicating income levels of over \$50,000) were consistent with District levels (Statistics Canada, p.485). There was a high rate of missing information for that variable. Twenty-four percent of

Table 1. Characteristics of Respondents by Age, Sex, Ethnicity, Occupation, Education, Income, and Years Living in the Parry Sound Area

<i>Characteristics</i>	<i>Community Members</i>		<i>Leaders</i>	
	<i>Number</i>	<i>Percent^a</i>	<i>Number</i>	<i>Percent^a</i>
<i>Age:</i>				
18-24 years	4	3	1	4
25-34 years	24	16	3	12
35-44 years	41	27	7	28
45-54 years	32	21	8	32
55-64 years	11	7	2	8
Over 65 years	42	27	4	16
Total	154	100	25	100
<i>Sex:</i>				
Male	54	35	13	52
Female	100	65	12	48
Total	154	100	25	100
<i>Ethnicity:^b</i>				
Canadian	151	98	24	96
Other	2	1	1	4
Missing	1	1	-	-
Total	154	100	25	100

Table 1. Continued

<i>Characteristics</i>	<i>Community Members</i>		<i>Leaders</i>	
	<i>Number</i>	<i>Percent^a</i>	<i>Number</i>	<i>Percent^a</i>
Occupation:				
Corporate executive/employer	8	5	3	12
Self-employed	23	15	5	20
Manager/supervisor	16	11	3	12
Professional	26	17	6	24
Service worker	22	14	—	—
Industrial worker	1	1	—	—
Unemployed	2	1	—	—
Homemaker	10	7	1	4
Retired	46	30	5	20
Student	—	—	1	4
Missing	—	—	1	4
Total	154	100	25	100
Education:				
Less than elementary school diploma	3	2	—	—
Elementary school diploma	33	21	7	28
Secondary school diploma	57	37	3	12
College diploma	31	20	4	16
University degree	22	14	6	24
Graduate degree	6	4	5	20
Missing	2	1	—	—
Total	154	100	25	100
Income:				
Less than \$10,000	1	1	—	—
\$10,000–\$19,999	21	14	1	4
\$20,000–\$29,999	15	10	2	8
\$30,000–\$39,999	16	10	1	4
\$40,000–\$49,999	21	14	4	16
\$50,000–\$59,999	20	13	2	8
> \$60,000	23	15	13	52
Missing	37	24	2	8
Total	154	100	25	100
Years Living in Parry Sound Area:				
5 years or less	14	9	7	28
6–10 years	29	19	2	8
11–15 years	12	8	5	20
16–20 years	10	6	—	—
More than 20 years	88	57	11	44
Missing	1	1	—	—
Total	154	100	25	100

^aPercentages may not appear to total 100, due to rounding.

^bParticipants were asked how they identified themselves in terms of ethnicity. Responses were so clustered, this variable was eliminated from any further statistical analyses.

the sample refused to provide information on income. The sample reflects a stable population with 57 percent having lived in the area for over 20 years.

Among the community leaders there was gender balance, with 13 (52 percent) men and 12 (48 percent) women. Sixty percent of the leaders were in the age categories 35 to 54 years. In terms of occupation, 64 percent were clustered in the categories: self-employed (20 percent), professional (24 percent), retired (20 percent). The leaders were represented in all education categories. There was a concentration of respondents in the income range of over \$60,000 ($n = 13$, or 52 percent). A pattern relative to length of time residing in the area was not clear.

External Orientation and Participation. The external orientation score was calculated by subtracting the local communication scores (the summed frequency scores of local communications) from external communication scores (the sum of long distance communication scores). The external orientation scores for the community members ranged from a minimum score of $-2,564.00$ to a maximum score of $2,404.00$. The external orientation score for the leaders ranged from a minimum score of $-1,019.92$ to a maximum of 426.00 . The mean scores of the two samples suggest that in terms of their dominant linkages via communication technologies, the leaders ($M = -105.64$) were somewhat more local in their orientation than are the community members ($M = -60.87$).

A stepwise regression analysis was undertaken with the combined sample of community members and leaders with external orientation as the criterion, and the four measures of participation (membership in community organizations; and—from among those holding membership in at least one organization—committee membership, executive positions held, and number of meetings per month attended in conjunction with community organizations) as the predictor variables. The step-wise regression found committee membership to be the only significant predictor for external orientation ($Beta = -.20$, $p < .02$). The negative regression coefficient indicates that the higher the external orientation scores, the lower the rate of participation in committees. The mean external orientation scores by participation in committees are shown in Table 2. Note the highest

Table 2. Mean External Orientation Scores by Committee Membership

<i>Participation Variable</i>	<i>External Orientation Score</i>	
	<i>Number</i>	<i>Mean</i>
Committee Membership:		
None	55	-4.70
1 or 2 organizations	51	-78.30
3 or 4 organizations	16	-179.16
5 or 6 organizations	5	-136.85
More than 6 organizations	6	-237.40
Total cases/average mean	133	-69.38

mean orientation ($M = -4.70$) was associated with the group that was not involved in any committees.

A linear regression analysis was calculated on the combined sample of community members and leaders with *external orientation score* as criterion and the variables *age*, *sex*, *education*, *years living in the Parry Sound area*, and *occupation* as predictors. Only one variable, *years of living in Parry Sound*, was significant ($F = 6.50$, $df = 1$, $p < .01$). The external orientation score for participants who had been in the area for 6 to 10 years was higher than all other categories, whereas those living in the area over 15 years exhibited low external orientation scores (Table 3). A clear explanation for this finding is not evident. One community member suggested that when first moving to the area, residents are actively establishing connections within the community. This finding may indicate an expressed openness to new residents that declines over time. After 15 years in the community, it appears local interactions came to dominate.

External Orientation and Leadership. The hypothesis, there is a positive relationship between having a leadership role in the community and external orientation, was not supported. Leaders, drawn from the combined samples of community members and selected organizational leaders, were defined as those participants who held an executive position within at least one community organization. Non-leaders included all those indicating membership in organizations but not holding any executive positions, as well as those who did not hold any organizational memberships. A t-test comparing the mean external orientation scores of leaders ($n = 62$) and non-leaders ($n = 117$) was not significant ($t = .73$; $df = 177$; $p = n.s.$).

Participants were also asked whether they considered communicating with contacts outside the Parry Sound area to be an important leadership quality for community leaders. Ninety-nine percent ($n=173$) of participants expressed an opinion that external orientation is an important leadership quality. When participants were asked to comment on their responses, the primary reasons given were: external connections are necessary to overcome isolation (34

Table 3. Mean External Orientation Scores by Number of Years Living in Parry Sound Area

Variable	External Orientation Score	
	Number	Mean
Number of Years Living in Parry Sound Area:		
5 years or less	21	-30.24
6-10 years	31	62.97
11-15 years	17	-33.83
16-20 years	10	-131.88
More than 20 years	99	-110.63
Total cases/average mean	178	-64.77

percent of responses), external communication stimulates community development and change (26 percent of responses), and external communication provides access to resources (10 percent of responses).

The organizational leaders who underwent in-depth interviews, were asked to comment upon how holding a leadership role had affected their orientation. Does it increase their external orientation, local orientation, or both? Eighty-eight percent felt the leadership position itself increased both local and external linkages. Leaders expressed the view that their position led to increased linkages **within the organization** through linkages between themselves and the membership, and **within the local community network** through linkages with other individuals within the community, as well as with other community leaders. Reference was also made to increased communication **within extra-community networks** through linkages between the organization and others within a tiered hierarchy, or between the local organization and others within a regional structure. One leader described his role: "I guess you become almost a conduit through which information can flow, and it flows both ways By putting information through that conduit, it is going to get into the hands of a number of people and organizations."

DISCUSSION AND CONCLUSION

This study did not find an association between external orientation and the participation variables *membership in community organizations*, *executive positions held*, and *number of meetings attended*. It appeared that involvement with information technologies which link individuals to sources external to the community were not related to participation within the local community. There was one exception. An association was found between external orientation and participation in working committees of community organizations. The relationship was negative in this case, suggesting that those with high external orientation were least likely to participate through committee involvement. The table of mean external orientation scores by committee membership, however, revealed very small numbers of observations in several categories, suggesting this finding warrants further research for clarification.

There was a strong intuitive opinion expressed by community members regarding the importance of leaders being well linked to sources external to the local community. The community clearly considered communication with external sources to be a tool for development. However, there was not a significant difference in orientation indicated between leaders and non-leaders. An explanation for this apparent contradiction may be found in the comments made by the organizational leaders. They described how the leadership role itself influenced their communication patterns, increasing both local and external linkages. The findings raise the possibility that in terms of the relative quantities of communications, the increases may be predominantly local.

The leaders' comments also supported Granovetter's weak ties thesis. The leaders themselves acted as bridges, or conduits as described by one leader, bringing information into the community and contributing to its dispersion throughout the community. Communication technologies were the tools in this process enabling the information flow.

An important incidental finding emerged in the process of identifying organizational leaders in the Parry Sound area. A profile of 184 voluntary community-based organizations was developed from which the sample of leaders was drawn. Information on linkages was gathered from representatives of these organizations. It was found that 83 percent of the organizations identified were linked outside of the community. The nature of the linkages varied, with the majority taking the form of membership in second or third tier organizations. While the intent of this study was to explore the relationship between the external orientation of individuals and participation in voluntary organizations, this finding provides an indication of the degree to which the organizations were connected outside of the local community, and hints at the complex linkages between local systems and broader structures and systems.

This study did not support concern that the use of information technologies which link residents to sources outside the community may reduce interest in local participation. The complexity of the issues addressed in the study, however, warrant further research in order to explore the role and impact new technologies will have upon rural communities in the future.

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The Impact of Marketing Strategies on Craftsmen: A Case Study of Oaxaca, Mexico

By María Luisa Domínguez Hernández and José de la Paz Hernández Girón

ABSTRACT

The production of crafts is an economic activity that plays a relevant role to maintain the standard of living of a lot of people in the State of Oaxaca, as well as other areas of Mexico and Latin America. This study shows the impact that marketing strategies used by the craftsmen of Oaxaca, Mexico, have on the community welfare. Marketing strategies and community welfare information was obtained through direct interview of 50 craftsmen and their families. We confirmed the need for improving marketing knowledge and the entrepreneurial operation of the crafts activity. It is necessary to change attitudes rooted in a protected economy and to accept a competitive spirit, which represents a cultural change.

INTRODUCTION

The craftsman transforms a natural product through manual skill, working with rudimentary tools. Combining originality with tradition, he manufactures products with great artistic value. This activity reflects human quality and its socialization process. Other characteristics of crafts production are: the division of the work—the person who begins the process is the one who ends it; the craftsman owns the means of production; and any workforce is non salaried and familiar. This type of production is found distributed among thousands of productive, very small and independent units.

In the state of Oaxaca, crafts involve 40 percent of the population. For many producers it is a complementary activity; for 20 percent it is the principal activity. Many businesses live off the collection, storage and distribution of the crafts. In Mexico it is an economic activity not recognized officially, since crafts does not appear in the Economic Census, but it is an activity where at some critical state, small and medium-sized companies are involved.

The open economy in Mexico has created new conditions for all entrepreneurial activity, including crafts activity. Producers must now position their products, try to widen the prestige and recognition of a brand, and market

María Luisa Domínguez Hernández and José de la Paz Hernández Girón are Research Professors, Centro Interdisciplinario de Investigación Para el Desarrollo Integral Regional, Oaxaca, Mexico.

changes in their product lines. They must seek new markets or attempt to expand the current market. All those actions require formulation of plans and strategies that guide success or survival of that activity.

But what happens with the crafts and their marketing strategies? The literature says very little about them. We must suppose that marketing strategies are similar to those of other entrepreneurs, or we accept the premise that they are not important to the national economy. Observation demonstrates that craftsmen use ingenious marketing strategies that have great impact. For example, the Costa Rican jute sack for the coffee Britt, featuring small showy wagons loaded with coffee sacks, is promoted through theater shows and played in different languages.

In this paper, we investigate the impact of the marketing strategies used by the craftsmen on the welfare of the craftsmen.

FRAMEWORK

Lucas (1993) ranked the marketing strategies of multinational companies in South Africa, based on opinions of top executives. He considers that those opinions can serve as strategic guidelines for economic development in the future of South Africa. For executives of large companies, production strategies are first, pricing strategy a close second, and in third place are distribution and promotion strategies. Although the promotion strategies were considered last, sales administration and the personal sale were a very important promotion strategy of the companies (Lucas, 1993).

Marketing strategies can help businesses to adapt to corporate planning strategies and face the unstable policies of the business environment that will prevail in the 1990s (Lucas, 1993). In a developing country the strongest pressures are represented by changing social values, brought on by economic growth, a high unemployment rate, especially among the rural population, and a climate of implicit political change.

Abbott (1958) maintains that new marketing channels and new methods of manipulation can be determining factors in the increase of the average income in regions with subsistence economies. In the crafts case, it will also require what Lucas (1993) recommends: an adjustment of marketing strategies and a change in the business environment. The rural crafts company plays an important role in Oaxaca's economy. It represents 34.58 percent of the total enterprises of the state, where crafts and agricultural production still prevail. The planning and execution of known and proven marketing strategies influences the levels of income produced, giving them the opportunity to reach a better standard of living (INEGI, 1989).

Knowledge of marketing strategies used by successful craftsmen can be a guide to establishing development strategies offered by public administrators in the State of Oaxaca, and throughout Mexico and Latin America, especially in

those countries with serious environmental threats. Lane and Yoshinaga found that “niche markets for rural products are not confined to things that grow. ‘Heritage,’ in the form of craft goods which draw on rural traditions, is in increasing demand” (1994, p. 16).

Craftsmen always have been subject to environmental changes—climatic, cultural, economic, social and political. Their labor in the field and crafts are exposed continually to new threats and few opportunities. To reduce the effects of the environmental dynamics change in Oaxaca, the local government can attempt to convert the threats into opportunities. In this process, the marketing investigation plays a meaningful role to describe consumer needs and to make an effort to predict his decisions.

The function of market crafts is directly associated with the poorest peasants. The existence of a market depends on inequalities in the distribution of goods and services and consumer needs. We suppose that the degree of development and the strength of community of craftsmen are directly related to their successful marketing strategies.

Pricing changes influence the increase or decrease in the amount of acquired product; new ingredients or new chemistry formulations can provoke an increase or reduction in the nutrition of individuals; fast distribution channels can provoke the shortage or abundance of a product and its rapid accessibility to the public; the promotion strategies influence public knowledge and information of new products in the market. Successful production and commercialization of their products directly influences the standard of living of craftsmen’s families and their communities. Hernández and Domínguez (1993) described the improper use of distribution channels and its affects on the welfare levels of palm craftsmen in the Mixteca. Diskin and Cook (1975) demonstrated that the craftsmen of black mud products and those who finish, decorate and adorn pottery had greater income than craftsmen who finish utilitarian products.

METHODS

All the analyzed craftsmen had their manufacturing establishments located in the same building as their shops. For 82 percent, the distribution shops and their household were at the same place. The information on the marketing strategies and community welfare was gathered through direct interview with a questionnaire. Personal visits with 50 craftsmen and their families represented 100 percent of the respondents. The National Financial (NAFIN) and Regional Arts and Popular Industries of Oaxaca (ARIPO) facilitated the access to the crafts businesses.

The questionnaires were designed with indicators selective of the marketing strategies. Upon completion of the interviews, the indicators were measured and put on a four-point scale representing the importance that the craftsmen give to

each strategy. The respondents were mainly craftsmen. Only 9 percent of the interviewees were not craftsmen and served as directors of sales.

Interviewees were asked to rank the importance of thirty specific marketing strategies from our general categories: production, distribution, pricing and promotion. The specific strategies were selected from studies of the marketing practices of small and medium-sized companies (see Table 1).

We also ranked the apparent living standard of each craftsman interviewed, according to six indicators. The first of these was *possession of consumer goods* such as cars, radios, stoves and refrigerators. The maximum level was represented by possession of at least a refrigerator, a pickup truck, a wardrobe, a television, a stove, a parabolic antenna, and radios. Property owned, such as land

Table 1. Production Strategies Used By Oaxaca Craftsmen

<i>Strategy</i>	<i>Percent Highest Rank</i>
Production:	
Planning	62
Diversification	40
Style	16
Design	82
Seasonal variations	10
Brand (name, company and address)	2
Pricing:	
Buyers' reactions to price changes	56
Markup pricing	84
Bargaining	94
Barter	20
Set price	6
Distribution:	
Follow-up of the channel	8
Products collection	10
Intermediary	30
Material managing	54
Organization for distribution	14
Finished product	76
Promotion:	
Display sign	10
Tourist route	40
Personal sale	88
Catalogue	4
Contests	8
Trade shows	16
Fairs	22
Propaganda	10
Gifts of unattractive products	12
Credit cards	12
Business card	12
Exhibit	20
Demonstrations	6

and houses, was not meaningful because everyone owned a house and the land for the most part was communal land. The lowest level of income was represented by those who lacked all the goods except mats and a furnace. The income level represented by *housing type* was measured by construction materials, architectural design and construction dimensions. The maximum level was represented by architecturally designed housing, concrete construction, and expensive finishing. The minimal level was represented by common reed-grass and palm housing with two rooms, earth floor, neither lavatory nor bathroom, and no potable water.

The *level of education* of the craftsman and his family were measured by the years in school and the scholastic level reached. The maximum level was represented by nine years in school, and the minimum level was illiteracy. Training was taken as a complement. Another indicator of general welfare was the *wearing apparel* of the craftsman and his family. The maximum level included shoes or tennis shoes, and medium class quality clothes. At the minimal level the respondent wore sandals and deteriorated clothes. *Community services* were also observed, including drainage, pavement, electricity and telephone. The stated *income level* as an indicator of economic welfare in this case was not reliable due to lack of records and to the private control of income and expenditures of craftsmen. There was also reluctance to reveal this information.

RESULTS

We selected the highest value scale and calculated a percent with absolute frequency (see Table 1). Respondents often ranked several strategies as equally important.

Of the five production strategies, product design was ranked the most important by the 50 craftsmen interviewed. Most (82 percent) of the craftsmen interviewed not only laid-out the design, cut the raw materials and assembled the product, they also put on the final artistic touches to form and beauty. The craftsmen based production in their ability, in response to sales, and acquired experiences from trips outside of the community. A majority (62 percent) of craftsmen planned their own production and 38 percent produced according to requests and seasonal variations determined by a middleman. Only 40 percent of the products offered variations in form, size, color or style. The craftsmen in Oaxaca had little support to develop new products, and differentiated them with brands.

The most important of the five pricing strategies for Oaxaca's craftsmen was bargaining (94 percent), 84 percent of interviewees used markup pricing. Half (56 percent) considered buyers' reactions to price changes important. Only 6 percent used a set price.

The craftsmen used one or more of five distribution strategies. A majority (76 percent) of the interviewees sold a finished product. The rest sold it as raw

materials, with a middleman to give the final product presentation. Half (54 percent) of the craftsmen provided all labor, collecting or buying the natural resource and producing all parts and components, as well as the work tools. One-third (38 percent) bought the raw material for their work, with no opportunity to select the best material. The material quality influences crafts' quality. These distribution strategies emphasize the need for specific channels and methods of product distribution, in order to obtain an optimal distribution and craft market.

Thirteen promotion strategies were cited as important. Personal sale was very important; direct dealing with the client characterized 88 percent. A link with the Tourism Secretary facilitated the development of promotional strategies, thus 40 percent were located on a tourist route. In addition, 38 percent received invitations from the Tourism Secretary to participate in fairs and trade shows. Six percent participated continually in process demonstrations. Ten percent mentioned that crafts were a theme of news and propaganda and as scenography in programs and television commercials.

According to the statistical analysis, the most important strategies were product planning, diversification, style, prices based on the market and based on the cost, fixed prices, following the distribution channel, personal sales and the use of labels and credit cards. Through discriminant analysis we obtained three groups of completely differentiated crafts. A structure matrix shows pooled within-groups correlations, and denotes largest absolute correlation between each variable and any discriminant function (see Appendices A and B).

The first crafts group designed reed grass and palm crafts, mainly based on requests made by the middlemen. These craftsmen did not sell directly to the consumer and few knew the complete and final fate of the product. They did not handle the price or the distribution. These crafts were undervalued and complementary to agriculture. The craftsmen lived in isolated communities with poor communication, in palm houses with dirt floors. They were without drainage, pavement and drinking water. Their clothes and those of their families were deteriorating and of low quality. They had a low educational level.

The second crafts group used black mud, red mud, green mud, glazed crockery and stone. They manufactured varied handmade products and made very few in molds. The strategy of product diversification was shown in the attractive and different forms. Within the product design, traditional and modern forms were incorporated. Originality was maintained in the process, form and color. A name was used as identification or as a signature. Creativity in red and green mud and in the glazed crockery comes from the era of the mixtecos and zapotecas, who were making these products for domestic use. The product's form is attractive, with uniform and assorted colors. Stone was also used to make columns, steps, fountains, crockery, gravestones and various sculptures. The standard of living for these craftsmen was superior to those in the first group. Their houses frequently had concrete and tiled ceilings, although few had a

professional finish. They had piped water and some had drainage. Their clothes and those of their families were clean and of regular quality. They had a level of education superior to the other two groups.

The crafts of the third group include wool crafts such as tapestries, carpets, tablecloths, and linen with figures and traditional and modern designs. These crafts are some of the most profitable because of the value added to each product by the drawings, the size, the color and the nature of the fibre. Also in this group, tin-plate craftsmen manufactured their products based on requested from the clients. The strategy of the production was based on the diversification of design, forms and colors attractive to the client. Other craftsmen produced traditional cotton dress characteristic of Mitla, an archaeological city. The production was based a little on the seasonal fashion, shorts in summer and mufflers and jackets in winter. The crafts of *alebrijes* were distinguished by their colors and striking forms, elaborated with *amate* wood. Their typical forms were a product of the imagination of the craftsmen, causing a high diversification of the product.

Table 2. Partial Correlation Among Economic Welfare and Marketing Strategies, Controlling to Crafts Types

<i>Strategies</i>	<i>Housing</i>	<i>Goods</i>	<i>Dress</i>	<i>Perceived Economic Welfare</i>	<i>Education</i>	<i>Community Services</i>
Production:						
Planning	.36*	.41**		.31*	.36*	
Diversification	.46**	.51**	.38**	.39**	.58**	
Style	.51**	.60**	.45**	.52**	.50*	
Seasonal variations						.32**
Mark					.31*	
Pricing:						
Buyers' reactions to price changes	.33*	.41**				.32*
Markup pricing	.41**	.51**	.47**	.54*	.39**	
Set price	.40**	.50**		.42**	.48**	
Distribution:						
Follow-up of the channel	.47**	.49**	.48**	.43**	.45**	
Intermediaries	.40**	.47**	.46**	.51**	.39**	
Promotion:						
Display sign	.37**	.47**	.39**	.32*	.32*	.38**
Personal sale	.29*	.40**		.38**		
Expositions		.30*			.41*	
Fairs		.30*			.32*	
Propaganda					.30*	
Use of credit card	.63**	.54**	.39**		.54*	.35*
Use of business card	.37**	.35*			.34*	.28*
Exhibition		.38**				

* $p < .05$.

** $p < .01$.

These craftsmen's incomes permitted good living conditions. In their houses they used red brick, concrete, ceiling tiles and a professional finish. They had piped water, and some had drainage. They had many possessions, and their clothes and those of their families were of good quality. The educational level was superior to the average person in the state of Oaxaca.

Analysis of variance showed significant difference in the community welfare levels of the three groups of crafts. The third group has the highest economic levels, followed by the second group and the first group. The indicators that do not show significant difference among the crafts groups are: the use of shoes, satellite dishes, cars and radios, community drainage systems, electric lights and paved streets.

The third group of craftsmen used different strategies from the other two groups in the product planning, in the diversification and in the style. But there was no significant difference in product design, in seasonal demand, or in the use of brands. The craftsmen that had higher community living standards used the marketing strategies more. Therefore the use of marketing strategies can improve the community economic levels.

In Table 2 we observe that the craftsmen in the group which had the highest living standard were those who planned their own product, diversified it, had many styles, adjusted the price according to consumer reaction, followed up the distribution channel, had the ability to choose and seek middlemen, displayed a sign, used personal sales, and allowed payment by credit cards.

CONCLUSIONS AND RECOMMENDATIONS

Historically the craftsmen have used marketing strategies such as bargaining, barter and the momentary inspiration for the product's design, without thinking about the consumer's wants. The results show that those strategies do not influence the economic welfare of the craftsmen. Other potential strategies the craftsmen seldom used were credit cards and displaying signs at their shop.

In the crafts market, the consumer buys by impulse and the sale is personal. In the rural markets, the strategy of impulse marketing means to assure the sales through consumers' attention, thus personal sales are most effective. Also, impulse marketing helps to create product value. If the product is sold at the high price of artistic value, an impulse strategy can add value upon stressing the product's artistic value. Personal sales must be integrated into the marketing mix so that a market position is maintained and furthermore promotes a better place and greater benefits for the crafts industry.

In the crafts industry it is necessary to improve the knowledge of the craftsmen regarding marketing and entrepreneurial operation. In a protected economy, it is necessary to change deeply rooted attitudes and encourage acceptance of competitive spirit which is different from normal behavior. In the short term, local governments can establish education campaigns that permit

adoption and strengthening of successful marketing strategies and amend those which are counter productive. Bargaining can increase sales but it can also create a wrong image of quality products. The set price with discounts and reductions represents an opportunity for sales promotion. Another counterproductive practice is including unsalable products as free gifts with other purchases. This practice negatively affects both the product quality and the business image. The consumer receives an unwanted product and feels that he has been used as a waste collector.

Just as Fuat (1993) suggests, marketing education needs to include greater integration of understanding and representing of the semeiotic process into the curricula. Image and product concept are so important we can say that "the image is the product" (p. 332-333). The image is the representation of the product cultivated in the consumer's mind and the product is the business image.

In the medium term, the recommendation is to widen the crafts market by reducing the opportunity costs of the production, a previous condition needed to stimulate the dynamics of change in the marketing mix. This strategy will be more consistent with domestic production policies, those of economic opening, and with the effects of professional and foreign investors' intervention, which will enter the domestic market. The local government can change some traditional forms to achieve state development by simultaneously accomplishing and activating the direct support for crafts, accelerating the growth of the tourism sector and indirectly assuring local markets.

In the long run, the incentives to improve the traditional production technology and the adoption of a strategy for advanced technology should head the productivity policies of producers and institutions that support the crafts industry. Norway Crafts, an agency supported by the Norwegian government, is a good example of how networking can make the most of niche markets for rural goods. Norway Crafts aims to create 2,000 jobs, though a program of business development, product improvement, market research and distribution (Lane & Yoshinaga, 1994).

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APPENDIX A

Discriminant Analysis Classification Results of Indicators of Community Welfare of Craft Groups in Oaxaca

Actual Group	N of Cases	Predicted Group Membership		
		G1	G2	G3
Group 1	11	11 (100%)		
Group 2	15		15 (100%)	
Group 3	24			24 (100%)

Percent of "grouped" cases correctly classified = 100%

n = 50

APPENDIX B

Structure matrix:

Pooled within-groups correlations.

	Function 1	Function 2
Housing type	.64193*	-.12408
Community services	.38296*	-.30584
Wearing apparel	.23512*	.06409
Education	.16967	.65876*
Goods possession	.11527	-.25813*

*Denotes largest absolute correlation between each variable and any discriminant function.

Group Centroids:

Group	Function 1	Function 2
1	-3.32446	-6.0704
2	-.57742	.94185
3	1.88460	-.31043

A DIRECTION TOWARDS SUSTAINABILITY? AUSTRALIAN RURAL COMMUNITIES AND CARE FOR THE AGED

By Geoffrey Lawrence and Dani Stehlik

ABSTRACT

The ageing population in rural and remote regions of Australia face considerable social disadvantage, requiring health and welfare services. This need is compounded as agencies cut back on their assistance. As in other nations, rural populations in Australia have proportionately more older citizens and fewer economic resources. Demographic trends show that the issue of ageing in rural and remote areas will become of increasing importance to policy planners. Successful approaches may be observed in retirement communities in the United States, and experiences with rural medical recruitment and Community Aged Care Packages in Australia. Often, strategies designed to assist the rural disadvantaged compete with other strategies designed to achieve cost-effectiveness. A conceptualisation of rural community sustainability which encompasses all social needs beyond agricultural sustainability could provide a foundation for future social policy to meet the needs of the rural ageing.

INTRODUCTION

In line with other Western industrialised nations, Australia's population is ageing, creating a challenge for both policy and community development planning. As the majority of Australia's eighteen million people live around the coastal metropolises of the eastern seaboard, the needs of this majority tend to influence the direction of such planning. Those aged Australians who live beyond the urban conglomerates—in large regional centres, in rural Australia and in remote isolated communities in our hinterland—are disadvantaged by not only age and gender, but also by distance. This paper is designed to articulate what we believe is often a misunderstood point in community analysis: the community needs to sustain all its members, particularly those whom society tends to marginalise as non-productive.

This paper begins to explore two key points—first, the rural elderly face considerable, and in some cases extreme, social disadvantage. This relates

Geoffrey Lawrence is Professor of Sociology and Director, Rural Social and Economic Research Centre, and Dani Stehlik is Lecturer of Sociology, Central Queensland University. The authors gratefully acknowledge the assistance of anonymous reviewers with the final revision.

particularly to health care provision, to welfare provision, and to other manifestations of social isolation. While the aged face the same *forms* of disadvantage experienced by other Australians residing in rural/remote Australia, the *extent* of this disadvantage might be greater. This disadvantage is compounded as the market economy searches for new ways to cut back the welfare budget. Very often, strategies designed to assist rural social disadvantage compete with other strategies designed to achieve efficiency and cost-effectiveness. Second, current social policy is characterised by acceptance of the inevitability of rural social decline and naivete about the capacity of regional/rural communities to develop local programs. The literature suggests possibilities for coordinating the capacity of governmental, voluntary, commercial and informal service sectors to provide for service to the rural ageing. We need to conceptualise a broad, people-oriented direction for sustainability which draws together the concepts of agricultural sustainability and rural community sustainability.

The Declining Australian Public Welfare Responsibility

As a former colony, Australia developed its post-World War II welfare state along the British model (Jamrozik, 1983). This was based largely on the social theories of the Fabians and the economic theories of Keynes, and it embraced an acceptance of the concepts of both political and social citizenship (Jayasuriya, 1992). In common with most Western industrialised nations, Australia is presently attempting to balance the need for a market driven economy with a desire (largely electorally driven) to maintain a welfare safety net. There is constant pressure to diminish public expenditure, and most often, that delimitation is seen as coming from the human services budget. The growth of corporatism within the welfare sector mirrors the corresponding growth of a market economy (for further discussion, see Stehlik & Chenoweth, forthcoming). The two systems need each other to survive. The welfare system has created a measure of dependency in society, which the capitalist state needs to support in order to ensure continued social and economic reproduction. The shift to a residual, rather than an institutional model of welfare can be seen in the increasing rhetoric about the need for a safety net of welfare systems directed only at those 'in need' coupled with the necessity for the family and/or community to take additional responsibility and hence reduce expenditure in the formal service sector (Kewley, 1980). In addition, governments are intensifying their means-testing policies and endorsing efficiency as the main measure of effectiveness in social program delivery. In income maintenance for aged citizens, the federal government is currently strongly advocating private financial arrangements, including superannuation (Weatherill, 1994).

Social welfare provision for aged Australian citizens had its beginnings at the turn of the century, a time of national economic crisis when sympathy for the plight of those affected included a widespread acceptance of provision of public support to the needy. Responsibility for policies for aged care has tended

since Federation (1901) to be seen as a federal issue, although the policy changes driven by both economic and demographic pressures in the 1980s have returned some responsibility to state governments and are attempting to shift further responsibility to local government and non government organisations. There are four segments to the care system for the elderly in Australia. The federal government controls the funding allocation to aged care services through the Departments of Human Services and Health and Social Security. Services include income support for the aged and for caregivers and funding for hospitals, nursing homes, hostels and home care services. Such policies determined federally are then applied through state governments and this *statutory* sector is currently under increasing pressure to reduce expenditure. The *voluntary organisation or non-government sector* is arguably the largest component of the system and acts as a conduit between the statutory and the informal. A current trend towards increased accountability and efficiency, through competency standards and bureaucratisation being determined by the statutory sector (which largely funds it) has placed great pressure on the non-government sector.

The *commercial* sector is that part of the free market system from which human services can be bought. Privatisation is becoming a powerful force in the future development of human services. There are many private nursing homes, hostels and hospitals, as well as an increasing number of home care support services. The federal and state governments have limited control over privatised services, which are operated only where a profit can be made, rarely therefore beyond the eastern seaboard.

All three formalised sectors rely heavily on the *informal* sector—neighbourhoods, families and friends—where a key feature is the volunteer labour of women (Vellenkoop Baldock, 1990). For a more detailed analysis of the relationship between these sectors and the aged care industry in Australia see Graycar and Jamrozik, 1993.

The Ageing Rural Australian Population

The proportion of the population over the age of 65 years is less in Australia than in Japan, Sweden or the United Kingdom, but greater than that of the United States. It is, nevertheless, a key factor in current and future policy considerations (Kendig & McCallum, 1988, p. 3). The current 16 percent is expected to grow to 22 percent by 2021. By the middle of the next century it is expected to plateau at around 25 percent (Parliament of Australia, 1992). The so-called “old-old” group (comprising citizens over 75 years of age) is likely to increase from 2.2 percent in 1991 to 3.5 percent in 2011 and to at least treble by 2051 (House of Representatives, 1994, p. 30). Importantly, this group requires an increased level of service provision. The key variable of gender is crucial when understanding ageing demographics and resultant policies. There will be more women than men comprising the ‘old-old’ group. This trend is not limited to Australia, but can be identified in all developed countries (Kendig & McCallum, 1988, p. 6).

Dunn (1989) proposed that *rural* should describe those areas outside Australia's capital cities and other major population areas, such as the Gold Coast, Newcastle and Geelong. Ling (1994) argues that it is also proper to consider large regional centres which serve an agricultural hinterland as rural, such as Rockhampton, Mackay, Dubbo, Wagga Wagga, Bendigo or Ballarat. For the purposes of this paper, *rural* then is seen to comprise settlement types which are distant from the state capitals and their immediate hinterlands, have low population densities and which tend to be associated with primary (mining and agricultural) production. Included in such a definition would be most of Australia's Aboriginal settlements, farming and mining regions, villages and small towns, and regional centres (see Nichol, 1990). Those smaller settlements which are very large distances from major regional centres and the metropolises are considered to be *remote*.

Using a similar definition, Battersby (1994) has estimated that Australia's urban population is 12.2 million; rural, 4.3 million; and remote, 0.5 million. The percentage of older Australians (those aged 60 years and over) in those categories is 14 percent, 16 percent, and 18 percent, respectively. Rural and remote areas of Australia therefore have a higher proportion of the aged than do urban areas. Summarising the population trends, Battersby has noted that

... the numbers of persons aged 60 years and over living in rural and remote communities of Australia are expected to increase from 800,000 in 1991 to 970,000 by 2021 The most rapid increases in the aged population in rural areas will occur with those in the 75+ age group Women in rural and remote communities will continue to outnumber men by nearly two to one among those over 80 years of age (p. 124).

TOWARD A NEW CARE MODEL FOR THE RURAL AGEING

Issues confronting aged Australians in rural areas are not unlike those which might have been presented in an analysis of the mid west region of the United States, the provincial areas of Canada or the rural areas within the more agricultural nations of the European Community. Studies of retirement centres and other rural communities in the United States, and of rural medical care recruitment and Community Aged Care Packages in Australia suggest possibilities for coordinating government, voluntary, commercial and informal service sectors to meet the needs of the ageing in rural communities. These various approaches may be synthesized into a care model for rural aged, extended from the movement toward sustainable agriculture.

Retirement Centres and the Rural United States

In the United States, those communities which have succeeded in providing support for their aged population demonstrate that the problems which the elderly face must be seen as particular to that group and addressed as such; and

it is no longer appropriate to rely upon voluntary community support to supply services required by the aged (Flora et al., 1992). One strategy which appears successful is that of promoting a town as a retirement centre. In this way the funds which come in from retirees, together with the wage incomes of those employed in caring for them, act to stimulate the economic growth of rural townships. Other clues to success have been involvement of the elderly in decision making regarding issues which affect them and the town, and encouragement for their integration into the actual provision of services to other sections of the population (Flora et al., 1992). For Kaiser (1991, p. 128) the lesson for rural America is that "policy and program initiatives involving the rural aged must support and enhance the viability of rural communities." In Australia, with its strong historical and cultural relationship with the coast, most retirement centres are largely private-for-profit, located along the eastern seaboard. Rarely does a rural centre become involved in this kind of enterprise.

Australian Experiences in Rural Health Care

Given the tenuous position of the rural/remote aged within the developed societies, what can be done to improve their overall social and material well being? Many writers argue that change will come in a gradual fashion and will be associated with community and government recognition that the aged in rural/remote regions are suffering unfairly from current policy initiatives (Reid & Solomon, 1992; Dunn, 1990; McDermott, 1994). One alternative is to provide economic and other incentives to service providers to locate and remain in rural areas, to lobby for higher levels of service funding from governments, and to find more efficient ways to use monies generated by governments and the community (Dunn & Williams, 1992; Gordon, 1994).

Hoyal (1994) has advised communities about "How to Catch and Keep a Rural Doctor." His secret is, among other things, to provide economic incentives for specialists to set up in the countryside, to fund extra medical relief so as to reduce the work pressures on those who do so, to provide employment opportunities for spouses, to ensure private schooling is available for doctors' children, and then to seek ways to stem rural resentment of doctors' large discretionary incomes! Wallace (1994) has suggested the necessity of politicising the issue of rural health so that more government funding is made available for rural health care. He has shown how success has been achieved through the lobbying of those with high social status—the rural doctors who, while they may have been the initial beneficiaries of new government funding, are now seeking to improve training and service delivery in rural medicine. Other writers have indicated the need for better arrangements in the funding and implementation of programs. Alfredo (1994) has suggested, for example, that there is a need to develop a local capacity to scrutinise and offer alternatives to overly-centralised and bureaucratically-derived policy. Communities should seek to instigate integrated health care systems focusing on primary health care, illness prevention, and inter-

agency and intra-community relations. In a similar vein, Battersby (1994) considers providing single pool funding so that communities can decide expenditure priorities; creating multi-purpose service programs (such as those linking health and welfare); and/or creating a nationally-based rural health program for Australia (see also Macneil, 1994).

If the costs of providing services are too high, it might be possible to subsidise the travel of the elderly to those services (Sorensen, 1993). If it is difficult to attract the services of well-qualified welfare professionals in regional areas, it will be necessary to introduce measures for careful selection and training of welfare students for rural practice (Lonne, 1990, Doolan & Nichols, 1994).

The Community Aged Care Packages

A third example draws some of these issues together. In 1992, the federal government introduced Community Aged Care Packages (CACP)—a response to the perceived complexity associated with providing support to elderly people who wished to continue to live in their own homes, but who required a certain amount of support. The Packages are a program of support, brokered through a co-ordinator, which enables the individual to remain in her/his own home. The difference between this approach and other, similar models, is that the Packages allow purchase of services from a neighbour, a friend, or a family member. These people do not have to be formal service providers or full-time paid staff members. In its evaluation of the CACP program, the Department of Human Services and Health stated:

... more flexible approaches to service provision for older people in rural areas is needed to address gaps in services and address problems associated with size and scale of services. CACP have an important role to play in this, but due to the problems [of efficiency and effectiveness] ... it is important [that] guidelines ... appropriate in metropolitan areas do not negatively restrict the development of flexible approaches (McVicar et al., 1992: 122).

There is acknowledgment here that the urban model of service delivery, on which the whole human service system in Australia is based, generally mitigates against the development of flexible responses which the rural situation demands (see Stehlik & Lawrence, forthcoming). CACP's have a future potential to provide employment within small communities as well as the consequent 'trickle down' of economic benefits, both in keeping the elderly residents in the community as well as paying other community members to care for them.

Sustainability: Beyond Agriculture Towards Community

In each of the three alternatives to providing care for the rural or remote aged, the federal role included encouraging other service sectors to assume part of the responsibility. Within the developed societies the urgent need to solve the growing problem of environmental degradation (see Vanclay & Lawrence,

1995) may provide a model for aged care in rural communities. Governments including those in Australia have moved to encourage ecologically sustainable development, including new environmentally sensitive ways of using land and water resources. It is being recognised that some agricultural practices need modification, while others must be abandoned. Using a criterion of sustainability, it has been suggested that quite dramatic changes might occur. The need to place environmental issues on the same plane as productivity and efficiency has led to a fundamental questioning of the "productivist" approach in resource use, and with it an appreciation that the negative manifestations of high tech agriculture, such as continued environmental degradation, larger farms, declining farm numbers and country town contraction, have been associated with the single-minded pursuit of productivity/efficiency goals in agriculture.

Up until the present, the sustainability debate has been limited to biotechnical discussions relating to agricultural and other production systems (Vanclay & Lawrence, 1995). It is only in relatively recent times that social scientists have suggested that sustainable production should be linked to sustainable community development (Agriculture and Rural Restructuring Group, 1989; Lawrence, 1990; Lowe & Murdoch, 1993). Both farm and non-farm social groups contribute to the social fabric of the countryside (Lowe & Murdoch, 1993) and it is pointless attempting to correct the problems of agriculture independently of the processes which underlie economic and social development in the countryside. As Gray (1994) has suggested, there is little evidence to suggest that local economic regeneration will be possible within or following the current period of rural restructuring: it is more likely that, at least in terms of economic matters, communities may lose what little autonomy they possess to transnational interests.

Agricultural sustainability might help to address population decline in farming as well as in the industries servicing agriculture, thus enhancing rural community viability. The rural aged may no longer find themselves in regions where services are in decline. If rural towns become more attractive to rural settlers who can take advantage of new work options such as environmental protection, eco-tourism, aged care and other service industries, the incomes of these new settlers are likely to provide an economic multiplier in the town. As Lowe and Murdoch (1993, p. 13) and Stilwell (1993) have argued, employment, housing, transport and resource consumption are some of the key policy issues in relation to social reproduction of the countryside. New cultural and political institutions may have to emerge to address previous market failures and provide much needed coordination. The general inability of local governments to move beyond limitations of finance and imagination to achieve something new is well understood, as is the desirability of encouraging new forms of cooperation at the regional level (see Kely, 1993; Stilwell, 1993). In Australia, there is a very limited local basis for the articulation of ideas such as those proposed in the Kely Task Force Report for regional coordination of economic development

(Guille, 1994). Local government has been generally unresponsive to moves to join regional initiatives, fearing that their own autonomy might be undermined in the process (Lawrence, 1987). It is only very recently, and then as a result of the 1990-1995 drought, that some local governments in rural Australia have employed "community development officers." However their role is primarily that of financial advice and emergency relief funding (see Stehlik et al., 1995).

The problems of the rural/remote aged should not be considered outside the context of the present system of economic production and consumption. The approach of sustainable community development recognises that the future fate of all rural citizens rests with an alteration to the trajectory of both agriculture and the communities to which it is linked. We agree with Shaffer (1994, p. 268) who believes sustainable communities "possess a political economy and other social constructs that permit the orderly and efficient maintenance and use of community resources and facilities" and which facilitate community interaction with wider social and economic processes.

Shaffer has identified four micro-level characteristics of those communities which are economically viable and socially sustainable: general concern about (and some dissatisfaction with existing proposals to deal with) issues facing the community; a positive approach to innovation and local achievement; a good deal of community discussion; and past evidence of implementation of community decisions. Such communities are anxious to confront the factors which place a fetter upon development: they appear to believe (whether correctly or otherwise) that they control their own destinies (Shaffer, 1994, p. 268).

Sustainable communities are those which, in Shaffer's terms, "bring in money, keep money re-circulating, use resources more effectively, find new uses for resources, find new resources, change rules of the game, act smarter, (and) get lucky" (Shaffer, 1994, p. 268-269). Yet, he is fully aware that what local communities do is contingent upon external factors, that those external factors relate to the dynamics of capitalism, and that capitalism has had a polarising effect on social and economic space.

REFLECTION AND CONCLUSION

The Australian welfare state is undergoing considerable "downsizing" as governments look for ways to reduce public expenditures. Declines in services are occurring, however, at the very time that the needs of particular groups such as the aged are growing. Rather than providing a new commitment to welfare service provision, governments have typically responded by endorsing "user pays" principles, or proposing that local communities (and voluntary organisations) find their own means of providing services.

The issue of governmental withdrawal of services is particularly crucial in rural/remote regions of Australia which are, by most measures, disadvantaged regions. The restructuring of agriculture is leading to major social dislocation;

rural towns are not experiencing the same rates of growth of coastal regions (and many inland towns are in decline); and there is evidence that rural populations are becoming increasingly aged. With little new public or private economic activity acting to induce new settlers to establish their businesses and families in those regions, the future of many areas of rural/remote Australia appears bleak.

The movement to sustainable agriculture, one of the most significant developments of the 1990s, can provide the basis for rural community sustainability. The two concepts of agricultural sustainability and rural community sustainability may be linked to produce a more people-oriented meaning of sustainability. New developments may help to sustain local populations as well as local resources (the latter being an important prerequisite for the former). One of the main barriers to this is that Australia has few (if any) rural community development officers who might be expected to lobby effectively for such a change.

On a broader scale, one major problem at present is that the incremental approach to policy formation and implementation, firmly linked to the *laissez faire* system of capitalist production, is doing little more than ameliorating the effects of change. Indeed, current policy is viewed, in this paper, as having perpetuated existing inequalities in rural and remote regions. A focus on, and politicisation of, sustainable rural communities might be one means of encouraging integrated rural development in regions currently undergoing population decline and economic marginalisation. Those advocating sustainable community development may be able both to highlight the continued dismantling of services to groups such as the rural aged whose future depends upon a strong regional economy, and to provide the impetus for more flexible, socially-relevant and cost-effective services to the aged in rural and remote Australia.

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PARTICIPATORY RESEARCH FOR PUBLIC ISSUES EDUCATION: A STRATEGIC APPROACH TO A MUNICIPAL CONSOLIDATION STUDY

By Beth Walter Honadle

ABSTRACT

Community development involves citizens making critical decisions about complex issues. The ability of citizens to make decisions about such questions depends, in part, on the relevant information they have. Ideally they should have information about questions they want answered in a form they can understand. Strategic research is research that is needed so that a specific decision can be made by particular actors. The article presents a case study in which the research needs of key actors were sought, citizens researched the questions, the public was educated about findings throughout the process, and a critical decision about a highly controversial public issue was made, based on this research.

INTRODUCTION

The literature on public policy education has focused historically on research produced by universities to help inform public debate about controversial issues. The common goal of public policy education is to increase understanding of public issues and policy (Jones, 1994). Typically public policy educators at a university identify a controversial issue, develop a neutral set of materials presenting the likely consequences of alternatives for dealing with the issue, and use those materials to teach the public about policy choices either by themselves or through extension educators, mass media, or other intermediaries using a variety of methods and techniques.¹

¹ See, for example, Favero, Meyer, and Cooke (1994) in which they present two case experiences in conducting public policy education. In one case extension state specialists developed the materials and spoke at 120 meetings around a state. In the other case university faculty developed a videotape, booklets, and other publications on alternatives for voters and presented them at workshops around a state. These are good examples of appropriate methods of public policy education for issues of broad statewide or national interest.

Beth Walter Honadle is Professor, Department of Applied Economics, University of Minnesota.

Advocacy has been questioned as an effective or desirable education method (Barrows, 1984). Others point out that outright rejection of advocacy may be too narrow a view from an ethical perspective (Favero, 1987). So, it would be easy to overgeneralize about uniformity in philosophy and approach among extension services in their public affairs programming (Bevins, 1978). Indeed, not only is public policy education hard to describe, it is ever changing and must constantly change to meet society's needs (Doering, 1994; Hahn, 1994). Moreover, the roles of academicians in public policy are varied (House, 1993).

More recently a variety of alternative models of public issues education have been practiced and are making their way into the mainstream public policy/issues education literature. A new extension publication outlines and compares eight models, described as "step-by-step approaches to public issues education." These models are: alternatives and consequences, issue evolution/educational intervention, the ladder, discovery and analysis, SHAPES, interest-based problem solving, national issues forums, and citizen politics (Dale & Hahn, 1994).

There is a rich literature on participatory research (PR). PR is generally seen as having two basic goals: the democratization of knowledge creation and social change (Stoecker & Bonacich, 1992).² These attitudes toward research go back nearly three decades and began with practices of adult educators in Africa, Asia and Latin America (Tandon, 1988) although PR has been used effectively in United States settings as well (Gaventa & Horton, 1981; Gaventa, 1988). Tandon defines participatory research as

a process of knowing and acting. People engaged in PR simultaneously enhance their understanding and knowledge of a particular situation as well as take action to change it to their benefit. (Tandon, 1981, p. 24)

This article describes a variant of participatory research that explicitly recognizes the importance of being strategic when the research is undertaken for a specific purpose(s). The dictionary defines *strategic* as something that is necessary or important to the initiation, conduct, or completion of a plan toward a goal. *Research* means studious inquiry or examination aimed at the discovery and interpretation of facts. In other words, a strategic approach to research involves study that is integral to the achievement of some objective or purpose.

Strategic participatory research may be distinguished from two other kinds of research: basic research and applied research. Basic research is undertaken for its own sake without regard for practical use for the results of the research.

² This term goes by many names. "... PR ... can include a diverse array of practices ... from 'praxis research' to 'action research' to 'collaborative research' to 'activist research' to 'participatory action research' to 'participatory research.' Recently those with a more political or activist perspective have taken up the term 'participatory research'" (Stoecker & Bonacich, 1992, p. 6).

It can be wholly theoretical. Applied research need only have the potential for being used, and it would probably not include purely theoretical undertakings. The hallmark of strategic research is that, without the research, a given objective could *not* be attained.

A strategic approach to participatory research for public issues education was implemented in Minnesota in a project in which citizens produced a study and recommendations regarding a highly controversial public issue. The author chaired the study commission and was a highly visible, active participant in the *process* as well as a major influence on the *content* of this educational effort. The line between being an external resource and a local actor was unquestionably blurred. The dual roles created both challenges and opportunities. It was a challenge, at times, to stay out of the politics, but the role of an insider was a tremendous opportunity to research a process as more than observer.

A key difference between this effort and most public policy education was that citizens made a decision based on *their* study rather than on *our* study. The study was not done *for* them or even *with* them; *they* did it with project management and technical assistance and some research material provided by the university. The merits of collaborative research are well summarized by the following passage from a 1979 article in this journal by an extension area community development specialist:

A combination approach to research which has proven useful in some cases is on-site community research by practitioners and researchers together, usually involving community people themselves in design, study, and data analysis. Such research can be highly effective as a learning experience and a catalyst to solution of community problems. The involvement of community residents and practitioners in determining questions and priorities in research also contributes to the appropriateness of social investigation. (Yoak, 1979, p. 45)

This article offers the case of a municipal consolidation study commission. The objective of the strategic research in this case was to help a state board and local voters make an enlightened choice about whether the two municipalities should be consolidated.³

The analysis will focus on the roles of the public policy educator and community involvement and conclude with lessons and insights into the public policy education process and the role of the university in it. Resulting questions

³ At a recent workshop the case of the Branch-North Branch consolidation study process was presented to over sixty participants (local officials, citizen volunteers, local leaders, and technical assistance providers) in a workshop on interlocal cooperation and local government restructuring. The extension agent who moderated the session opened with the rhetorical question he wanted everyone to think about during the presentation: Had the citizens voted not to consolidate, would you still have considered this project a success? After the presentation a show of hands revealed that only one member of the audience felt that the study process would only have been successful had the outcome been consolidation.

to be answered through further experimentation and research will end the present discussion.

THE CASE STUDY

This section contains a brief description of the case study area and some background on the events leading to the consolidation study.⁴ It then presents the consolidation study commission process.

Case Study Background

Branch (population 2,459 in 1992) and North Branch (population 2,144 in 1992) were two incorporated cities in east central Minnesota about forty miles north of the Twin Cities. The Branch-North Branch area has experienced rapid growth in recent years and is expected to continue growing rapidly. Its location at the intersection of an interstate and a state highway gives it obvious transportation advantages.

The City of Branch, which had formerly been Branch township, was a square of six miles by six miles completely surrounding the City of North Branch. Branch was incorporated as a city in the early 1960s, which made it much more difficult legally for North Branch to annex land from it than had Branch remained a township. North Branch was approximately one mile square, but it had grown by over 500 acres in the last several years due to a series of concurrent detachments and annexations from Branch.⁵

North Branch had municipal water, sewerage, sidewalks, a small police department, and a range of other city services and facilities. Branch, by contrast, had relatively few municipal services. North Branch was densely populated and was nearly fully developed, while Branch had a relatively dense core of residential development immediately outside North Branch, and scattered housing developments. In addition, Branch had some valuable commercial property and North Branch had both commercial and industrial property. Branch, though, also had large rural areas including farms. Even though farms accounted for a high percentage of the acreage in Branch, there were very few farmers left in Branch.

⁴ The League of Minnesota Cities published an article about the consolidation study process up to the point where the report was submitted to the MMB (Busse, 1994).

⁵ The most recent detachment-annexation resulted in 179 acres being detached from Branch and annexed into North Branch in 1993. This involved a nursing home facility located in Branch and intervening property owners requesting annexation to North Branch so they could connect to North Branch's sewage treatment system in response to an order directed at the nursing home by the Minnesota Pollution Control Agency. Branch appealed that decision, lost once, and was in the process of appealing it again when the consolidation made the issue of detachment and annexation irrelevant.

Both cities were in the same independent school district (the North Branch School District). Many of the school district's buildings were located in Branch just across the street from the border with North Branch. The school district had to pay double the usual rate for the utilities it was receiving from North Branch, so the school district would save tax dollars if its schools were located within North Branch. The school district tried to have some of its property annexed into North Branch, which was welcomed by the City of North Branch and vehemently opposed by the City of Branch. Taxpayers were footing the bill for legal fees for the school district and the cities in this conflict. (During the consolidation study process, the superintendent of schools stated his support for either consolidating the two cities or major joint powers cooperation between the two cities for virtually all essential services and functions.)

In late 1991, more than five percent of the voters in each of the two cities signed petitions asking for the cities of Branch and North Branch to be consolidated. The petitioners cited the following benefits of consolidation in their request:

- elimination of duplicated facilities, services, and utilities;
- a "united" area;
- better planning and residential, commercial, and industrial development; and
- environmental protection (because of the lack of city sewer availability in Branch)

The people favoring consolidation had enough signatures that they could have gone directly to the Minnesota Municipal Board (MMB), a quasi-judicial state agency overseeing all kinds of boundary adjustments involving Minnesota cities, with their request. Instead they went to the two city councils, who unanimously passed resolutions asking the MMB on its own motion to initiate a consolidation study commission. In this case, the cities basically acquiesced to a citizen-led demand to initiate a consolidation proceeding.

The Branch-North Branch Consolidation Study Commission

By state law, both cities submitted names of potential study commission members for consideration by the Minnesota Municipal Board. They also submitted names of candidates for chairperson of the study commission. The commission members must reside in Branch or North Branch, and the chairperson in Chisago County (within which Branch and North Branch were located) but not in either city.

The Minnesota Municipal Board appointed the author, a faculty member from the University of Minnesota with a background in local government finance and administration (who happened to reside in a Chisago County

township), to chair the commission. The cities had each forwarded ten names of citizens to serve on the study commission. The author chose to have the MMB appoint all twenty citizens to the study commission. The legal minimum is five members from each city.

The study commission membership included people with occupations of banker, teacher, accountant, environmental engineer, police officer (not employed by either city), manager, real estate agent, home builder, and lawyer. One member, a retired Lutheran minister, had once served in the Minnesota House of Representatives. Another member, who had been a dentist and a banker, was a former member of the Minnesota Senate. A large concentration of people currently worked for one of the cities: two councilmen from Branch; the mayor of North Branch; and the manager, the secretary, and a board member for the North Branch municipal power plant. Some members were from influential families in the community. Others were planning commission members, former mayors of the cities, and other “insiders,” a source of some rather vocal skepticism from citizens who wanted the process to be objective and perceived the commission as being prejudiced against consolidation. Thus, the study commission had the burden of proving to the community that it could set aside any preconceived biases in studying consolidation.

The consolidation study proceeded at the same time as significant changes in the area. For example, a major commercial development, a factory outlet center, opened in Branch in 1993. Branch built its first water tower in the tax increment finance (TIF) district around the shopping center. Also, the area voted to have Twin Cities Metro telephone service. By far the most controversial development, though, was the Branch city council’s decision to build a new, larger city hall on the eve (literally) of the study commission’s vote to recommend consolidation.⁶

⁶ The decision to build a new city hall in Branch is itself a case study in local politics. The five-member Branch city council voted unanimously to have the city’s economic development authority issue revenue bonds to build the new city hall and to lease the building to the city for fifteen years, after which it could buy the building for a dollar. This approach denied voters the opportunity to have a bond referendum. They stipulated in the request for bids that the building had to be built by September (which was the most likely time voters would get a chance to vote on whether to consolidate the two cities.) To give readers some idea how unpopular this decision was with the voters, 628 voters signed petitions asking the council to delay building a new city hall at least until the citizens had a chance to vote on the consolidation. The city council not only ignored the petitions, they sent out letters to every household in Branch telling the people why they were wrong. A group of irate taxpayers spent their own money to hire a lawyer to ask a judge to issue a temporary injunction preventing the city from building a new city hall until the question of whether the two cities would be consolidated was decided. The judge denied the injunction, telling the taxpayers that they had a “political” problem, not a “legal” problem. In other words, the city had the legal right to continue to make decisions as long as it was an incorporated city regardless of how unpopular those decisions were with the electorate. The city hall was built and the city council forced their residents to vote in it at the referendum for consolidation. Incidentally, the building did not have a certificate of occupancy at the time, and the city had violated its own ordinances by failing to secure proper permits and zoning variances when they built the structure.

Significant Features of the Study Commission Process

By law the study commission had two years to present its report to the MMB, which meant that the study commission was under no legal pressure to draw conclusions that were not well supported by evidence. The consolidation issue had been discussed for several years, and unsubstantiated opinion was prevalent. There was a sense that either the question should be studied in a deliberative manner, giving the people a chance to decide whether to become one city based on the facts, or it would be some time before the question would come up again. Comments to the effect that these two cities will *never* consolidate were common.

The study commission process exhibited the following features, which were strategically intended to enhance objectivity, openness, credibility, and citizen involvement.⁷ They reflect the belief, supported by prior research, that "attention to process as well as content is a critical feature of effective public policy education" (Hahn, Greene, Cocchini, Kolb, & Waterman, 1992).

Emphasis on Findings of Fact. The study commission focused on factual information (e.g., sewage system capacity, numbers of vehicles, height and capacity of water towers, miles of road, dollars of debt) and avoided reaching any conclusions or making recommendations until late in the process. This aspect of the process most closely resembles elements of the "Discovery and Analysis" model of public issues education with its emphasis on "expansive, 'discovery' thinking and systematic, critical analysis."⁸ This is not to say that facts are neutral. Because "the overlap of personal opinion with fact pose[s] some special challenges" (Dale, 1993, p. 23) and even though "the best information in the world won't make the conflict go away" (Alan Hahn as quoted in Dale, 1993, p. 23), the study commission decided to begin with cold, hard facts and only later attach meaning to them.

Public Hearings. The study commission held two public hearings. (The law required only one.) The first hearing was convened six months into the study process. It had two purposes: (1) to introduce the study commission to the community and describe the study process for ten factors outlined in the state's

⁷ The League of Minnesota Cities published an article about the study commission process prior to the hearing before the MMB (Busse, 1994).

⁸ There are clear parallels between the approach the study commission used and the Discovery and Analysis model. This model uses several interpretations of the term *discovery*: sharing of information previously known only to some of the parties; awareness of new or previously unknown information; the experience of new perspectives, environments, or experiences; and participation in generating new knowledge as well as learning existing facts. (National Public Policy Education Committee, Cooperative Extension, Public Issues Education Materials Task Force, 1994. Madison, WI: Cooperative Extension Publications. p. 9.) All of these meanings of the term *discovery* are consistent with the study commission's approach.

consolidation law⁹ and (2) to invite comments and suggestions from the community about additional factors the study commission should study.

This second purpose represented an essential step in ensuring that the study took into account *local* concerns and gave everyone an opportunity to influence a study that had the potential to affect them directly. The problem with some research targeted to a specific audience is that the audience is never involved in asking the questions (Honadle, 1994).

In fact, it illustrates beautifully the concept of strategic research. Technically the study commission was to report to the MMB after which the MMB would hold a public hearing before deciding whether to order the consolidation. However, if the MMB were to order the consolidation, the voters would still have to ratify it in a referendum for it to become a reality. So, strategically, it was essential for the voters to be well educated about the commission's research results; the electorate was at least as important a customer for the report as the state agency. Therefore, the process was designed so that the study responded to questions *the voting public* wanted answered. Moreover, the process required the report to be written so that the so-called general public could understand it. Given these objectives, an appropriate strategy for research was pursued.¹⁰

The first hearing had two important outcomes. First, it set the tone: this body was committed to finding facts, objectively studying the issues, and listening to local concerns. Second, the first hearing had a direct influence on the scope and content of the study commission's work, including key recommendations. Several Branch farmers attended to voice their deep concern for how consolidation might affect their property taxes. Other people had questions about electric utilities in the area—three different providers supply power to the area now, including a municipal power plant in North Branch, and an electric cooperative and Northern States Power in different parts of Branch. Had the study commission not actively sought input about high priority concerns of people in the community, it is likely that the commission would have overlooked them in the study. As earlier research on involving citizens in survey design and interpretation has shown, “[b]y prompting citizen engagement on common

⁹ Factors the MMB considers include population growth, natural terrain, present development pattern, present government services, existing or potential environmental problems, fiscal data including net tax capacity, effect on adjacent communities, adequacy of current services, and effects on governmental aid. This consolidation proceeded under Chapter 414 of Minnesota Statutes, especially Section 414.041 on consolidation. The author has written an article focusing on that law and weaknesses it contains relative to citizens influencing the outcome of consolidation proceedings (Honadle, 1995).

¹⁰Alternatively, imagine how different a research strategy would be if the objective was to either (1) just study the ten factors and issue a report and recommendation to the MMB as required by law; or (2) impress disciplinary scholars with the researchers' prowess in theory-building and mastery of quantitative methods. According to Tandon, “The methodology of PR . . . emphasizes qualitative and phenomenological methods which are generally considered ‘unscientific’ in the classical model” (1981, p. 25).

concerns, a community's competence to meet the valued goals of its members may be enhanced" (Schriner & Fawcett, 1988, p. 117).

The second public hearing, five months later, focused on the form of government (e.g., charter city); whether the new city would have wards, and, if so, how many; and a name for the new city in case consolidation were recommended.

Both hearings were broadcast live on a local radio station and the first hearing was rebroadcast. The study commission paid a small cost for a telephone hook-up for the first live broadcast. There was good press coverage of both events.

Public Presentations. The study commission voluntarily organized public presentations of the draft report and of the final report. Both presentations represented important steps educating the public. The first presentation also helped the commission obtain necessary feedback for drafting the final report.

The study commission presented its draft report to the community at an evening meeting in January 1994, outlining key findings, conclusions, and preliminary recommendations from the report and fielding questions from the audience of approximately 125 citizens and representatives of the press.

A key part of this event was a "resource fair" which gave the community an opportunity to visit display tables laden with background studies, charts, maps, and government reports and documents used as sources for the draft report's findings and conclusions. A partial list of these sources is shown in Table 1. Participants were encouraged to talk with members of the study commission at

Table 1. Commission Information Sources (Selected) for Branch-North Branch Consolidation Study

-
- pertinent laws
 - background papers (University of Minnesota)
 - interviews
 - State Auditor's reports
 - Minnesota Municipal Board
 - League of Minnesota Cities
 - Senate Tax Committee
 - Minnesota Department of Revenue
 - citizen input (oral and written)
 - city budgets, inventories, comprehensive plans
 - State Demographer's office
 - United States Census
 - Moody's Investors Service reports
 - United States Geological Survey
 - United States Department of Agriculture
 - Minnesota Pollution Control Agency
 - Chisago County (e.g., county auditor)
-

these tables, which identified the committee that had worked on a particular aspect of the report: local government services and finance; land use and planning; environment and ecology; and form of government, structural issues, and the city's name.

This event began a thirty-day comment period during which the study commission circulated the draft report widely and encouraged public feedback on it. This was an important feature of the process. It showed that the commission was interested in public comments and it improved the report in significant ways.

The study commission deliberately refrained from making a recommendation about whether to consolidate the cities in the draft report. The study commission thought that doing so would fan cynicism about the commission's open-mindedness. On the other hand, the study commission made several other important recommendations (e.g., the name of the new city, how the respective cities' debt should be handled, and whether the new city would have voting wards) in the draft report. The rationale was that such information would help citizens understand how the study commission envisioned the new city if it were ultimately to recommend consolidation.

The study commission held a public presentation of its final report roughly a month *after* it had been submitted officially to the Minnesota Municipal Board. The purpose was to educate the public about (a) the study commission's work and the process it had followed, (b) the contents of the final report, and (c) the legal process now that the study commission's report was in the hands of the MMB. Interestingly, nearly all the questions from the public at the final presentation were about timing and legal issues pertaining to the consolidation process. The study commission provided the public with copies of the final report and the relevant statutes at the presentation and answered all questions.¹¹

In addition, the final report presentation was repeated exactly one week before the consolidation referendum in September 1994. This event, which was very well attended, was sponsored by the local office of the Minnesota Extension Service and the North Branch Area Chamber of Commerce. The study commission chair was followed on the program by the financial consultant to both cities, who was speaking as a private Branch citizen about the financial condition of the two cities. The following night a group called Home Owners Against Consolidation sponsored presentations by consultants paid by the City of Branch with their reasons why consolidation would be bad for Branch taxpayers.

Open Commission Meetings. The study commission held monthly meetings for two years. In addition, the steering committee (the chair, the two vice chairs, the secretary, and the treasurer—all chosen by the commission members) met

¹¹For example, people wanted to know how quickly the question could come up for a vote of the people, when they could circulate petitions to force a referendum in case one of the city councils voted to reject consolidation, and whether anything could be done to prevent the city governments from making "bad" decisions just before consolidation occurred.

monthly over lunch. Work groups (four committees of commission members charged with focusing on particular areas of study) met as necessary between full commission meetings.

The study commission invited the public to observe all working meetings. Only a few people took advantage of this opportunity, except on the night the commission was scheduled to vote on whether to recommend consolidation.

Study commission meetings were well attended by the members. One of the first rules the commission established for itself was that three unexcused absences in a row constituted grounds for recommending a member's dismissal by the MMB. The study commission successfully sought the replacement of three commission members because of nonattendance. Those three members were replaced very early in the process and had never attended any meetings.

All of the full commission meetings were audiotaped at the request of commission members from both cities. They made it clear at the first meeting that written meeting minutes (which were kept by the secretary) could not ensure that "the other side" would not deny having said something at an earlier meeting.

Post Office Box. The study commission opened a Post Office box within its first six months for the public to mail any written comments before or soon after the study commission's public hearings and presentations. The Post Office box served as an open door to the commission and was used for submitting unsolicited comments and suggestions as well.

Solicitation of Written Comments. Before each of the public hearings, the study commission distributed flyers to every North Branch mailing address to publicize the upcoming meeting (in addition to advertisements in local newspapers, press releases to newspapers and radio stations, and letters to the editors of the local newspapers). The flyer also provided interested parties with a form for returning any written comments to the study commission. The forms could either be mailed to the Post Office box or dropped in designated boxes at the public hearings.

The study commission also provided comment sheets with the draft report, to be mailed in or dropped off at the local Extension Service office, either city hall, or the local library (the sites at which copies of the draft report could be signed out for up to a week).

This gave people an opportunity to provide detailed or thoughtful comments. For example, the recently retired North Branch postmaster submitted a rather thorough analysis of the ramifications of changing the name of the post office in case the study commission decided to name the new city Branch or some name other than North Branch. (Branch and North Branch both had North Branch mailing addresses and phone exchanges.) The City of Branch submitted a report by a hired planning consultant as their "official response" to the study commission's draft report.

Continuous Educational Process. This project was successful, in part, because education was built in, not added on (to paraphrase a manufacturer's

slogan). According to Stoecker and Bonacich, “[P] art of the goal of PR is educational” (1992, p. 7). Previous studies have found that participatory research that did not incorporate a coordinated educational strategy were less effective and that “educational efforts have been best where citizen interest was greatest” (Gaventa & Horton, 1981, p. 38). All of the public hearings and presentations were educational. The commission issued press releases that were informative and factual. The public learned about the consolidation law (which is very complex), the finances and other details about their cities, and the probable consequences of consolidation. In addition, the public was educated about alternative forms of local government, the implications of wards, and other complex issues. The local media (two weekly newspapers and two radio stations) published material provided by the commission and interviews on a regular basis.¹²

Study Commission Results

The study commission’s final report contains thirty-seven pages of text and seventeen appendixes (letters, tables, inventories, etc.). The study commission concluded that there would be an overall positive effect on state aids to a combined city; the school district would benefit from consolidation; expensive litigation over detachment—annexation would be avoided by consolidation; and general government and administrative costs would *probably* decrease because of consolidation, depending on the philosophy and actions of future city councils. The study commission also concluded that environmental problems and electric utilities were not issues that should stand in the way of consolidation. The North Branch sewage system could accommodate more than twice as many people as it was currently serving, so consolidation could save Branch residents money on investing in additional sewage treatment capacity, at least in the short-run. Additional water tower storage would not be immediately necessary if the two cities’ water systems were joined and Branch residents in the vicinity of the North Branch water tower could connect to a combined water system more economically than if Branch had to build an additional water tower to serve them.

¹²During the heated campaign after the commission’s work was officially finished, I continued to supply factual information to the local media whenever it was clear that the public was being provided false information deliberately. For example, state law and the MMB’s order of consolidation make it very clear that any debt that is not consolidated before a consolidation may not be consolidated later and that a consolidation does not diminish the number of liquor licenses. Yet, some letters to the editor and campaign literature (some sponsored by one of the local governments involved) said that their citizens may have to assume old debt of the other city after consolidation occurred and that the private liquor store in Branch would have to close because North Branch had a municipal liquor store. In all of these cases I simply showed the editor of the paper the relevant statute or section in the MMB’s order or I would send a press release to all the local media with correct information rather than jump into the fray with a letter to the editor or otherwise get involved in the campaign.

The study commission recommended consolidating the two cities by more than a two to one margin (14-6) with at least half of the commission members from each city voting for consolidation. The study commission recommended that the respective city councils decide how to handle the issue of existing debt. (The final recommendation on municipal debt differed from the commission's preliminary recommendation in the draft report, which was to merge the two cities' outstanding debts.) The city council of a consolidated city should consider establishing an area water/sewer district and rural and urban taxing districts. The new city should be named North Branch and retain the same form of government (Standard Option A¹³) as both Branch and North Branch had.

ANALYSIS

Roles of the Study Commission Chair

As non-voting chair of the consolidation study commission, the author was an impartial facilitator who brought the resources of the university to the community.¹⁴ This encompassed ten roles during the process.

Strategist and Leader. It would be impossible to separate the roles of strategist and leader; without a strategy the chair could not have led and vice versa. The situation required a strategic manager, not just a strategic planner.¹⁵ This is not to say that the commission members, especially the steering committee, did not have a great deal to do with developing the commission's strategy. The steering committee as a team discussed strategies for dealing with certain issues and made the case for them before the full commission.

The author was responsible for developing an overall research strategy for the commission. Part of the strategy included not rushing the commission's work. This meant discouraging individuals and committees from reaching any conclusions, let alone recommendations, early on.

Another part of the strategy was keeping the commission focused exclusively on the question of consolidation. People wanted the commission to do every-

¹³Standard Option A means that the city has at-large representation (no wards), a 5-member city council (of which one is voted mayor by the electorate), and a city administrator (as opposed to a city manager who would have more powers).

¹⁴The Minnesota Extension Service mission statement reads: "...to involve people in improving the quality of life and enhancing the economy and environment through education, applied research and the resources of the University of Minnesota." This project, thus, exemplified the MES mission.

¹⁵A good discussion of the differences between strategic planning and strategic management is Crosby. "[T]he distinction between strategic planning and strategic management rests primarily on where one ends the process or the emphasis one puts on particular aspects of the process . . . [S]trategic planning places more emphasis on the development of the strategic plan and often 'assumes' implementation. Strategic management specifically includes and emphasizes implementation" (1991, p.1).

thing from developing a vision for the community to analyzing alternatives to consolidation. The commission was charged with studying consolidation and making a recommendation on that alternative, so we kept narrowly focused on issues related to that option.¹⁶

A third part of the strategy was to keep the commission's work and the issue in the public eye. This had the purpose of allaying skepticism and also kept the public's attention on how the study was being done. One piece of evidence that this strategy worked was how few questions the public asked about the report's contents when the study was over. That is, there were no "bombshells," because the commission kept the public educated about study results throughout the two-year process.

A final part of the strategy was to make sure that everyone on the commission was on at least one work group. Thus, everyone had some ownership of and responsibility for the commission's work. This strategy was partly successful, but it did not deter the two members of the Branch city council from supporting the hiring of a consultant to critique the report and from making public comments about the report being flawed or incomplete. (They did not raise any of these objections at commission meetings, only at city council meetings.)

Spokesperson. As study commission chair, the author was interviewed frequently by newspapers and radio stations for official information about the commission's work, its findings, the consolidation process, and so forth. I was also the main presenter at the public presentations of the commission, although I encouraged chairs of the work groups (committees) to present their material as much as possible. One of my responsibilities as chair was to testify at the hearing on consolidation before the Minnesota Municipal Board.

Manager. Someone had to make up schedules, propose budgets, assign work, and develop a plan for producing the report, a major task in itself. The study commission members were volunteers, whose cooperation was required to modify and approve schedules and budgets, accept and *complete* assignments, and expend their efforts in producing the report.

Buffer. One of the roles of the commission chair was to "take the heat" and shield the commission from some of the sometimes harsh, derogatory public comments from some quarters. For example, a citizen wrote an editorial suggesting that the commission's report was going to be more of a "white wash" than a "white paper" after this individual had taken the floor at the commission's first hearing and demanded that each commission member stand up and state where he or she stood on consolidation. The author refused to allow the

¹⁶Although the study commission did not study alternatives to consolidation and their consequences, the commission did use the alternatives and consequences model *within* the one alternative it considered. That is, the commission looked at alternative ways of handling the cities' past debt, different forms of government, alternatives for wards, and different names for the new city *if* the cities were to be consolidated.

commission to be browbeaten into a form of advance confession for having preconceived biases for or against consolidation, which most of the members certainly had. On another occasion I felt compelled to remind the commission that they had nothing to be ashamed of in light of a scathing critique commissioned by the Branch city council of the commission's draft report.

Subject Matter Specialist. The Minnesota Municipal Board chose the author to chair the consolidation study commission based on a background in public finance and the organization and delivery of local services. Part of my role was to share that expertise with the commission in various ways. For example, a graduate research assistant prepared a background paper with my assistance comparing financial trends in the two cities. On the other hand, it was necessary at times to submerge "formal" subject matter expertise and defer to commission members' preferences to approach certain questions. Some of their approaches were very creative and it was good not to try to impose disciplinary frameworks on what was anything but an academic exercise.

Writer. The chair prepared numerous press releases and some correspondence, occasional letters to the editor (usually just to encourage the public's participation in commission-sponsored events), and parts of the report itself. Fortunately, a preliminary writing plan instructed all of the work groups to use the same structure or format in writing their sections of the report: a statement of the issues, a paragraph on the method they used (interviews, data analysis, etc.), and a listing of findings, followed by conclusions supported by the findings. This expedited the mechanical process of blending the sections of the report, adding the table of contents, the preface, the introduction, a concluding section, and editing the whole document for consistency and readability. I also wrote some material on local services and finance because of my knowledge in this field. The report was thoroughly reviewed by the entire commission several times and there was consensus on its content and tone. At some meetings we revised large sections of the report, line by line. A small group of steering committee members worked with a typist to produce the final report.

Broker. The chair also served as an identifier and broker of external resources. This is where being a faculty member at a university gave me a real advantage. For example, a professor in the geography department was teaching a class on geographic information systems (GIS). Working with the chair of the work group on whether the new city should have wards, I prepared a description of a student paper that would have practical value for our commission. A senior in geography wrote a 34-page paper with maps, tables, and charts that explored alternative scenarios for drawing hypothetical ward boundaries to help the commission see how different wards might look on a map (Charpentier, 1993). She attended one commission meeting to answer members' questions about her research.

Neutral Party. The study commission chair had no vested interest in whether the two cities consolidated or remained separate entities, being a county resident

but outside both cities. Actually, since this service to the community was part of my extension work at the university, it was essential not to exhibit even a hint of bias. The professional reputation would be tarnished by entering the process with an agenda to try to make a particular outcome happen. The truth is that I went into it having no idea what would be “right.”

Also, being a neutral party gave me the responsibility to encourage objectivity when everyone knew that there were all kinds of private interests represented on the commission. So, for example, when three members of the work group looking at public services were found to work for or serve on the board of the North Branch power plant, I brought the issue to the steering committee, which decided to assign the electric utility issue to another work group to avoid the appearance of a conflict of interest.

Official Liaison. As the commission’s official liaison to the Minnesota Municipal Board, the chair was able to ask the MMB procedural questions on behalf of the commission and receive formal responses to pass on to the commission. Second, the MMB always kept the chair in the loop when individual commission members tried to do an end run around the commission. For example, two of the elected officials on the commission disagreed with the commission’s decision to make public their vote on whether to recommend consolidation. After trying unsuccessfully to change the commission’s mind (I strongly supported the commission’s position on this and had even proposed it), one of these officials tried to get the MMB to agree that voting publicly would be illegal. The MMB not only declined to support this member in this view, but told him that the minutes of our meetings showed that the commission had voted twice to have the vote public, that to have a secret vote would be unprecedented, and that it was up to the commission chair how the commission conducted its voting. The MMB staff called about the conversation with this commission member and followed up in writing. Thus, being the official point of contact between the state agency and the commission was crucial to being able to ensure that no side agreements were being made that could have sabotaged the commission’s process.

Advocate for the Process. While the author never advocated a particular position for or against consolidation, I was an ardent advocate of the consolidation study commission process. One reason for this was to give citizens confidence that this commission would do as fair and open-minded a job as humanly possible. This commitment to the process is what bolstered my resistance to the aforementioned pressure on the commission to “lay its cards on the table” early in the process. This also explains the adamant stand against secret ballots. It was in the spirit of this advocacy for the study process, which included getting the truth out to the public, that I accepted the invitation to make the presentation on the commission’s final report during the campaign just before the referendum. However, I declined an invitation to participate in a pro-consolidation committee’s meetings during the campaign. Even though the commission supported

their cause with its recommendation, it was important to distance myself from the campaign itself. The public meeting at which I spoke shortly before the referendum was an information-only meeting.

Lessons

This project was informative about substantive issues related to consolidation. It also produced lessons about a strategic approach to participatory research for public policy/issues education that can be applied to very different questions.

Avoid Academic Jargon. We knew we needed to refrain from using arcane terms from academic disciplines to communicate well to general audiences who may not be familiar with or understand them. I learned, however, that terms we take for granted in our scholarly work can be interpreted as downright offensive to local audiences.

Two terms in the draft report that were removed from the final report illustrate this point quite well. We had cited the geography student's report on the demographics of the community and referred to parts of Branch as being "outlands" (using a term she had used in her report). People in Branch did not take kindly to being labeled outlandish. We had also used the economics term "free rider" to describe the situation whereby Branch residents were benefiting from public expenditures in North Branch without having to pay for them. Branch residents also took umbrage at being cast as a bunch of freeloaders. The defense that the correct term, free riders, is not a moral statement just does not work. A better word would have referred to "outlying" areas of Branch and described the situation whereby Branch residents benefited from North Branch facilities and services without using a label that was construed as derogatory.

Outside Expertise Helps. To study a complex issue, a community needs people with specialized knowledge about the subject. As important as good facilitation skills are to the study process, without expertise it would have been an exercise in the blind leading the blind. The last thing communities making decisions about controversial, complicated issues need is someone to get everyone together to simply rehash their uninformed opinions. That is why the university has a pivotal role to play in helping communities analyze issues through strategic research.¹⁷

Research Makes a Difference. People can change their minds when given an opportunity to collect and analyze relevant information. At least three members on the consolidation study commission (including the mayor of North Branch) volunteered after the process was over that they were against consoli-

¹⁷In a testimonial to Glen Pulver's community development work, a local official and former economic developer said that Pulver brought two things: a desire to listen to everything anyone had to say about their community and an ability to help them look at it all in a new perspective and make decisions about their future (Richards, 1990, p. 37).

dation in the beginning. They said that, after seeing all the facts and looking at the situation objectively, they reached a different conclusion. As notoriously difficult as measuring the outcomes of public policy education programs is (Hahn & Green, 1990), this project clearly had an impact on the outcome.

People Can Take Positions Against Self-interests. Early in the process many citizens and commission members had warned that commission members who were employed by or served on the board of the municipal power plant in North Branch were just there to protect their jobs. Everyone, it seems, assumed that they would oppose consolidation because it was not in their self-interest. However, all three of them voted to recommend consolidation.

Customized Approach Works for Localized Questions. When a community is faced with an important decision about a complex, *local* problem, people need *specific, timely* information to help them make that decision. They need answers to their questions, not general information about a subject area. Minnesota Extension Service is also providing communities with general information about options for interlocal cooperation and local government restructuring (Honadle & Love, 1995). But this kind of generic approach is not useful when a decision about a specific situation needs to be made. Only customized research and analysis will work for such localized questions.

Deal with Controversies Openly and Directly. During the study commission process there were episodes that caused people to become very frustrated and angry. Our approach was to give people a controlled opportunity to let off steam to prevent the pot from boiling over. About half-way through the study, the Minnesota Municipal Board ordered the concurrent detachment and annexation of a large amount of land from Branch into North Branch. Regardless of the circumstances regarding this case, some members of the commission (and the community at large) were outraged that the MMB would do this in the middle of a process to decide whether to consolidate the two cities. I sought the advice of the steering committee on how to deal with this at the following week's regularly scheduled study commission meeting. Rather than ignoring the matter, the steering committee's position was that the concurrent detachment and annexation had nothing to do with our commission and that we did not think it should affect our work. Then, we gave people a specified period of time (ten or fifteen minutes) to express themselves about what had happened. People actually took less than the time allowed to vent their frustrations and went on with business as usual.

A second episode was really emotional for the commission. The City of Branch had paid a consultant who wrote an inflammatory attack on the study commission's draft report. They called it "a brief for concurrent detachment and annexation masquerading as a consolidation study," among other things. This so hurt and angered certain commission members, particularly some citizens from Branch who felt betrayed and abused by their own government, that one

meeting became rather testy. It was necessary to stop the meeting when it became apparent that the consultant's diatribe against the commission's draft report was interfering with our work. Each member received ten minutes to say their piece. One of the citizens from Branch, who was usually rather soft-spoken and quiet, made a rather eloquent little presentation about how "unnecessarily harsh" the consultant's report had been. After a few more comments echoing his well-articulated sentiments, the commission spent nearly two hours carefully going over its draft report and taking the substantive comments in the consultant's report seriously while ignoring its objectionable tone.

CONCLUSION

The role of chair of the consolidation study commission, appeared from the beginning to be an excellent opportunity to test out some ideas about public issues education. Extensionists frequently underestimate the willingness of citizens to engage in thoughtful research and analysis. This leads to extension programs that are shallow and based on process without content. But more is possible. Indeed, a group of twenty citizens from Branch and North Branch, Minnesota, spent two years in working meetings, public hearings, public presentations, collecting data, interviewing resource people, soliciting documentation from local and state officials, drawing conclusions, and redrafting parts of their report in light of new information and public reaction. One of the most important lessons of this project is that people are generally interested in learning facts and telling the truth when the results affect them in important ways. This experience refutes an assumption on which much extension programming seems to be based.

According to two scholars of PR,

Action research may be understood as existing on a continuum of orientation from consensus to conflict. At one end is the strictly action-oriented research, which assumes common interests, and focuses on problem solving and the development of common knowledge. At the other end of the continuum is a participatory approach which assumes that societal groups have conflicting interests, and focuses on empowering oppressed groups to transform social structures into more equitable societies (Simonson & Bushaw, 1993, p. 28-29).

Going into this project I thought more in terms of the strictly action-oriented research described above. I naively assumed that the commission I was assigned to chair was more universally interested in truth-seeking than it turned out to be. It became more apparent later that the ordinary citizens in the community were at a disadvantage in terms of resources and knowledge relative to their local governments. Not only did the cities have the capacity to hire consultants to try to combat a study done by an all-volunteer commission, but the commission was

not entitled to any public support. The \$3,000 the commission garnered to do its work came from the two cities proposed for consolidation.¹⁸

Some questions remain. What would have been the appropriate role of the public policy educator from the university had I not been the appointed chair of the study commission? Holding this formal position of authority gave me a lot of control over the process. Had someone else been the chair, the university would have probably had a different role. However, the steps we followed, including asking the public the questions they wanted answered, are still valid.¹⁹ The university would not have been nearly as effective in this case had we not been involved in the process all along. Our presence gave the effort some needed credibility and our credibility was enhanced by not being totally outside the process.

This model is applicable to all kinds of issues. The essence is to have the university involved in helping to identify the relevant decision makers, finding out what those decision makers need to know, conducting research focused on those questions, and educating all of the interested parties throughout the process. This model could be used for controversial public decisions on such things as facilities locations, environmental decisions, and major public expenditures.

EPILOGUE

On September 13, 1994, the citizens of Branch and North Branch voted 1,276 to 476 (over 90 percent participation in North Branch and 60 percent in Branch) for consolidation. On November 8, they elected a new city council and mayor. The mayor, incidentally, was the previous mayor of North Branch and he won by an even bigger margin in the area that had been Branch than in old North Branch. The following Monday, November 14, the newly consolidated City of North Branch came into being. The Minnesota Board of Government Innovation immediately gave the new city a grant for \$92,000 just for consolidating (under a new state law that did not exist when the people initiated consolidation proceedings in North Branch). The new city used part of this grant to hire an interim city manager to work for a maximum of six months to put the new city together. The city hall Branch built immediately before the consolidation has been sold to a real estate company. The city has hired its first city administrator and filled other key positions. The city is in the process of demonstrating to the

¹⁸In fact, if one city had not been willing to donate some resources the other one would probably not have done so willingly. This \$3,000 figure does not include, of course, the value of the volunteers' time and, significantly, the value of the University of Minnesota's in-kind contributions. These were contributed as the cost of doing field research that had demonstration value for future efforts in this area.

¹⁹In fact, a consolidation commission for the cities of Rushford and Rushford Village, Minnesota, is following the process used in the Branch-North Branch case quite closely.

state that it now qualifies for state road aid based on its larger, consolidated population. The new city is experiencing the kinds of difficulties one might expect from a newly consolidated municipality, but there is a sense that now they have a chance of reaching a potential that they could not have attained as two separate cities.

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THE FISCAL IMPACTS OF ALTERNATIVE LAND USES: WHAT DO COST OF COMMUNITY SERVICE STUDIES REALLY TELL US?

By Timothy W. Kelsey

ABSTRACT

How land is used in a community affects local taxes, which local services are provided, and the quality of life. This paper uses information from six Pennsylvania municipalities to examine and critique a popular method of calculating the fiscal impacts of alternative land uses. The Cost of Community Service ratio compares the revenues provided by different land types to the cost of providing services to those lands, and helps identify which types of land uses should be encouraged by communities and which types should be treated cautiously. The research finds the methodology may be useful in some situations, but it has some major limitations practitioners should understand.

INTRODUCTION

The tax and service impact of land development is of major interest in many communities struggling to balance their budgets and keep taxes low. Development is sometimes seen as a method of generating additional revenues to help municipalities and school districts balance their budgets (DuPage County Development Department, 1992), but this may not be a successful policy. Such development also can bring new costs to these jurisdictions, putting the municipality or school district in even greater fiscal difficulties. Determining which kinds of land uses are a net fiscal benefit and which are a net drain on local budgets is important.

Various methods of estimating these fiscal impacts of development and different land uses are in use, but many of them are highly technical and difficult for non-academic audiences intuitively to understand. The American Farmland Trust has developed a relatively simple methodology for fiscal impact analysis which avoids these difficulties. The analysis, the Cost of Community Service ratio, is easily understood and usable by non-academics, helping make the results more acceptable to lay audiences. The attention it has received has been more

Timothy W. Kelsey is Assistant Professor of Agricultural Economics, The Pennsylvania State University, University Park, Pennsylvania.

from popular than scientific audiences, meaning the method has been subjected to little evaluation in the scientific literature.

This paper critiques the appropriateness and usefulness of the Cost of Community Service fiscal impact analysis methodology, investigating the fiscal impact of different land uses in six municipalities in Pennsylvania. Particular attention is paid to the methodology's limitations and what the results actually reflect, and to the fiscal implications of land uses for local governments and citizens.

Background

Many local government and school district revenues are derived from how land is used in a community. Some taxes, such as real property and realty transfer taxes, depend directly upon land uses. Other taxes are influenced by how land is used. The amount of revenue generated from a local income tax, for example, will be much different if the jurisdiction primarily is composed of residential properties than if it is composed of industrial properties.

Non-tax revenues of municipalities and school districts also are affected by land uses. These include revenues from payments in lieu of taxes from the owners of tax-exempt properties, permits and licenses (such as building and sewer permits, or licenses to operate certain types of businesses), sewer and public service fees, state and federal highway aid, and in many states the amount of money school districts receive through state equalization formulas.

The amount of revenue which can be raised is only part of the overall fiscal impact of different land uses. The cost of providing local governmental and school district services to different land uses is equally important. Such services can include sewer, water, fire protection, police, refuse collection, streets, libraries, recreational facilities, and primary and secondary schools. The cost of providing local services depends upon which specific services are offered, the cost effectiveness possible with current usage, and how they are funded. When service demands and usage are changing, such as in a growing community, the types of new services required and how well existing systems (such as the size of sewer lines, number of teachers, or water treatment capacity) can accommodate new demands are also influential.

There is clear evidence that these impacts can have major consequences for communities undergoing change. These impacts are both social (Graber, 1974; Greider & Krannich, 1985; Israel & Wilkinson, 1987; Osborne, Boyle & Borg, 1984) and fiscal (Atash, 1991; Bender & Stinson, 1984; Brown & Glasgow 1991; Doeksen & Peterson, 1987; Greider & Krannich, 1985; Heumann & Marlatt, 1986). Local leaders, citizens, and community development professionals need to understand how land uses and land use changes may affect their communities.

Analytical methods of evaluating these fiscal impacts have been reformed and refined since the 1970's. Fiscal impact analysis has evolved from a tool used to justify public housing and urban renewal spending into a tool used in a wide variety of planning contexts (Burchell, 1993). Fiscal impact techniques formerly relied heavily upon average costing methods (see, for example, Burchell & Listokin, 1978; Burchell et. al., 1985; Muller, 1975; and Schaenman & Muller, 1974), but now also include econometric (see DuPage County Development Department, 1992) and case study techniques (see Tischler & Associates, 1993). Most fiscal impact studies today use average costing methods because they can be completed with easily obtainable secondary data. Econometric studies generally produce useful results, but they can be hard to explain and to verify (Burchell, 1994).

Another method of fiscal impact analysis, Cost of Community Service ratio, has been developed by the American Farmland Trust. It provides a relatively simple way for non-academics to analyze the impacts of land uses in their own communities. The COCS ratio has been used primarily as a way of understanding the fiscal role of different land uses in communities, with particular attention to farmland. The method has been popular with non-academic groups (see, for example, American Farmland Trust, 1986; 1991; 1992; Land Stewardship Project, 1994; Lycoming County Planning Commission, 1992; Morris, 1993), with most of the literature on the COCS ratio appearing in unrefereed publications. The methodology and the implications drawn from it may not have been adequately evaluated by the scientific community.

Pennsylvania provides a good environment to examine the usefulness and limitations of the Cost of Community Service methodology. Municipalities in the east and southeast have been experiencing population growth and development pressures. Municipalities in the northern and western areas of the Commonwealth have been losing population. Many of these municipalities are very rural and have relatively small populations. The local tax structure in Pennsylvania also differs from many other states because it provides a wide variety of local taxes. This difference provides an interesting contrast to the local tax structures in the earlier studies using COCS, and may provide more insight into what the ratio actually measures.

COST OF COMMUNITY SERVICE RATIO: CASE STUDIES

Methods

The Cost of Community Service ratio compares the total revenue generated by each land use to the total cost of expenditures related to the land use (Equation 1).

$$\text{RATIO}_u = \frac{\sum[(\text{TAXSD}_{ut} + \text{NONTAXSD}_{ur}) + (\text{TAXMCD}_{ut} + \text{NONTAXMCD}_{ur})]}{\sum[\text{EXPENDSD}_{uj} + \text{EXPENDMCD}_{uj}]} \quad (1)$$

where:

RATIO_u	= ratio of revenues to expenditures for land use u
TAXSD_{ut}	= school district revenue from tax t and land use u
NONTAXSD_{ur}	= school district revenue from non-tax source r and land use u
TAXMCD_{ut}	= municipal revenue from tax t and land use u
NONTAXMCD_{ur}	= municipal revenue from non-tax source r and land use u
EXPENDSD_{uj}	= school district expenditure j related to land use u
EXPENDMCD_{uj}	= municipal expenditure j related to land use u

The ratio provides an easily understood measure of the net fiscal impact from a land use. When the net fiscal impact is neutral (i.e., expenditures exactly equal revenues) the ratio will be 1 : 1. If expenditures exceed revenues, the ratio will be less than one (such as 1 : 2). The ratio generally has been calculated on four different land uses: residential land, commercial land, industrial land, and farm and open land (American Farmland Trust, 1986; 1991; 1992). The buildings and homes on farms (the homestead) generally are treated as residential properties because their needs and the revenue they provide to the local municipality and school district are so similar to those of other homes. The farm and open land category of the ratio includes only farm land without buildings on it.

The crucial decisions during these calculations involve determining which land uses are related to each revenue and expenditure in the school district and municipal budget. Some are easily identifiable, such as real estate tax revenue. Others are more difficult, if not impossible (such as the municipal secretary's salary). When these cannot be allocated, the AFT studies generally have relied upon default allocations to attempt to minimize biases. When a non-tax revenue cannot be allocated across land uses, the percentage of all tax revenue arising from each land use is used as a default. Similarly, when expenditures cannot be allocated, the default is the percentage of total revenue stemming from each land use.

The ratio can be calculated from several perspectives, depending upon whether it includes the local government's finances, school district's finances, or both. It is useful to calculate it separately from each perspective because it is possible for a land use's impact on the local government and the school district to be completely different. Residential land, for example, may have a positive fiscal impact on the local government and at the same time have a negative fiscal impact on the school district.

The fiscal impact of land uses in six rural Pennsylvania townships was examined by calculating the ratio between revenues and expenditures for each land type, using revenue and expenditure information from their municipal audit reports. Additional information was obtained from school districts in the municipalities. School district revenues and expenditures were prorated across

Table 1. Population Characteristics of Case Study Townships

	<i>Characteristics of the Municipality</i>	<i>Population 1990</i>	<i>Percentage Change in Population 1970-1990</i>
Urbanizing: Bethel Township (Lebanon County)	Agricultural, but experiencing much residential development. Southeast PA.	4,343	54%
Carroll Township (Perry County)	Agricultural, but located in commuter-shed of Harrisburg. Rapid population change. Southcentral PA.	4,597	141%
Straban Township (Adams County)	Mixed uses (agricultural, strip development with Wal-Mart, etc.) located in a rapidly urbanizing area. Southern PA.	4,565	42%
Rural: Bingham Township (Potter County)	Agricultural, very rural. Northern PA.	557	0%
Stewardson Township (Potter County)	Forested, very rural. 96% of land is owned by the Commonwealth. Northern PA.	66	-45%
Sweden Township (Potter County)	Agricultural next to County Seat. Some development pressure. Northern PA.	581	23%

all the municipalities in each school district. Three of the townships are in urbanizing areas of the Commonwealth of Pennsylvania, and three are in a very rural northern county (Table 1).

Cost of Community Service ratios were created to estimate the fiscal impact from several perspectives: the school district; the local municipality; and residents (who are concerned about both school district and municipal finances). Because camps and forest land were a significant part of the tax base in three of the townships, this land was analyzed separately in those townships. None of the three very rural townships had industrial land uses.

Results

Fiscal Impact on School Districts. The fiscal impact of different land uses on school districts in the case study townships appears in Table 2. Residential land in general had a negative fiscal impact, while the other land uses had positive fiscal impacts. In Bethel Township, for example, for every dollar of revenue residential land generates for the school district, residential land requires back \$1.09 in school expenditures. Non-residential land uses paid taxes

Table 2. Cost of Community Service Ratios by Land Use, School District Perspective

<i>Township</i>	<i>Residential</i>	<i>Commercial</i>	<i>Industrial</i>	<i>Farm and Open Land</i>	<i>Camps and Forest Land</i>
Urbanizing:					
Bethel Township (Lebanon County)	1 : 1.09*	1 : 0	1 : 0	1 : 0	—
Carroll Township (Perry County)	1 : 1.06	1 : 0	—	1 : 0	—
Straban Township (Adams County)	1 : 1.12	1 : 0	1 : 0	1 : 0	—
Rural:					
Bingham Township (Potter County)	1 : 1.63	1 : 0	—	1 : 0	1 : 0
Stewardson Township (Potter County)	1 : 2.30	1 : 0	—	1 : 0	1 : 0
Sweden Township (Potter County)	1 : 1.44	1 : 0	—	1 : 0	1 : 0

*Dollars of revenue collected : dollars spent on services.

to the school district, but because they did not require school services they simply subsidized homeowners.

Commercial, industrial, farm and open land, and camps and forest land's contribution to school districts was significant. In the six case study communities, for example, these land uses provided a total of almost \$1.5 million to their school districts; farm and open land itself provided \$676,570 to schools in these townships. This is above and beyond the property taxes farmers paid on their buildings and homes. The greater the share of non-residential land in the tax base, the more the school tax burden will fall on non-residential land.

Fiscal Impact on Municipalities. Fiscal impacts on local governments differ from the impacts on school districts because all land types require and benefit from local government services. Commercial, industrial, and farm and open land directly receive services from their local government, whereas for school districts they merely help pay the bills. These ratios for local governments should be treated with caution because many local services cannot readily be related to specific land uses. Most expenditures had to be allocated using the default percentages. The results of the studies in Pennsylvania varied across the municipalities (Table 3).

Fiscal Impact on Residents. Local residents are interested in the combined fiscal impacts on their school district and local government, not merely on one

Table 3. Cost of Community Service Ratios by Land Use, Municipal Perspective

<i>Township</i>	<i>Residential</i>	<i>Commercial</i>	<i>Industrial</i>	<i>Farm and Open Land</i>	<i>Camps and Forest Land</i>
<i>Urbanizing:</i>					
Bethel Township (Lebanon County)	1 : 1.03*	1 : 0.86	1 : 0.52	1 : 0.91	—
Carroll Township (Perry County)	1 : 0.90	1 : 0.84	—	1 : 0.96	—
Straban Township (Adams County)	1 : 0.99	1 : 0.95	1 : 1.52	1 : 1.07	—
<i>Rural:</i>					
Bingham Township (Potter County)	1 : 1.18	1 : 1.25	—	1 : 1.18	1 : 1.18
Stewardson Township (Potter County)	1 : 1.06	1 : 1.08	—	1 : 1.05	1 : 1.06
Sweden Township (Potter County)	1 : 0.96	1 : 0.95	—	1 : 0.95	1 : 0.95

*Dollars of revenue collected : dollars spent on services.

or the other, because they pay taxes to and receive services from both. The results of the case studies of impact on residents in Pennsylvania appear in Table 4.

Residential land on average contributed less revenue to the local municipality and school district than it required back in expenditures. In Bethel Township, for example, for every dollar in revenue from residential land, \$1.08 was spent on services to that land. In all the townships, residential land required more from the school district and township government than it contributed.

Commercial, industrial, and farm and open land provided more in revenue than they required back in expenditures. In Bethel Township, for example, for every dollar of revenue from commercial land, only \$0.07 was spent on services to that land. Commercial, industrial, and farm and open land contributed more to the local municipality and school district than they took, and thus helped subsidize the needs of residential land.

These results are consistent with those found in earlier studies (Table 5). The ratios between revenues and expenditures in Pennsylvania are smaller than in these prior studies (1 : 0.06 for farmland in Pennsylvania, compared to an average of 1 : 0.34 in other states). The ratio for residential land in Stewardson Township was larger than that found in other municipalities (1 : 2.11) because the majority of revenues came from non-residential land. Residential land in Stewardson Township contributed only about 40 percent of all township and school district

**Table 4. Cost of Community Service Ratios by Land Use, Resident Perspective
(Municipal and School District Impacts Combined)**

<i>Township</i>	<i>Residential</i>	<i>Commercial</i>	<i>Industrial</i>	<i>Farm and Open Land</i>	<i>Camps and Forest Land</i>
Urbanizing:					
Bethel Township (Lebanon County)	1 : 1.08*	1 : 0.07	1 : 0.27	1 : 0.06	–
Carroll Township (Perry County)	1 : 1.03	1 : 0.06	–	1 : 0.02	–
Straban Township (Adams County)	1 : 1.10	1 : 0.17	1 : 0.05	1 : 0.06	–
Rural:					
Bingham Township (Potter County)	1 : 1.03	1 : 0.26	–	1 : 0.15	1 : 0.15
Stewardson Township (Potter County)	1 : 2.11	1 : 0.37	–	1 : 0.12	1 : 0.31
Sweden Township (Potter County)	1 : 1.38	1 : 0.07	–	1 : 0.07	1 : 0.08

*Dollars of revenue collected : dollars spent on services.

revenues, while it accounted for 93 percent of all spending. In contrast, in other townships residential land provided the majority of revenues. In Sweden Township, for example, residential land contributed 68 percent of township and school district revenues while accounting for 97 percent of all spending. The Cost of Community Service ratio for residential land in Sweden Township was 1 : 1.38.

Evaluation of the Methodology

One major advantage of the COCS methodology over other fiscal impact methods is the relative ease with which the ratios can be calculated. The data collection and analysis can be done by people with little formal training, making the method accessible to and useful for many interested citizens and communities. Furthermore, because local people can easily be involved in conducting and interpreting the study, the process of conducting a COCS study can itself be a source of community empowerment and understanding.

The ease of use, however, disguises several limitations of the COCS methodology which may be unknown or not fully understood by practitioners. These include that (1) the ratio is primarily a reflection of the proportion of local spending going towards schools; (2) by averaging across land types, key distinctions between different land uses within the same category (e.g., residen-

Table 5. Cost of Community Service Ratios from Other States (Revenues to Costs)

	<i>Residential</i>	<i>Commercial & Industrial</i>	<i>Farm & Open</i>
Hebron, CT	1 : 1.06	1 : 0.42	1 : 0.36
Agawam, MA	1 : 1.05	1 : 0.41	1 : 0.30
Deerfield, MA	1 : 1.16	1 : 0.37	1 : 0.29
Gill, MA	1 : 1.15	1 : 0.34	1 : 0.29
Beekman, NY	1 : 1.12	1 : 0.18	1 : 0.48
North East, NY	1 : 1.36	1 : 0.29	1 : 0.21
Average Ratio	\$1 : \$1.15	\$1 : \$0.36	\$1 : \$0.34

Source: American Farmland Trust, 1992, p. 20.

tial land includes mobile homes, retirement housing, and single family dwellings) are lost and thus the method may unintentionally influence the conclusions about which land uses are fiscally beneficial; and (3) the basis used to measure the ratio affects the ordering of which land uses appear most beneficial. Each will be discussed in turn.

The COCS ratios in Pennsylvania were smaller than those in other states because the local governments in the Pennsylvania study communities provided fewer services than the governments in the prior studies. This difference was not due to differences in local tax structures. Services provided by municipalities in the other states included property assessment and government operated (and funded) fire departments. In Pennsylvania these functions are performed by counties and volunteers, respectively. This meant these land types received fewer services for their municipal tax dollars in Pennsylvania.

These differences in service provision meant local government spending was a much smaller proportion of local spending in Pennsylvania than in the other states (only around 16 percent in Pennsylvania, compared to a range of from 36 to 63 percent in the other states) (American Farmland Trust, 1992). This large share of local taxes going to the school district means commercial, industrial, and farm and open land get relatively fewer services for each tax dollar they pay.

The influence of the proportion of local government spending on the ratios suggests that the ratios primarily are a reflection of school expenditures. Because school district expenses are attributed only to residential land, but all land types contribute revenue to the schools, the results about residential land should not be surprising. The method used for allocating municipal revenues and expenditures has little influence on the overall ratios simply because the decisions have such a small influence on total revenues and expenditures. Because school expenditures play such an instrumental role in determining the final ratios, the fact that all residential land types are lumped together without regard to their need for school services may be too constrictive.

It is important to note that the estimated fiscal impacts are an average across all land of each type in a community. Major fiscal differences within specific land uses are averaged away. If a specific housing development were examined,

for example, the ratio of revenue to cost may be widely different for that specific parcel of land. Residential housing populated by the elderly, for example, will have a much different fiscal impact than will similar housing units occupied by families with school aged children. The mix of local services required by these different populations varies greatly, with subsequent effect on local expenditures. The same variations apply to shopping centers. The broad land use categories utilized in the COCS studies may present a too simplistic and possibly misleading (for some land uses) perspective of the fiscal impacts.

The ratios also provide a poor estimate of the costs of development for the same reason. The ratios are based on the average municipal expenditures in the community at one point in time, not the marginal cost associated with changes in any one land use. Because of this they do not (and cannot) measure “the costs of development,” as sometimes is claimed in their interpretation, and cannot be used to predict the service and expenditure implications associated with changes in a land use. The ratios likely will be very dissimilar from the actual fiscal impacts resulting from any land use change.

Finally, the interpretation of the results also is influenced by the basis used for calculating the ratios. Under the COCS methodology, farm and open land appear to have the most favorable fiscal impact. This occurs, in part, because the ratios are estimated on a dollar basis. If the ratios were calculated on a per acre basis (such as net dollars per acre), industrial and commercial land would seem much more important. One acre of industrial land on average will contribute much more net revenue to the municipality or school district than will one acre of farmland. The dollar basis used in the COCS methodology may lead to mistaken conclusions that farmland should be protected from commercial or industrial development because of its fiscal benefits; there may be valid reasons for preserving farmland, but considering these results from a per acre basis would suggest that commercial and industrial land uses can be of more fiscal value to a community.

SUMMARY/CONCLUSIONS

The COCS methodology provides interesting information about the fiscal impact of different land uses, but the overall usefulness of that information is unclear. The methodology primarily highlights the dominant role of school revenues and expenditures in local public finances, which is important for local officials and taxpayers to understand. Even though the COCS methodology is not a measure of the costs of change, it does suggest that local officials should treat residential land cautiously because of its potential fiscal impacts, and dramatically illustrates that officials consider both the revenue and expenditure impacts of land uses. It also demonstrates the value of having a wide tax base.

The results can help homeowners understand that even though they may not appreciate some sights, sounds or odors from the industrial, commercial, and

farm properties in their community, those land uses do provide homeowners with a clear fiscal benefit. These other land uses on average help keep homeowners' taxes lower by paying more than they require back in services.

The COCS methodology's gross analysis across different land types, however, may mislead the public by slighting important fiscal differences within individual land uses (such as those associated with residential housing for the elderly and housing for families with school age children). Not all residential land uses necessarily have a negative fiscal impact. For the same reasons, other techniques would be better used for analyzing the fiscal impacts of specific developments. The biggest strength of the COCS technique is that it is readily understood by non-academic audiences, and thus it may help people understand that the type of land uses in a community matters.

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OUTSHOPPING AND THE VIABILITY OF RURAL COMMUNITIES AS SERVICE/TRADE CENTERS

By Ralph B. Brown, Clark D. Hudspeth, and
Janet S. Odom

ABSTRACT

Using objective indicators to measure service/trade center viability, two communities showing significant variation were examined to see if outshopping was associated with these differences. Respondents listed how often they purchased 29 goods and services in the community as compared to shopping elsewhere. Using t-tests and ANOVA, results show that the majority of respondents in both communities shopped for the combined 29 items outside the community, with the more viable community experiencing significantly more outshopping. Though there were unique differences between the communities on specific items, there was no significant difference between the two communities on the 29 items as a whole. Regression analysis showed proximity to a metropolitan area had a positive effect on outshopping even after controlling for personal characteristics of outshoppers and the possibility that hinterland respondents outshopped more than town residents. Higher incomes, employment, non-local employment, males, and a general satisfaction with life were also associated with outshopping.

INTRODUCTION

Midwestern rural communities have traditionally shared economic interrelations with other communities as service/trade centers providing goods and services to their own residents while also vying for the patronage of open-country residents (Galpin, 1915; Kolb, 1923; 1925; Williams, 1906; Wilson, 1907; Sims, 1912; Losch, 1954; Berry & Garrison, 1958a; 1958b; Berry & Pred, 1964; Christaller, 1966). This relationship between service/trade center communities, however, is not an equal one. Because larger communities offer more, and

Ralph B. Brown is Assistant Professor, Clark D. Hudspeth is a doctoral student, and Janet S. Odom is a master's student, Department of Sociology, Mississippi State University, Mississippi State, Mississippi. Research supported in part by Project Numbers MO-00239, MO-00237, and MO-00240 of the Missouri Agricultural Experiment Station. An earlier draft of this paper was presented at the Annual Meetings of the Rural Sociological Society, August, 1992, The Pennsylvania State University. The authors would also like to thank David O'Brien, Edward Hassinger, James Pinkerton, Jere Gilles, and Xiaohu Xu.

more specialized, services than smaller ones, they are able to attract consumers from considerable distances as well as from smaller service/trade center communities (Brunner & Kolb, 1933; Herrmann & Beik, 1968; Johansen & Fuguitt, 1973; Williams, 1981; Pulver et al., 1982). Indeed, modern highway systems and personal vehicles have, in effect, placed local merchants in smaller service/trade centers into direct competition with their more metropolitan counterparts for consumers' dollars (Lichter & Fuguitt, 1980, p.495; Flora et al., 1992). This is particularly the case for smaller service/trade centers near metropolitan areas (Johansen & Fuguitt, 1979).

How well rural communities continue to fulfill service/trade center functions has often been used to assess their viability as communities (see Warren, 1983; Henderson et al., 1989; Johansen & Fuguitt, 1973; 1984; 1990; Borich et al., 1991; O'Brien et al., 1991). But what would a "viable" service/trade center look like? O'Brien and associates argue that a viable service/trade center ". . . would provide basic 'everyday services' in the areas of consumer goods, primary health care, and education (through the secondary level). In addition it . . . would maintain a stable or growing population which would provide a steady source of consumers for local trade and services" (p. 702). Brown (1993), however, contends that a rural community's economic viability cannot de facto be used as a measure of its overall viability. Rural residents have been incorporated into a mass consumer economy in which a resident's community attachment and satisfaction are primarily affected by his or her ability to participate in the consumer economy and culture. Tellingly, one of the most basic activities of participation in a mass consumer economy is shopping (Ewen, 1976). However, if rural residents have been incorporated into a mass consumer economy where shopping has become a major avenue of participation in it, residents of small service/trade centers may have a more difficult time than their more urban counterparts in fulfilling their consumer demands. Indeed, in this context, shopping must be understood as more than the simple maximizing of one's economic needs in the market place. It becomes a social event. Especially since World War II, the increasingly high mobility enjoyed by Americans, including rural residents, has helped shopping become as much a *recreational* activity as an economic one while contributing to our social and personal identities (Herrmann & Beik, 1968; Johansen & Fuguitt, 1979; Williams, 1981; Ewen, 1976; Strasser, 1989). Prus and Dawson stress that:

Shopping thus emerges as an activity through which the self finds expression in, and becomes subject to, the situations at hand. Shopping need not generate as many dramatic identity 'tests' as might some other instances of group life. But, if our sense of self revolves around our possessions (material and other possessions, such as thoughts, talents, relationships) as Simmel (1907), Sartre (1943), and Belk (1988) contend, then the marketplace presents sociologists with a remarkably fundamental, accessible, and important forum for inspecting the reflective, interactive self in action (1991, p.160).

Flora et al. (1992) argue that the development of a mass consumer oriented economy and concomitant culture to support it has resulted in the consolidation of goods and services into larger stores in larger population areas thus limiting rural residents' shopping options, while franchises, which offer convenience in lieu of price, have replaced mom-and-pop stores with chain food and hardware stores. These economic and cultural changes in small service/trade centers have fostered a "leakage" (Fisher & Woods, 1987) of shoppers from these smaller communities to the larger areas. The result has been a decline in the types and number of local services offered in smaller service/trade center communities.

Many locally owned stores have disappeared or been bought out by larger retail chains. Locally owned banks are now members of regional consortiums or have been taken over by large regional banks. Department stores have either closed or moved into the suburban mall, leaving empty buildings on Main Street . . . This transformation . . . is characterized by both a decline in the number of retail merchandising and service enterprises in smaller communities and by the introduction of firms that are national in scope, often in regional trade centers (Flora et al., 1992, pp.162-163).

Such trends are perhaps no better illustrated than through the American icon Wal-Mart. In Iowa, Stone (1988) found that when a Wal-Mart entered a service/trade center community of 3,000 population or greater, it created slightly higher average retail trade in the community compared to comparable communities in the state. However, smaller communities within a 20 mile radius of communities which had in the past three years acquired a Wal-Mart experienced an overall decline in retail sales when compared to communities of similar size in the trade area of communities where no Wal-Mart was present.

Certainly, providing patronage to the local providers of goods and services in a rural community is key to the continued viability of that community as a service/trade center. However, how important is the service/trade center function of rural communities to its potential patrons in the context of a larger consumer economy? Johansen and Fuguitt found that many rural communities continue to survive even after losing most of their private and public services and note that "[t]he principle role of the village seems to be changing. Small towns now serve primarily as residential rather than as commercial and manufacturing centers" (1990, p.2). Consequently, are the service/trade center functions of smaller rural communities still important to rural residents' participation in the mass consumer economy of today? Specifically, is shopping within the community a function of the viability of a rural community as a service/trade center, or are the shopping patterns of rural residents more accurately associated with other, more macro level, factors, such as a shift to a mass consumer economy? This question forms the framework for this study.

Outshopping was employed as an indicator of the extent to which a community, as a service/trade center, continues to meet the consumption demands (both economic and social) of its residents. When residents of an economically delineated area, such as a service/trade center, leave that area to acquire goods

and services in another area it is referred to as *outshopping* (see Boehm & Pond, 1976; Papadopoulos, 1980; Williams, 1981; Anderson & Kaminsky, 1985; Fisher & Woods, 1987; Leistriz et al., 1989). Often the goods and services sought outside of the area are available locally (Papadopoulos, 1980). Consequently, if rural service/trade centers see a high proportion of their residents (and those in their open-country hinterlands) leave their community to shop for goods and services which are available locally, the basic importance of the rural community as a service/trade center must be questioned.

To examine the relative importance of the service/trade center function for Midwestern rural communities today, data from two rural communities with extreme scores on a service/trade center viability index were examined for: 1) their outshopping patterns on a market basket of 29 goods and services, 2) whether outshopping is associated with the viability of a service/trade center, 3) the characteristics of the outshoppers themselves, 4) whether hinterland populations continue to access the local community for goods and services, 5) and the effects of proximity to metropolitan areas on outshopping after accounting for personal characteristics of outshoppers.

VIABILITY INDEX

Using the concept of communities as service/trade centers, a viability index was constructed to measure how well rural communities fulfilled a service/trade center function. The index was applied to 17 communities in the northwest area of Missouri. Selection of this area was intended to act as a control as it limited geographic diversity and concentrated on communities with highly homogeneous economies, similar settlement patterns, political structures and size. It was not assumed the communities were identical, in fact, the assumption was they were markedly different from each other in their service/trade center functioning. The economy in this region has traditionally been dependent on small family farms. In the past 20 years or so, light manufacturing has occurred as well. Additionally, government transfer payments constitute an increasingly important part of the region's economy. Following the tradition of Johansen and Fuguitt (1984) we wanted to focus the study on the most vulnerable and isolated areas in the trade center relationship. Therefore, only those counties in this northwest Missouri region identified in the 1980 Census as predominantly reliant on agriculture for economic revenues were selected. Metropolitan counties were not included in the sample population because of the known interaction of larger metropolitan trade centers on smaller places. There were 17 agriculturally reliant counties running contiguously in this region of Missouri (U.S. Bureau of the Census, 1983).

From these 17 counties, 17 communities were between 1,000 and 2,500 in population (Figure 1). Communities of this size traditionally have served as service/trade centers for hinterland populations and have typically developed

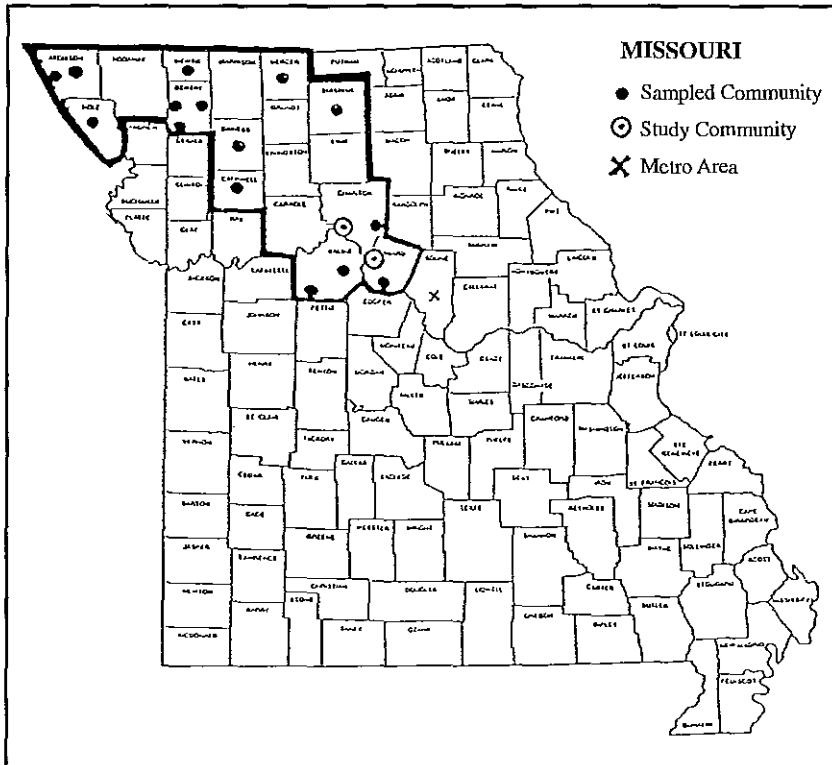


Figure 1. Cities with population 1,000–2,500 in 17 agriculturally reliant Missouri counties, 1983.

substantial infrastructures for service delivery. Yet, being in competition with larger regional centers and each other, they also struggle to maintain those service infrastructures (Borich et al., 1991; Henderson et al., 1989; Johansen & Fuguitt, 1984).

The service/trade center viability index consisted of five indicators measured through economic and demographic variables. Data for each indicator were gathered through secondary sources. The selection of items for the index was based on their correspondence to the conceptual definition of a viable service center discussed above as well as the quality and availability of data.¹

The five indicators were: *population stability*, measured by percent population change between 1970 and 1980; *retail activity*, measured by the per capita

¹ “[A]viable trade and service community would provide basic ‘everyday services’ in areas of consumer goods, primary health care, and education (through the secondary level). In addition, it was assumed that a viable community would maintain a stable or growing population which would provide a steady source of consumers for local trade and services” (O’Brien et al., 1991, p. 702-703).

sales tax collected in 1987; *educational stability* (through the secondary level), measured by the percent change in school enrollments for grades 9–12 from 1977/78–1987/88; *level of retail business availability*, measured by the presence of eight businesses: a bank, an eating place, a hardware store, a clothing store, a hotel/motel, a drug store, a farm machinery dealership, and an automobile dealership (actual scores ranged from 2 to 8 for this indicator); and *level of health care services available*, measured by the presence of seven health services: an MD or DO in family or general practice, intermediate care nursing facility (ICF), dentist, two or more MDs or DOs, medical specialty other than family practice, hospital, and skilled nursing care facility (actual scores ranged from 1 to 7 for this indicator). One point was given for each occurrence for items in indicators 4 and 5. A rank score was calculated taking the average rank of each community compared with each other on the five indicators and ranking it against the other 16 communities. Of the final 17 communities, Winder ranked fifth (first among the smaller communities, with populations of 1,500 or less) and was considered a viable community. Brian ranked seventeenth—the least viable of the 17 communities (Table 1). As service/trade centers, Winder and Brian are considerably different communities. Yet they share many similarities as rural communities. Brian is located about 31 miles northwest of Winder (see Figure 1). Both communities were settled in 1836 along the banks of the Missouri River in an effort to capture steamboat trade. Both communities' early fortunes were tied closely to their locations on the river. After river transportation declined in importance, being replaced by the railroads, Winder continued to capture a share of economic benefits through the rails when the Chicago Alton crossed the Missouri River and the Wabash terminated there. Brian's economy, on the other hand, was devastated by the rail system, as once dependent northern counties (which utilized Brian as a shipping port on the river) found the rails a more economical source for shipping. Because these rails passed 20 miles north of Brian, it did not share in the new profits the railroads afforded the northern counties.

In their early histories, both areas engaged heavily in tobacco production. In Winder this often took place on large estates with slave labor. Today, both Winder and Brian have a 14 percent black population. Winder continues to experience a strong German cultural presence today, while in Brian, such a cultural presence is not as strong. Table 2 reports selected 1990 United States Census data for Brian and Winder. In seven of the ten selected categories the two communities are very similar. The three exceptions are 1989 *median household income*, where Winder's was double that of Brian; 1989 *percent below poverty line*, where Brian was more than double Winder; and *median age*, in which the population of Brian is substantially older than Winder's. The largest communities in close proximity to these two communities have populations of approximately 12,000 and 80,000. The larger of the two is closer to Winder than Brian. It is approximately 35 miles from Winder and 66 from Brian (Figure 1). The other is about 25 miles from

Table 1. Viability Rank and Reliability Scores of 17 Missouri Communities

Community	Column							Viability Index Reliability Text	
	Population 1970-1980 Percent Change ¹	Per Capita Sales Tax Revenue 1987 ²	High School Enrollment 1977/78-1987/88 Percent Change ³	Retail Business Score ⁴	Medical Service Score ⁵	Average Rank ⁶	Commercial Viability Score ⁷	New Rank	Mean Rank
Community A	2	9	6	1	2	4.0	2	2	22.70
Brian	17	11	16	13	6	12.6	17	16*	63.00
Community C	3	5	1	1	6	3.2	1	1	17.10
Winder	8	7	8	1	6	6.0	5	5	35.10
Community E	10	13	17	16	6	12.4	15	15	62.40
Community F	12	4	15	1	3	7.0	7	6*	36.00
Community G	6	15	11	13	6	10.2	12	12	52.10
Community H	5	6	2	7	1	4.2	3	3	23.40
Community I	1	8	4	7	14	6.8	6	7*	37.60
Community J	4	17	3	17	17	11.6	14	13*	57.70
Community K	14	10	12	7	14	11.4	13	14*	59.40
Community L	13	2	5	13	3	7.2	8	8	36.80
Community M	7	3	7	1	6	4.8	4	4	27.80
Community N	11	16	14	7	14	12.4	15	17*	63.70
Community O	16	1	10	7	3	7.4	9	9	39.50
Community P	9	12	13	7	6	9.4	11	11	49.90
Community Q	15	14	9	1	6	9.0	10	10	46.80

¹Source: U.S. Bureau of the Census (1983).

²Source: Missouri State Department of Revenue (1987).

³Source: Missouri Department of Elementary and Secondary Education (1978/79; 1988/89).

⁴Based on the presence of 8 selected businesses. Sources: Dunn and Bradstreet (1988); Telephone directories for each of the seventeen communities.

⁵Based on the presence of 7 selected services. Sources: American Medical Association (1986); American Osteopathic Association (1988); American Dental Association (1985); Missouri Department of Health (1985; 1987).

⁶Sum of the ranks divided by five.

⁷Ranks of the average ranks for the 17 communities.

*Rankings which differed from originals after reliability test.

Table 2. Selected 1990 Census Characteristics for Winder and Brian

<i>Census Characteristic</i>	<i>Winder</i>	<i>Brian</i>
1990 population	1,295	1,074
1989 per capita income	\$12,752	\$10,731
1989 median household income	\$33,081	\$15,508
1989 percent below poverty line	10	23.4
Percent black residents	14	14
Median age	36.2	43.5
Education percent high school or over (>age 25)	65.1	64.6
Percent in different house in 1985	35	34.7
Worked in county of residence	398	313
Worked outside county of residence	135	103

both communities. When compared with Brian, Winder has a younger population, a higher median household income, fewer people in poverty, and is significantly closer to a large metropolitan area.

To test the reliability of our viability index, a nonparametric test using a Kruskal–Wallis One-Way ANOVA was conducted. The results of the test were nearly identical to our original rankings of the 17 communities (Table 1). The only exceptions were five communities were ranked one position off from their original ranking in our index and a sixth was two positions off. Winder retained its high rank of 5; Brian ranked 16 rather than 17. Using a two-tailed test of significance, the index was significant at the .01 level of reliability, indicating that the mean index scores for the 17 communities were significantly different from each other. Further, utilizing a Mann–Whitney U–Wilcoxon Rank Sum W Test, it was found that the means for Brian and Winder were significantly different from each other at the .05 level of significance. This confirms the reliability of comparisons between Winder and Brian as, respectively, a viable and a less viable service/trade center.

COMMUNITY SURVEYS

We wanted to examine if hinterland populations continue to access their local service/trade center for goods and services or if they are more likely to outshop in other areas than those who reside in the city limits. To capture both community centers and their hinterland or open-country populations, the school districts of Winder and Brian were used as the sample universe. A random cluster sampling procedure was used to draw the samples in the hinterlands and town of both communities. In the hinterlands, using current State Highway Department County Maps, all land survey sections that fell whole or in part in the school districts were identified and all houses in those sections enumerated. Sections were randomly selected and every household within the selected sections entered into the final sample. This was repeated until a sample of at least 70 respondents was achieved in each service/trade center's hinterland. In the towns, every street in the town boundaries was mapped and the houses on it enumerated.

From these, streets were randomly selected and all houses on the selected streets (both sides) entered into the final sample. This too was repeated until a sample of at least 75 residences was achieved for each town.

Between the two school districts' samples, 311 people were interviewed, 147 in Brian, (75 in the city and 72 in the hinterland) and 164 in Winder, (81 in the city and 83 in the hinterland) representing a combined 85 percent completion rate of all sampled households. Self-designated male and female heads of household responded to the questionnaire, which was administered by trained interviewers. In Winder, 65 males and 99 females responded to the survey. In Brian, 65 males and 82 females responded. The median age for the study sample was 46 and 54 for Winder and Brian respectively. This reflects an older population than the Census data for 1990. However, the differences between Winder and Brian remain consistent with Brian having a significantly older population. As for racial composition of the sample, 9 percent and 8 percent were black respondents for Winder and Brian respectively. For both populations this was slightly less than the Census figures.

Measuring Outshopping

To examine five questions on outshopping and service/trade center viability, respondents were asked about their shopping behaviors. Outshopping was measured by asking respondents to indicate whether or not they purchased various consumer goods and/or services. If they did, they were asked how often they did so in the community versus somewhere else. A market basket of twenty-nine (29) goods and services was listed. They were presented to respondents in the following order: (1) food/groceries (2) banking/lending, (3) clothes for adults, (4) clothes for children, (5) maternity clothes, (6) laundry/dry cleaning, (7) adults' shoes, (8) children's shoes, (9) infant supplies, (10) drug-non-prescription, (11) drugs-prescription, (12) other medical supplies, (13) home improvement/decorating, (14) furniture, (15) lumber/hardware, (16) construction supplies, (17) lawn and garden supplies, (18) agricultural supplies, (19) sports equipment, (20) entertainment, (21) automobiles, (22) car repair, (23) gas and oil products, (24) major appliances, (25) appliance repairs, (26) shoe repairs, (27) legal services, (28) beautician or barber and, (29) fast foods. With only one exception (prescription drugs in Brian), all 29 goods and services were available in the two communities.

Four categories were provided for respondents' answers on how often they purchased a particular item in the community: "Never," coded 1; "Once in a while," coded 2; "Most of the time," coded 3, and "Always," coded 4. The 29 goods and services were aggregated to create one "outshopping/local shopping" variable. The first two response categories were considered representative of outshopping while the latter two indicated local shopping. The aggregated variable therefore, measured shopping in general, as represented by responses to the market basket of 29 goods and services.

Table 3. T-Test of Means on 29 Goods or Services for Brian and Winder and Percentage Who Purchase Locally

<i>Goods or Services</i>	<i>Percent of Combined Sample Who Buy Local</i>			<i>Means & T-Test Probability</i>
		<i>Brian</i>	<i>Winder</i>	
Purchased Outside				
Children's shoes	1.6	1.05	1.17	.094
Children's clothes	2.1	1.22	1.15	.387
Maternity clothes	2.4	1.06	1.15	.530
Adult shoes	3.6	1.07	1.23	.006***
Shoe repair	3.8	1.06	1.15	.260
Adult clothes	4.1	1.36	1.32	.589
Sports equipment	6.9	1.07	1.38	.007**
Infant supplies	9.5	1.36	1.44	.701
Entertainment	16.8	1.64	1.74	.452
Furniture	21.2	2.10	1.37	.000***
Home improvement and decorating	21.6	1.73	1.70	.806
Fast foods	23.2	2.09	1.59	.000***
Other medical supplies	27.4	1.15	2.31	.000***
Nonprescription drugs	30.1	1.63	2.26	.000***
Automobiles	38.7	2.18	2.11	.699
Purchased Locally In At Least One Community				
Prescription drugs	33.5	1.09	<u>2.85</u>	.000***
Lawn and garden supplies	43.1	1.95	<u>2.59</u>	.000***
Major appliances	51.9	<u>2.90</u>	2.13	.000***
Laundry and dry cleaning	58.0	<u>2.94</u>	<u>2.55</u>	.059*
Legal services	58.4	<u>2.76</u>	<u>2.69</u>	.690
Barber or beautician	58.5	<u>2.75</u>	<u>2.65</u>	.595
Construction supplies	63.6	<u>2.93</u>	<u>2.75</u>	.297
Food and groceries	65.1	<u>2.70</u>	<u>2.82</u>	.249
Lumber and hardware	68.1	<u>2.87</u>	<u>3.04</u>	.237
Appliance repair	70.5	<u>3.44</u>	<u>2.62</u>	.000***
Banking and lending	73.1	<u>2.88</u>	3.28	.006**
Agricultural supplies	73.4	<u>2.80</u>	<u>3.40</u>	.004**
Car repair	77.0	<u>3.30</u>	<u>3.12</u>	.236
Gas and oil products	82.9	<u>3.48</u>	<u>3.20</u>	.015**

* p <.05;

** p <.01;

*** p <.001.

N = 311

(Means which are underlined) = goods or services are purchased locally over 50 percent of the time.

To determine the outshopping patterns for Brian and Winder area residents, a t-test of all 29 goods and services was performed (Table 3). Of the 29, 14 had significantly different means from each other, indicating differences in outshopping patterns between residents of the two communities. In 8 of the 14 (bank, adult shoes, non-prescription drugs, prescription drugs, medical supplies, lawn supplies, agriculture supplies, and sporting goods), Winder had a significantly higher average of respondents who shopped for them **in the community** than out. In Brian, the other 6 items that were significantly different (where more people shopped locally in Brian for those products/services than shopped locally in Winder) were food and grocery, laundry and dry cleaning, gas and oil products, appliances, appliance repair, and fast food.

Some unique aspects of the two communities were already known through ethnographic data gathered before the administration of the community surveys. Some of these show up in Table 3. For example, Winder has two very strong, secure, and popular banks, one of which is among the oldest in Missouri. Winder also has a drug store while Brian does not, thus explaining the difference on drugs and medical supplies. However, Brian has a very successful appliance store with a popular community leader at its helm.

Further examination of Table 3 also shows that the means for both communities are very similar on most of the 29 items. For the majority (17) of the 29 goods and services, respondents from both communities left their communities to shop more often than they stayed within them. Many of the items which residents left their communities to shop for involved nationally advertised name brand consumer products such as Nike, Levis, and Mazda. Name brands have become not only a symbol of fashion, but a symbol of status as well. In this regard, Flora et. al. state that:

The status consuming particular styles of clothes bestows upon the consumer [has] meaning at school or at work. Such status is often given meaning through mass media advertising . . . Mass advertising often uses values that are deeply seated in popular culture to create demand. Goldman and Dickins, for example, demonstrate how advertisers continuously employ the rural myth to create positive images of their products. Soft-drink commercials that celebrate the honesty of farm work, family, and the land seek to connect these values to consumption of the manufacturer's product. Others rely on status attainment. Designer tennis shoes and jeans advertisements propose that the consumption of a particular shoe or pair of pants will bestow a particular status on the consumer (1992, p. 170).

Additionally, Herrmann and Beik found that the categories of items most frequently purchased out of town “. . . were highly visible items of relatively high unit cost and important status connotations. Examples are women's coats, men's suits, rugs, women's dresses, curtains/drapes, and women's sports wear . . . [while] the categories which were purchased out of town less frequently were less costly and carry[ed] fewer status connotations” (1968, p.47, 51). Such things as housewares and yard goods were in this category. They further added

that “[t]he desire for access to larger and more varied selections of men’s and women’s clothing was the principal factor motivating out-of-town shopping.” Leistriz et.al. add that:

Food, hardware and banking reflect trade patterns usually associated with convenience items. More than 85 percent of the respondents reported purchasing a majority of each of these items in their home town Shopping goods, such as furniture, automobiles and clothing often represent a major expenditure and are items for which specific features or styles are often important [A]bout one-third of the residents left town to purchase furniture and automobiles and nearly one-half went elsewhere to buy clothing (1989, p.22).

Across the combined service/trade center sample, however, the 12 goods and services for which respondents shopped in the community more often were food and grocery; banking; laundry and dry cleaning; lumber; construction supplies; agricultural supplies; car repair; gas and oil products; appliances; appliance repair; legal services; and barber or beautification services. Most all of these items are not as high status, large one-time cost, or nationally advertised name brand consumer products. Lumber, construction supplies, agriculture supplies, and gas/oil supplies are consumer products but are not designer name brand in the same sense as many of the 17 items listed above for which residents of both places shopped outside their own communities. Consistent with our findings, Boehm and Pond found that “[t]he only case where externally-employed families spent more in the local community than did their locally-employed counterparts was on automobile supplies and services Since most major gasoline companies service small communities with a somewhat standardized product, little in variety or improvement in quality is gained from an external purchase” (1976, p. 11). Consequently, local markets for such products still dominate small, relatively isolated service/trade centers. Most of the other items

Table 4. Analysis of Variance for Outshopping and Community Differences as Service/Trade Centers

	<i>Sum Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Significance of F</i>	<i>Shopping Mean</i>
Main effects	2.5	1	2.5	12.49	.000***	
Community	2.5	1	2.5	12.49	.000***	
Explained	2.5	1	2.5	12.49	.000***	
Residual	63.4	309	.205			
Total	65.9	310	.213			
Missing (N)	0 311					
Brian						1.40 (Range = 1 to 4)
Winder						1.22 (Range = 1 to 4)

*** p <.001

still accessed by residents of these two small service/trade centers represent services and/or daily needs, not products per se.

Outshopping and Viability

Our second research question regarded whether outshopping is associated with the viability of a service/trade center. Table 4 shows the results of an analysis of variance examining the difference between the aggregate outshopping for Brian and Winder. The results show there was a significant difference in overall outshopping between Brian and Winder. All things being equal, if shopping locally for goods and services is an important aspect of the viability of a rural community as a service/trade center, the results should have shown Brian—the less viable service/trade center—to have more aggregate outshopping than Winder. However, the results were in the opposite direction. Brian had more respondents who shopped in the community (1.40 mean, ranging from 1 to 4) than Winder (1.22 mean), the more viable service/trade center. Thus, shopping locally for goods and services was not correlated with the service/trade center viability index.

Outshopping and Community or Resident Characteristics

Both Boehm and Pond (1976) and Lichter and Fuguitt (1980) found a strong correlation between close proximity to a major retail center and location of retail purchases. In particular, Lichter and Fuguitt found that villages which were more distant from urban centers while they lost population “. . . tend[ed] to retain the traditional role of village longer.” In other words, residents tended to shop in the town, while those villages that had greater accessibility to a metropolitan area “. . . become residential communities focused on ‘main street’ in a nearby city rather than within the local community” (1980, p.36).

Winder is closer than Brian to the metropolitan area of 80,000 by 31 miles. Consequently, the observed differences between aggregate outshopping from these two communities—with Winder showing a statistically significant higher portion of respondents who outshopped than Brian—may simply be a function of Winder’s closer proximity to the metropolitan area. Or, given the differences in demographic characteristics between the two communities reported in Table 2, outshopping may simply be more a function of personal characteristics of a community’s residents than the economic and physical infrastructure of the community itself.

To test the next two research questions—Are the characteristics of the outshoppers themselves the most important factors in determining outshopping? What are the effects of proximity to metropolitan areas on outshopping after accounting for personal characteristics of outshoppers?—a multiple regression analysis was used to examine the net effects of personal characteristics on outshopping while controlling for proximity to the metropolitan area.

Review of the literature indicated ten variables which may predict outshopping. *Age*: younger residents do more outshopping (Papadopoulos, 1980; and Leistriz et al. 1989). *Income*: higher income earners outshop more (Flora et al., 1992; Herrmann & Beik, 1968; Boehm & Pond, 1976). *Gainful employment* leads to more outshopping (Lichter & Fuguitt, 1980); *Employment outside of the community* encourages outshopping (Boehm & Pond, 1976). *Length of residence* in the community: a shorter amount of time in the community predicts greater outshopping (Leistriz et al., 1989; Papadopoulos, 1980). Residents with *higher levels of education* outshop more (Papadopoulos, 1980). *Low satisfaction with the community*, (Cowell & Green, 1994) and *personal economic indicators of consumer potential*: satisfaction with income, employment, and life in general are potential predictors of consumer culture participation through outshopping (Brown, 1993). Finally, *gender* and *race* were added as control variables. These were all included as independent variables in a regression model. In a second model of the regression equation a dummy variable was added to measure the effect of *proximity to the metropolitan* area. In a third and final model, a dummy variable measuring hinterland or within city limits residence was added. The idea was to see if there were significant differences between these two populations in terms of outshopping behaviors after controlling for personal characteristics and proximity to a metro area.

The variables were employment: 0 = unemployed, 1 = employed; town of primary employment: 1 = Brian or Winder and 0 = all others; gender: 0 = male and 1 = female; race: 0 = white and 1 = all others; proximity to metro area: 0 = Winder and 1 = Brian, as Winder is closer to the nearest metro area by 31 miles than Brian. Finally, all satisfaction questions were coded on a 1 to 7 scale with 1 = least satisfied and 7 = most satisfied.

Table 5 reports the results of the regression procedure. In Model 1, when considered in conjunction with each other in the regression equation, many of the variables identified in the literature—length of residence, age, education, race, satisfaction with the community and satisfaction with employment—failed to reach levels of significance in our models. However, certain other personal characteristics were significant. The results show that those who were less satisfied with their lives in general were more apt to outshop for the 29 goods and services. Additionally, personal economic indicators were very important in determining who outshopped. Those who had gainful employment, who worked outside of the community, and who had higher incomes all outshopped more than they stayed home to shop. Finally, our results show that males were more apt to outshop for the 29 goods and services than were females. Model 1 explains 11 percent of the total variance.

Model 2 in Table 5 reports the results after controlling for proximity to the metro area. The results show that Winder residents, even after controlling for personal characteristics, still outshopped more than did residents of Brian. Though these differences may be attributable to any number of unexplained

Table 5. Regression of Personal Characteristics, Proximity to Metropolitan Area, and Hinterland Respondents on Shopping

Independent Variables	Shopping					
	Model 1		Model 2		Model 3	
	B	Beta	B	Beta	B	Beta
Satisfaction with employment	.070	.098	.069	.096	.066	.093
Satisfaction with community	.071	.089	.077	.097	.114	.143*
Satisfaction with life in general	-.185	-.176**	-.182	-.174**	-.208	-.198**
Town of employment	.405	.168**	.383	.159**	.309	.128*
Length of residence	.031	.055	.041	.072	.060	.104
Age	-.005	-.007	-.018	-.025	-.027	-.038
Employment	-.669	-.255**	-.614	-.234**	-.512	-.195**
Income	-.085	-.151*	-.083	-.148*	-.094	-.167*
Education	.054	.123	.045	.102	.046	.104
Gender	-.312	-.131*	-.287	-.121	-.330	-.139*
Race	-.244	-.049	-.202	-.040	-.447	-.090
Proximity to metro area	—	—	.310	.131*	.327	.138*
Hinterland	—	—	—	—	-.550	-.233***
Constants	2.241		2.122		2.358	
Multiple R	.390		.410		.463	
Adjusted R2	.109		.122		.168	

*p <.05;

**p <.01;

***p <.001.

N = 311.

factors, without a direct measure of the effect of proximity, this proxy measure was the best available. Those variables which were significant in the first model remained so in this second model (with the exception of gender) with only slight changes in their beta coefficients. The total explained variance in the second model was twelve percent.

Model 3 of Table 5 shows that even after controlling for personal characteristics and the effects of proximity, residents of both communities' hinterlands outshopped more than did residents from within the city limits. In fact, whether the respondent lived in the hinterland or the town limits became the single most important predictor of outshopping in the final model. Additionally, after adding this variable in the third model, the community satisfaction indicator achieved significance and gender regained it. To test if community satisfaction and hinterland residence were confounded through high correlation, a Pearson correlation between them was run. The results (.1714 significance at .01) revealed that the two variables were not confounding the results through high correlation. The total variance explained for the third model was 17 percent.

DISCUSSION

Many things not directly measured due to the limitations of the data could account for many of the findings. For example, arguably shifts in the rural population base over the past 30 or so years have contributed to many, and at times opposing, changes in the shopping patterns of rural residents. For example, Johansen and Fuguitt found that “[v]illages near larger cities grew in population much more than distant places and became part of larger urban communities, where villages serve as residential suburbs and retail trade shifts to the urban center or its outlying shopping centers. In contrast, more distant places lost both services and population” (1973, p. 217). However, during the 1970s, on the whole, rural areas, even in the more isolated locations, experienced a population turn-around, as urban migrants took up residence in America’s small towns. With these in-migrants also came a reinforcing of the cultural values attuned toward active participation in the consumer economy. Yet, as Long and DeAre (1988) argue, this urban to rural migration was essentially over by 1985–86. Further, Rank and Voss found that assimilation into a local community is typically complete within a “... few (often between four and 10) years” (1982, p. 200). Therefore, the effects of the rural in-migration from urban centers by the 1990s should be well in place, further minimizing the differences between Americans regardless of where they live, including the two communities in our study.

The results of the t-test reveal that the market basket items which were purchased outside of the community were more reflective of status generating consumer goods; while those purchased locally appear to be more associated with convenience and service and repair. It appears rural consumers wanted services to be located near them—in a word, convenience. Indeed, Herrmann and Beik (1968) argue that secondary costs in terms of time and distance are important aspects of consumer behavior. This may be the case especially for repairs. To leave the community to purchase an item is different than leaving to have it repaired. Apparently, consumers are more willing to leave the community to shop than to get something repaired. After all, where is the prestige in having to go get something repaired? Yet, those consumer items that are needed on a more daily basis, food and groceries, and gas and oil, are purchased more often locally than outside the community. Supporting this finding, Flora et al. (1992) argue that small franchise convenience stores will continue to do well in rural towns because they offer convenience—not low prices—to local residents. Again, for these types of items consumers appear to want convenience. Therefore, it makes sense that many of the particular items which residents of Brian versus Winder stayed in town to shop for were convenience items like groceries, fast foods, and gas and oil products, as Brian is more distant and thus more isolated from metropolitan areas than Winder. It appears with our limited sample that shopping for convenience items at home may have had an inverse relationship with relative distance to a metropolitan area. More research beyond the

scope of our data, utilizing more cases with varying degrees of proximity to multiple metropolitan areas, is needed to assess this.

The development of a consumer economy in America did not mean just an increase in, and greater access to, manufactured goods; there was a qualitative change in people's desire to consume those goods (Strasser, 1989; Ewen, 1976). Shopping was no longer a duty that had to be performed, it became an event. Part of the purchase of the consumer item is the experience of shopping for it. Americans have embraced a consumer oriented culture in which shopping has become a social event through which to varying degrees we define who we are and where we fit in society (Prus & Dawson, 1991). Fittingly, such status generating activities tend to correspond more to the high glitter places, malls, and Wal-Marts than rural mainstreets. Yet servicing a broken product, post purchase, is not seen in this same positive status generating light. Our results clearly reflect this in terms of which items from the 29 goods and services residents left their communities to shop for. Outshopping must be viewed in a larger context than localistic economies. It must be seen as an indicator of living and participating in a consumer oriented economy, as participation in outshopping by rural residents goes far beyond maximizing personal economies to include social-psychological and cultural dimensions as well (McCracken, 1988). Supporting excerpts from previous studies further illuminate this participation of rural residents in the consumer economy and its relationship to outshopping. "The high level of mobility found in the study suggests that factors such as the enjoyment value of a shopping expedition or the cosmopolitan orientation of certain groups of consumers may tend to offset the secondary costs of shopping in distant locations" (Herrmann & Beik 1968, p. 45-46). "... [I]ncreasing mobility of rural residents has enabled participation in activities and opportunities of larger, more distant places. Furthermore, increased amenities resulting from metro access, and perhaps more leisure time due to mechanization in customary occupations, has given the rural resident the freedom and desire to bypass the local village and support the distant city" (Johansen & Fuguitt, 1979, p. 36).

In our results, outshopping clearly was not associated with the viability measures of rural communities as service/trade centers. In fact the strongest association showed that the more viable of the two communities (Winder) had a higher proportion of outshopping than Brian. However, the regression analysis also showed that there was a possible effect on outshopping due to Winder being closer to a major metropolitan area by thirty one miles. The service/trade center functions of these towns have been greatly diminished over the years. Ironically, Winder may in fact retain more of its service/trade center functions due to its proximity to a larger metropolitan area than Brian. The findings of Johansen and Fuguitt (1979) support our findings that there is some positive spill-over effect due to proximity to a larger metropolitan area.

Our findings also show that personal characteristics of outshoppers were in some cases inconsistent with previous research. Length of residence, age, education, and race showed no effects on outshopping net other variables in the model. Two of these variables, length of residence and age, had significant bivariate correlations with outshopping. However, when considered in a regression analysis with other, more salient variables, they showed no significant effects on outshopping. Those personal characteristic variables which, in the final model, showed significant positive effects on outshopping can be divided into two categories: 1) general satisfaction with life and community, and 2) personal economic indicators, i.e., higher incomes, gainful employment, and employment outside of the community. Gender was also significant, with males shopping outside of the community more than females.

Granovetter (1985) argues that individuals are constrained in their economic behaviors by the social relationships in which economic relationships are embedded. As Cowell and Green put it, “[I]ndividuals and households prefer to exchange with others they know and trust” (1994, p. 638), versus simply seeking to maximize their economic margins. In other words, shopping is not just an economic activity. In many ways our decisions on what to shop for and where are more social than economic. In our findings, those residents who had higher levels of community satisfaction were more apt to stay home to shop. Strong local social ties to a community may act as an opposing force to a culture of consumption where shopping is an event, thus keeping some people home for the same reasons—social versus economic.

As for the finding that more males shop outside of the community than females, it is possible that this finding can be attributed to more males with gainful employment and working outside of the community. Flora et al. argue that changes in the rural labor force have been consistent with national trends in that it typically takes two incomes to keep the family going. Consequently, women have entered the labor force in great numbers in rural America. However,

[t]he increased proportion of women working outside the home has meant that less time is available for household chores they have traditionally performed, such as food preparation and preservation, the making and maintenance of clothing, house-cleaning, and child supervision . . . In order to cope with their increased time in the workplace while continuing to shoulder their traditional care-giving roles, women have changed their consumption patterns. Evidence of this is the growth of convenience foods and the popularity of microwave ovens (1992, p. 168).

Our findings that convenience items and basic services are still accessed primarily at home and that males outshop more than do females seems to go well with these arguments.

Finally, our findings on personal characteristics of outshoppers continues to support the argument of rural residents’ participation in the mass consumer economy. In previous research, Brown (1993) has argued that personal economic indicators are important indicators of rural residents’ community satis-

faction and attachment when considered in the context of a consumer oriented economy. Outshopping for rural residents who have gainful employment and high income is symptomatic of active participation in the consumer economy, which participation may in turn create even greater satisfaction with their own lives and thus with their communities; outshopping alone appears to have little impact on the viability of rural communities as service/trade centers. "Class replaces ruralness as the feature that distinguishes among people's consumption patterns . . . What we consume is ultimately limited by income more than by point of sale . . . rural people in the immediate area shop the local Dollar Store or K-Mart. As economic conditions continue to decline in rural areas, people increasingly shop at used-clothing stores set up by churches and other volunteer groups" (Flora et al., 1992, pp. 171, 172). In other words, if the money is available, rural residents will leave the community to shop in more trendy locales. If it is not, they will shop locally in whatever is available. Herrmann and Beik also found that outshopping was ". . . less frequent among lower-income families, and families with younger children or a large number of children . . . [while] higher-income shoppers are willing to incur substantial expense in order to gain access to the selection of fashion merchandise available in larger urban centers" (1968, p. 51).

Perhaps the most important finding in our study was the fact that residents of both communities' hinterlands outshop to a far greater degree than residents in the town limits even after controlling for personal characteristics and proximity to a metropolitan area. Not too long ago, Midwestern rural communities that grew up as service/trade centers servicing an agricultural hinterland could, on a fairly reliable basis, capture the patronage of their hinterland populations. However, as the economic conditions of America have changed and rural residents have been incorporated into a mass consumer oriented economy, small rural communities cannot compete with larger communities for the allegiances of the hinterland populations. The historical relationship between the town and country in these service/trade centers has always been a strained one. The first mail-order catalogs played on this tenuous relationship by telling rural consumers that the local shop keepers were cheating them. "This book tells you just what your shopkeeper at home pays for everything he buys—and will prevent him from overcharging you if you buy it from him" (from the cover of the 1899 Sears Spring Catalog, Strasser, 1989, p. 216). Additionally, the 1902 Ward's catalog ". . . reprinted an agricultural paper's comments that 'the farmers of today are tyrannized over by the country merchants to a far worse extent than they realize'" (Strasser, 1989, p. 216).

It makes sense that an allegiance that was tenuous even at the turn of the century would be the first to go when greater opportunities presented themselves through expanding consumption opportunities in larger metro areas. This is especially the case as shopping has become a primary social event through which we, in part, define ourselves and where we fit. Shopping represents as much a

social phenomenon today as an economic one. Our findings show that similar social orientations—strong ties to a place—may keep some people at home to shop. However, for hinterland residents, who have historically felt uneasy about their social relationships with their communities of trade, the possibility of counteracting the other social aspect of shopping—shopping outside of the community as an event—is greatly diminished.

In conclusion, consumers of all types want the choice of a wide selection of items, many with nationally recognized name brands which carry potential social status elevation. Rural consumers are no different. Small rural communities cannot provide the varieties and quantities of products to satisfy the consumption desires of their residents and hinterland populations. They can, however, provide convenience services to consumers, such as repairs, and provide daily needs like groceries and gas and continue to attract their customers through implementing strategies that foster strong social ties versus focusing simply on outshopping as an economic function of maximizing economic returns. Rural community developers should thus concentrate on working within the system versus against it when dealing with small service/trade centers. In other words, in the context of a mass consumer oriented economy, small places will become even more specialized in what they can offer in competition with larger places. Convenience items, repairs, various services, and perhaps most importantly, a personal touch to the consumer/provider relationship, are the areas in which smaller service/trade centers can still compete with the larger metropolitan areas. After all on this latter point, Wal-Mart has packaged personal relationships with its “people greeters” and “folksy” style for some time now. Where Wal-Mart’s people greeters and folksy style are part of a package that sells, rural communities can still offer the real thing. If shopping is seen more as a social than an economic event, one way to curtail outshopping and retain some of the service/trade center functions of these smaller places may be to reemphasize the social aspects of consumerism versus the crass economics of it. Smaller service/trade centers could advertise their people and the relationships customers (not consumers) have with them, more than the products or services their people sell.

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DO MANUFACTURERS SEARCH FOR A LOCATION? THE CASE OF HARDWOOD PROCESSORS

By John E. Bodenman, Stephen M. Smith
and Stephen B. Jones

ABSTRACT

There is growing federal, state, and local interest in forest-based economic development in the United States. Programs to encourage this development often focus on industry recruitment, implicitly assuming that firms search for new locations in other states. This study examines firms that conduct a location search and those that do not, and identifies factors related to their decisions. Concepts from neoclassical and behavioral location theory form the context for this analysis. The large majority of establishments did not conduct a multiple-site location search. To a great extent, establishments located based on personal ties. The majority of variables found to influence the likelihood of a search are not controllable by state or local government. The implication is that local development policy should focus on existing firms, rather than on recruitment.

INTRODUCTION

The perceived sources of local economic development and job creation drive the efforts of communities to generate the activity that will create those jobs. Is economic activity, and thus jobs, locally generated, or does it originate from outside the community in the form of relocating firms or branch plant establishment? The history of local economic development efforts, particularly in small and rural communities, largely has consisted of programs focusing on the latter source. Despite increasing evidence that most jobs in these types of communities do not come from plants moving in, the vast majority of programs continue this focus. At the state level, such efforts appear to have intensified. Milward and Newman (1989) maintain that the 1980s was a decade of industrial recruitment and of state incentive packages to attract industry.

A focus on attracting businesses from outside the local area implies an assumption that firms search for new locations, either to start up, relocate or establish branch operations. This, in turn, is based on the assumption in location

John E. Bodenman is Assistant Professor, Department of Geography and Earth Science, Bloomsburg University, Bloomsburg, Pennsylvania. Stephen M. Smith is Associate Professor of Agricultural Economics, The Pennsylvania State University. Stephen B. Jones is Associate Professor, School of Forest Resources, The Pennsylvania State University.

theory that firms conducting a location search take into account all available information in the process of making a profit-maximizing location decision. Based on this, communities seeking more economic activity are usually advised to start with an assessment of their attributes and to put these into published form for business and industrial prospects. Behavioral theorists (Cyert & March, 1963) have long maintained, however, that firms may not conduct location searches to the extent implied by neoclassical economic theory and common perceptions, suggesting that many location decisions may be outside the influence of state and local economic development policy.

Milward and Newman (1989) conclude from their literature review that qualitative and subjective factors can be just as important as the quantitative, and that the industrial location literature "has provided myriad contradictory results." Ritter (1990) adds a list of particulars that enter the location decision, depending on the type of industry or the particular plant and management, resulting in the location decision process falling somewhere between art and science. The implication is that it is difficult for small or rural communities to know on what to concentrate and what to emphasize when promoting or trying to "improve" the community.

Individual communities, rural regions, and even states have limited financial and human resources to devote to economic development. To be used efficiently, these resources must be applied where they may have the greatest effect. This requires knowledge of (1) what is the most likely source of new jobs, (2) what factors are most important to those businesses, and (3) to what extent local and/or state policy can influence these factors and the location decision. The purposes of this paper are to use firm survey data to determine the extent to which firms actually engage in multi-site searches, to determine the characteristics of firms that influence whether or not they search for a location, and to examine how a firm's ranking of location factors influences the location search.

The context for the study will be a recent and growing local economic development focus—forest-based economic development. There has been a renewed interest in local natural resources as a basis for rural and small community development. Much of this has arisen following the precipitous decline in rural manufacturing in the 1980s. In the northern and central Appalachian region of the United States¹ the most common natural resource is the forests, particularly hardwood. The forests in this region contain the largest storehouse of quality hardwood timber of any region in the country—29 percent of the United States' total growing stock (Waddle et al., 1989). State-level programs (Jones & Koester, 1989), state Cooperative Extension services (Singletary, 1993), and the U.S. Forest Service (U.S. Department of Agriculture, 1989), have begun to place emphasis on greater utilization of this resource in

¹ States in the region are Connecticut, Maryland, Massachusetts, New Hampshire, New York, Ohio, Pennsylvania, Vermont, Virginia, and West Virginia.

economic development efforts. Evaluation of state and interstate programs to encourage forest-based economic development (Jones & Koester, 1989) indicated that the majority of industrialization programs currently in place, particularly those involving grants, loans, and tax concessions, implicitly assume that wood manufacturers conduct multi-site location searches. To be successful, public and private efforts to influence the location of forest-based industrial activity must be based on an understanding of the factors that influence the location of firms, and how firms evaluate these factors when making a location decision.

Background

Although the use of natural resources, including wood products, is enjoying a revival, the role of forests has been at the base of community and regional economic development since ancient times, and certainly in the earlier history of community and regional development in the United States (Perlin, 1989). Stevens (1983) shows the economic role—dependence of communities and contribution to income—in the Pacific Northwest from the beginning of the settlement of the region. The present-day role in that region recently has been re-emphasized by the controversy over maintaining forest habitat for the spotted owl.

Northdurft (1984) views the economic role of wood products as highly important, stating that “[t]imber products account for over a quarter of the value of all the industrial raw materials consumed in the country By any measure, timber-based economic activity is a major force in the nation’s economy . . .” (pp. 68-69). Webster et al. (1990) similarly view the role of forests in regional economic development.

The current renewed interest in forest-based economic development stems from a drastically declining manufacturing base in rural areas in the 1980s. The rural development problem in the 1980s has been characterized as a manufacturing problem (Brown & Deavers, 1988; Reid & Long, 1988). This was particularly true in the northern and central Appalachian states (Kreahling, 1994). Rural areas also have severe disadvantages in competing for the growing high tech manufacturing and growth-generating services industries. This decline in manufacturing, plus limited future prospects (Crandall, 1993), combined with maturing hardwood forests and a growing foreign and domestic demand for temperate hardwood species (Nolley, 1992) has led to this renewed interest in hardwoods.

The Midwest Research Institute (1992) identified over four dozen studies, all published since the mid-1980s, that focus on forest products and economic development. Their review leads them to conclude that such development policies have been adopted to use the local resource, and add value to it, as a way to compete with metropolitan centers for jobs and industrial development.

A context for analyzing the basis and effects of forest-based economic development policies is neoclassical location theory. The theory holds that a firm's investment decision is directly related to expected profits, which depend on factors influencing cost and revenues (Dicken & Lloyd, 1990; Berry et al., 1987; Smith, 1981). General factors that influence this decision may be separated into three types: (1) those that affect the demand for output; (2) those that affect cost of production at a particular location; and (3) non-market factors such as quality of life, the natural environment, and personal considerations that may affect the attractiveness of a location as a place to live and do business. The weight of these general factors and the specific components of each will determine whether a plant locates near the raw material resource, the market or elsewhere.

Because both current and future information about prices, markets and costs is expensive to obtain, the process of acquiring information will directly affect location decisions. One method used by firms to reduce search costs is to make location decisions in several stages. Surveys and interviews with business decision-makers indicate that most large firms tend to select a location in at least two stages (Schmenner, 1982; Moriarity, 1980; Browning, 1980). First a region (perhaps a state or larger) is selected on the basis of factors such as the size of the potential market, the general level of factor costs, or the existence of a reliable supply of natural resources. Then within that region, a number of communities are examined in greater detail, considering specific information such as the cost and availability of different types of labor, land, transportation, taxes, and other spatially varying factors (Schmenner, 1982; Browning, 1980). This stage process reduces the amount of costly information that would be required to investigate all sites.

From the community point of view, this process also means that most communities are eliminated from consideration very early. Over 50 percent of all location decisions make the first elimination at the regional or multi-state level (Milward & Newman, 1989). Even communities in states with overall impressive incentive packages will not have the "must haves" that a firm is seeking. The microgeographic features of communities only become important at later stages of the elimination rounds (Ritter, 1990).

Further complicating the development efforts of small communities is the contention by behavioral location theorists that firms do not try to maximize or minimize any single variable as an overall objective in a location decision. They try to attain satisfactory rather than optimal results—"profit satisficing," for example, rather than profit maximizing (Cyert & March, 1963; Berry et al., 1987). The actual location search is strongly influenced by the firm's projected production needs based on the goals of the firm, i.e., entry into new markets, maintenance of market share, product diversification, or new production processes (Dicken & Lloyd, 1990). Profit satisficing may provide an explanation for firms' willingness to conduct a limited search for only an acceptable location.

Broadly speaking, firms will tend to choose sites where an acceptable level of sales is essentially guaranteed (Richardson, 1979; Weber, 1929).

A SURVEY OF HARDWOOD PROCESSORS

The Data

The study area was the ten-state northern and central Appalachian region. These states were included because the forests of the region are predominantly hardwoods, with similar species and forest types. Because of this, these states also compete for the location of value-added hardwood processors, with each seeking to expand wood industry employment in the state.

Two industries were selected for study—lumber and wood products (Standard Industrial Classification 24) and furniture and fixtures (SIC 25). In both of these groups, logs and cut lumber are primary inputs in manufacturing, as opposed to pulp, which is the primary input for paper and allied products (SIC 26). The paper industry was excluded from the study because the current industry structure, technology and related size economies, and environmental regulatory requirements limit its potential for growth in the region. The hardwood processors produce lumber (SIC 2421), hardwood dimension and flooring (SIC 2426), millwork (SIC 2431), wood kitchen cabinets (2434), hardwood veneer and plywood (2435), structural wood members (SIC 2439), nailed wood boxes (2441), pallets (2448), containers (SIC 2449), and furniture and fixtures (SIC 2511, 2521, 2531, and 2541).

The data are from a mail survey of a sample of wood manufacturing establishments in the 10-state region. The sample was selected from the 1990 Harris Industrial Manufacturing Directory,² which lists virtually every firm operating in a state through 1989. A sample frame of 5,336 establishments was drawn, stratified by size, state and SIC category. From this, a random sample was selected from each strata, except for the largest size category, from which all were selected to ensure enough responses. The final sample consisted of 2,002 establishments.

The survey method followed Dillman (1978) and consisted of four contacts during February and March, 1990: an initial mailing with questionnaire, a follow-up post card reminder, and two other mailings with questionnaires. One hundred eighty-four questionnaires (5.6 percent) were returned as undeliverable, out of business and/or owner deceased, reducing the sample to 1,818. The total response rate for the 1,818 surveys delivered was 56 percent. Of the 1,020 surveys returned, 37 percent (378 surveys) were returned with the comment "not in hardwood manufacturing." The majority of this group indicated that they processed softwoods, not hardwoods. Others mentioned dealing only with

² The data cited are from unpublished data provided by Harris Information Service Division, Harris Publishing company, 2057 Aurora Road, Twinsburg, Ohio 44087.

plastics and/or metal. Such a result is to be expected, as the Standard Industrial Classification system categorizes these industries only as general wood processing, furniture manufacturing, etc. Thus, before surveying it is impossible to exclude firms not using hardwood. A total of 642 surveys, 63 percent of the 1,020 surveys returned, were coded for analysis.

To estimate the actual number of hardwood processing establishments in the sample, the original sample (minus nondeliverables) of 1,818 was reduced by 37 percent—the percentage of surveys returned as “not in hardwood manufacturing.” The number of hardwood manufacturing establishments sampled, therefore, is estimated to be 1,145. Based on this adjustment, the 642 coded surveys represent a response rate of 56 percent, identical to the overall response rate.

The Location Search Process

Only 26 percent of the hardwood processors responding answered *yes* to the question, “Did your company go through a location search process during which you considered several different locations before you decided upon *this site*?” Thus, 74 percent did not consider data on communities other than the community in which they are presently located. Of hardwood manufacturers that did conduct a multiple-site search, only 57 percent considered data on sites in other states. That is, 85 percent of survey respondents did not consider data on sites outside of the state where they are presently located.

An important finding of this study, therefore, is that few hardwood manufacturing establishments actually conduct location searches in which data on multiple sites are considered. For the 26 percent of establishments that conducted a location search, the search process was as follows: less than 1 percent of these establishments considered a location outside of the United States; 15 percent first selected a region or section of the nation larger than the state in which to locate; 29 percent considered other state(s), besides the state in which they located; and 93 percent considered other communities besides the one in which they located. This finding indicates that the location search is much more geographically confined than implicitly assumed by location theory and economic development strategies.³

Previous studies indicated that the extent of location search varies by employment size (Browning, 1980; Schmenner, 1982). Constrained by financial, personnel, and other resources, small firms are expected to search less than large firms. To simplify analysis, firms were broken into three size categories:

³ While at first glance it might be thought that results for wood processing industries would not be representative of industries as a whole, this is not true. The establishments represented in this study cover a range of types from low value added such as dimension boards and wood pallets, to high value added such as kitchen cabinets and wood furniture. In addition, the establishments were relatively evenly distributed between metropolitan counties (59 percent) and nonmetropolitan counties (41 percent). The latter would tend to be more resource oriented, and the former more market oriented, thus representing the range of location decisions.

9 or fewer employees, 10–49 employees, and 50 or more employees. Table 1 lists the percentage of respondents that conducted or did not conduct a location search by the three establishment size categories. The row total column indicates that 36 percent of establishments had 9 or fewer employees, 45 percent had 10–49 employees, and 18 percent had 50 or more employees. However, only 22 percent of establishments with 9 or fewer employees conducted a location search, compared to 26 percent for establishments with 10–49 employees, and 36 percent for establishments with 50 or more employees. These differences are statistically significant at the 0.05 level.

Local or nonlocal ownership also is expected to influence location search. Independently owned and operated businesses typically have a strong local orientation, often locating where the entrepreneur has established ties, and a greater knowledge of markets, costs, and other conditions. The extent of location search of such businesses is expected to be minimal—essentially restricted to the local area, implying that future investment decisions also will be locally oriented (Pred, 1967). In contrast, publicly held corporations comprised of out-of-state owners, typically with branch or subsidiary operations, will be nonlocal in orientation.

Overall, 364 establishments (57 percent) were multiple-interest operations (owned and operated by corporations and/or partnerships), while 272 (43 percent) were individually owned and operated businesses. Of the establishments that conducted a location search, 72 percent were corporations and/or partnerships, and 28 percent were individually owned. Thus, individually owned and operated establishments, particularly single-unit operations, appear less

Table 1. Hardwood Processors' Location Search by Employment Size Categories

<i>Establishment Size</i>	<i>Conducted Location Search</i>	<i>Did Not Conduct Location Search</i>	<i>Row Total</i>
≤ 9 Employees:			
Frequency	52	181	233
Percent of column total	30.77	38.51	36.46
Percent of row total	22.32	77.68	100.00
10–49 Employees:			
Frequency	75	214	289
Percent of column total	44.38	45.53	45.33
Percent of row total	25.95	74.05	100.00
50–99 Employees:			
Frequency	42	75	639
Percent of column total	24.85	15.96	18.31
Percent of row total	35.90	64.10	100.00
Column Total:			
Frequency	169	470	639
Percent of column total	100.00	100.00	100.00
Percent of row total	26.45	73.55	100.00

likely to conduct a multiple-site location search than are establishments with multiple-interest ownership structures and branch plant operations.

Examination of location search by metropolitan and nonmetropolitan county status revealed that 68 percent of establishments that conducted a multiple-site location search were located in metropolitan counties, versus 32 percent in nonmetropolitan counties (Table 2). A possible reason for this is that establishments located in nonmetropolitan areas are resource oriented (located close to the resource), and thus less likely to conduct a location search. Since hardwood manufacturing is classified as "weight-losing" (i.e., the final product weighs less than the raw log) resource oriented firms, particularly the lower value-added firms, are likely to remain near raw material supplies, presumably in nonmetropolitan areas (Kale & Lonsdale 1979).

A summary of selected establishment characteristics is presented in Table 3, by whether or not a location search was conducted. Employment size when production began was chosen to indicate the amount of direct employment which could be expected from the hardwood manufacturing industries studied, and how this affected the likelihood of a multiple-site location search. Percent of local ownership was chosen because theory and previous research indicated local needs and concerns may not influence decisions affecting plant location or operations if business and industry is owned and controlled by nonlocal interests (Pred, 1975; Barkley, 1978). Linkages to state economies in terms of final product sales and wood raw materials purchases are important because they determine indirect employment and secondary economic impacts. Expenditures on wood raw material as a percentage of total operating costs indicates level of value added, resource orientation, and importance of resource availability to the establishment.

For all variables, except percent of wood raw material that is hardwood, t-tests indicated that differences between establishments that conducted a loca-

Table 2. Hardwood Processors' Location Search by Metropolitan County Status

<i>Metropolitan Status</i>	<i>Conducted Location Search</i>	<i>Did Not Conduct Location Search</i>	<i>Row Total</i>
Metropolitan Location:			
Frequency	115	268	383
Percent of column total	68.05	57.14	60.03
Percent of row total	30.03	69.97	100.00
Nonmetropolitan Location:			
Frequency	54	201	255
Percent of column total	31.95	42.86	39.97
Percent of row total	21.18	78.82	100.00
Column Total:			
Frequency	169	469	638
Percent of column total	100.00	100.00	100.00
Percent of row total	26.49	72.51	100.00

Table 3. Employment, Local Ownership, Linkage to State Economy, and Other Profile Variables by Location Search

	<i>Number of Firms Responding</i>	<i>Beginning Employment</i>	<i>Percent of Local Ownership</i>	<i>Percent of In-state Sales</i>	<i>Percent of In-state Purchases</i>	<i>Percent Hardwood Raw Material</i>	<i>Wood as Percent of Total Operating Costs</i>
	----- Mean -----						
Conducted location search	169	20.30	56.00	49.93	49.16	68.76*	41.76
Did not conduct search	473	11.82	78.67	61.39	61.37	69.91*	47.75
Total	642	14.17	72.86	58.37	48.10	69.60	46.16

Note: T-tests indicate differences between respondent categories are all statistically significant at the 0.05 level, unless otherwise specified.

*Difference between respondent categories is not statistically significant at the 0.05 level.

tion search and those that did not were significantly different from zero at the 0.05 level. Average employment when production began for establishments that conducted a location search was almost double that of establishments that did not conduct a location search (20 versus 12 employees). This appears to confirm earlier findings that establishment size is an important variable related to the likelihood of a location search.

Locally owned establishments appeared less likely to conduct multiple-site location searches than establishments with less local ownership. Percent of the business owned by county residents were lower for establishments that conducted a location search (56 percent) than for establishments that did not (79 percent). Likewise, establishments with relatively high percentages of in-state product sales and raw materials purchases appeared less likely to conduct multiple-site location searches than establishments with lower percentages of in-state sales and raw material purchases.

Whether or not a search was conducted also appeared to vary by the percent of total operating costs represented by wood raw material. Establishments which devoted higher percentages of total operating expenditures to wood raw materials—typically lower value-added, local-resource oriented establishments—were less likely to conduct multiple-site location searches than establishments which devoted lower percentages of total costs to wood raw materials.⁴

⁴ The relationship of the factors examined in Tables 1, 2 and 3 to the likelihood of conducting a location search have been studied further with logit regression analysis (Smith et al., 1992). The results support those reported here. Statistically significant variables found to be negatively related to the likelihood of location search were percentage of final sales made in-state; percentage of local ownership; and a nonmetropolitan location. Likelihood of search was not related to establishment employment size nor to the percentage of hardwood used.

Factors Affecting Location and Operation

The surveyed establishments also were asked to rank several characteristics of their location as to how important they were to the location decision. There were six general categories, plus several specific factors within each. The general categories, selected from location theory and previous studies, are: (1) market access, (2) wood raw materials access, (3) labor costs and availability, (4) infrastructure, service and utilities, (5) taxes and regulatory considerations, and (6) personal and community considerations (Browning, 1980; Dicken & Lloyd, 1990; Moriarity, 1980; Schmenner, 1982; Smith, 1981). Respondents were asked to assign each general location factor a rating between 0 and 100 (totaling 100 for all 6 factors), based on the importance of the general factor to the location decision. The higher the value, the more important that variable in the establishment's location decision. The average rankings of the general categories, by establishments that searched and those that did not, are listed in Table 4.

General Factor Ratings. For the 496 hardwood processing firms, the factor ranked highest was community and personal considerations (rated 33 percent). Market and raw material access were ranked next, at 20 percent and 19 percent, respectively, with labor factors in the middle. The two location factors rated least important were infrastructure, services, and utilities (rated 7 percent), followed by tax and regulatory considerations (rated 6 percent). These last two factors, strongly controlled by state and local government, and often emphasized in economic development efforts, therefore, were of marginal importance in hardwood manufacturing location decisions.

Examining the rankings of the general factors by whether or not a search was conducted, T-tests revealed that differences between the two categories of

Table 4. Average Location Factor Ratings of Hardwood Processors, by Location Search Process

	<i>Number of Firms Responding</i>	<i>Market Access</i>	<i>Wood Raw Material</i>	<i>Labor Costs, Availability</i>	<i>Services, Utilities</i>	<i>Taxes, Regulations</i>	<i>Personal Considerations</i>
	-----Average Rating ^a -----						
Conducted location search	138	22.73	20.83	19.08	9.11	7.65	20.85
Did not conduct search	358	19.42	18.83	13.04	5.97	5.10	37.74
Total	496	20.34	19.39	14.72	6.84	5.81	33.02

^aRated 0-100 based on the relative importance of the factor to firm's location decision.

Note: T-tests indicate that the differences between firms that conducted a location search and those that did not are all statistically significant at the 0.05 level.

manufacturers varied significantly from zero at the 0.05 level for all factors. The greatest percentage difference between establishments that conducted a multiple-site location search and those that did not involved the rating assigned to community and personal considerations. Establishments that did not conduct a multiple-site search gave this variable a 38 percent rating versus the 21 percent average rating assigned by establishments that did conduct a multiple-site search. Market access was the factor rated most important (23 percent) by establishments conducting a multiple-site location search; it was ranked second (19 percent) by establishments that did not conduct a location search.

Both categories of respondents rated tax and regulatory considerations lowest in terms of importance in the establishment's location decision—8 percent by firms that conducted a multiple-site search, and 5 percent by firms that did not. Thus, even establishments that considered data on a number of different sites before making a location decision did not consider this variable to be very important in their decision. The infrastructure, services, and utilities category also was rated low by both types of respondents—9 percent by establishments that conducted a location search, and 6 percent by establishments that did not. Both of these factors are strongly controlled by state and local government and are often emphasized in development and recruitment efforts. The low overall rating of both variables, however, indicated that neither carried much influence or importance in the hardwood manufacturing establishment's location decision.

Wood raw materials access was rated relatively the same by respondents who conducted a search and those who did not—21 percent and 19 percent, respectively. Labor costs and availability, however, was rated 19 percent by establishments that conducted a location search versus 13 percent by establishments that did not. For both categories of manufacturers, labor cost and availability was ranked less important than personal considerations, market access, and wood raw materials access.

The role of government and development agencies in hardwood manufacturing location decisions was also examined. Respondents were asked, "When your company located this plant at this site, did you receive any financial or other types of aid from federal, state, or local agencies or groups concerned with business development?" Nearly nine of ten (87 percent) of the respondents answered *no*. Of the respondents that answered *yes* to this question (13 percent), only 25 percent answered *yes* to, "Was the aid you received crucial to your decision to locate at this site rather than another site?" These findings imply that aid packages currently in place, at both state and local levels, have not had much influence in the location decision of this industry.

Specific Factor Ratings. In addition to ranking the general location factor categories, respondents were asked to rank 4 or 5 components within each general factor category. The specific components were rated 1, 2, 3, or 4 depending on importance in the establishment's location decision, where 1 = critical, 2 = very important, 3 = somewhat important, and 4 = not important.

Because of the number of specific factors ranked (30), only those with the lowest average ratings (the lower the rating, the more important the factor in the location decision) will be discussed.

Average rankings are listed in Table 5. For all the firms, the component rated most important was personal ties to the area, with a 1.90 rating. This is consistent with the overall high percentage rating assigned the general factor category (33 percent) in Table 4. The component rated second most important was availability of an existing building or site, with a 2.28 rating. This rating is somewhat unexpected, given the low overall percentage rating (7 percent) assigned the general factor category: infrastructure, services, and utilities.

The component rated third most important was good labor relations, with a 2.34 rating. A pool of labor with adequate skills, and community attitude towards industry was rated 2.50. None of the other 24 components were assigned overall average ratings of 2.50 or less. Only two general factor categories had no

Table 5. Average Specific Factor Ratings^a by Location Search Process

<i>Specific Factor Variables</i>	<i>Conducted Location Search</i>	<i>Did Not Conduct Location Search</i>	<i>Overall Average</i>
Market Access:			
Roads, transport facilities	2.39	2.80	2.68
Proximity to market area	2.35	2.59	2.52
Raw Materials Access:			
Local availability of wood raw materials	2.50*	2.40*	2.43
Labor Cost/Availability:			
Low wage rates	2.50	2.87	2.77
High workforce productivity	2.19	2.63	2.51
Good labor relations	2.11	2.43	2.34
Pool of labor with adequate skills	2.16	2.63	2.50
Infrastructure/Services:			
Availability of building or site	2.21*	2.31*	2.28
Taxes/Regulations:			
Business taxes	2.44	2.85	2.74
Property taxes	2.36	2.78	2.66
Local zoning laws	2.20	2.75	2.59
Environmental regulations	2.49	2.92	2.80
Community/Personal:			
Attitude toward industry	2.21	2.61	2.50
Personal ties to area	2.22	1.78	1.90

^aRated 1, 2, 3, or 4 based on the importance of the factor in the establishment's location decision, where:

- 1 = critical
- 2 = very important
- 3 = somewhat important
- 4 = not important

*T-test results indicate differences between the firms that conducted a location search and those that did not are not statistically significant at the 0.05 level.

components rated 2.50 or less: market access, and tax and regulatory considerations. Tax and regulatory considerations was also assigned a low percentage rating (6 percent) and ranked lowest overall of the six general factor categories. In contrast, market access was ranked second overall with a 20 percent rating. However, the component rated most important in this category was proximity to market area with a 2.52 rating, followed by roads and other transport facilities with a 2.68 rating.

These specific location factors were also compared by establishments that conducted a location search and those that did not (Table 5). Overall, establishments that conducted a search rated all factors except one more important than establishments that did not search. The one exception was in personal ties to local area, which was rated significantly more important by establishments that did not conduct a search. In the general category of market access, establishments that conducted a location search rated roads and other transport facilities (2.39) and proximity to market (2.35) as relatively important. In the general category of wood raw materials access, both categories of respondents rated local availability of wood raw materials as important. The differences between ratings were not statistically significantly different from zero at the 0.05 level.

SUMMARY AND POLICY IMPLICATIONS

States in the northern and central Appalachian region are increasingly recognizing the employment and economic potential of their hardwood forest resources. Programs have been established to foster the growth of hardwood manufacturing. Most are based on the traditional assumption, in both theory and practice, that new firms will move into a state and/or community. This approach implies that a location search will be conducted. The goal of this study was to examine the influence of firm characteristics and the firm's ranking of location factors on whether or not a location search was conducted.

Community and personal considerations was the general location factor ranked most important by hardwood manufacturing establishments. The two components rated highest in this general category were community attitude towards industry, and personal ties to the area (lived here; family here). Only community attitude towards industry, however, is somewhat controllable by state and/or local government.

Market access was the general factor ranked second in importance, followed closely by wood raw materials access. Labor costs and availability ranked fourth. The factors infrastructure, services, and utilities, and tax and regulatory considerations were ranked least important. The last two factors are strongly controllable by state and/or local government and are often emphasized in development and recruitment efforts. The low overall rating given these last factors both by establishments that conducted location searches and those that

did not, however, indicates that neither carries much importance in the hardwood manufacturing establishments' location decisions.

Statistically significant differences between establishments that conducted a location search and those that did not were found for each of the factors ranked. Establishments that conducted a location search placed less emphasis on the importance of community and personal considerations, and more on the other more standard economic factors. Those that conducted a location search ranked market access first and community and personal considerations second. The order was reversed for establishments that did not conduct a location search. And, although the emphasis placed on each factor by establishments that conducted a location search versus those that did not was significantly different, the overall ranking of each factor in order of importance was similar.

Although location theory and economic development strategies implicitly assume otherwise, the majority (74 percent) of the hardwood manufacturing establishments surveyed did not conduct location searches, and only 13 percent searched outside the state. Those not searching were generally locally owned and operated, and had different concerns. To a great extent, establishments based their decision to locate on personal ties to an area. In addition, the majority of variables found in this study to influence the likelihood of search are not controllable by state and/or local government.

Because it is highly unlikely that the typical hardwood manufacturing establishment will conduct a location search, recruitment of new industry to the state should not be the chief objective of economic development efforts. Instead, the implication is that existing establishments should be targeted for retention or expansion. The community's attitude towards an industry was one of the specific factors controllable by state and/or local government that was rated most important by the hardwood industry. The ties of existing industries to the state and/or local community, therefore, can and should be strengthened. Establishments that develop deep roots in the state and community will not need the costly tax concessions and other incentives often emphasized in recruitment programs. Development resources thus can be directed to efforts focused on expanding existing industries, particularly those industries determined to have a competitive advantage.

This conclusion, however, is not meant to deny that industrial recruitment should be an element of economic development strategies. To the extent that this strategy is adopted, it is probably best done at the state level, where financial, human, informational and institutional resources exist to more effectively perform this function. Retention and expansion efforts would be most effectively performed at the local level, where the particular knowledge of individual firm-specific needs would exist, and where much of this micro-level action would need to be initiated and carried out.

Market access was the factor ranked most important by establishments that conducted a location search, and ranked second, behind personal considerations,

by establishments that did not search. The overall importance of market access implies, however, that those interested in development of hardwood manufacturing industries can help by sponsoring market research, identifying new and growing markets, and actively supporting industry product promotion programs. Obviously, development and expansion of an industry can occur only if markets for products produced in the region grow. If markets for hardwood products do not expand, states in the region will be playing a zero sum game. One state's gain in production and employment will only be another state's loss.

Access to wood raw materials was the factor ranked next in importance by both establishments that conducted a location search and those that did not. The importance of access to wood raw materials for hardwood manufacturers emphasizes the need for both accurate data on timber supply availability, and for sustainable rates of harvest. Retention and/or expansion of these industries cannot take place if timber supplies from the area are depleted and/or shifts in forest land and restrictions on harvesting limit industry access to timber.

Promoting educational programs that foster a stable, diverse, and abundant labor pool is sound development policy for all industries. Low wage rates, high workforce productivity, a labor pool with adequate skills, and in particular, good labor relations, were all specific factors rated highly important by establishments that conducted location searches. Good labor relations also was rated highly important by establishments that did not search. Thus, high levels of educational and vocational training are needed to ensure that a steady stream of trained labor is available to industry.

Overall, development efforts need to be directed at improving those factors considered most important by hardwood manufacturers in their location and/or expansion decisions. Factors of little importance to the industry should receive less focus in development policy. For example, availability of an existing building or site was one of the specific factors rated important (second only to personal ties to area) by both those establishments that searched and those that did not. However, as part of the general factor category "infrastructure, services, and utilities," the variable was ranked next to last in terms of importance by both categories of respondents. Similarly, local zoning laws and property taxes were two of the specific factor components rated highly important, but the broad factor category tax and regulatory considerations was ranked last in terms of importance to the establishments' location decision. Surprisingly, environmental regulations, a specific factor often complained about by industry, was not considered very important in the establishments' decision to locate and/or expand. Both findings imply that attention to these factors in recruitment and development programs could be de-emphasized.

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BOOK REVIEWS

STROUD, HUBERT B. *The Promise of Paradise: Recreational and Retirement Communities in the United States Since 1950*. (Baltimore: The Johns Hopkins University Press, 1995, 220 pp.) cloth, \$35.00.

Professor Stroud provides in this book a history and analysis of the recreation and retirement land development movement. The development practice of mass marketing real estate lots and parcels as vacation and retirement homesites in recreational subdivisions became widespread in the 1960s. The extensive market, high profit margin and the involvement of large corporations helped transform this practice into the installment land sales movement of the 1970s. Stroud's analysis begins with an examination of the possible environmental, economic and consumer impacts of specific purpose land development on a community or region. Most importantly the author highlights concerns which are often hidden from the land development layperson and provides specific formulas to enable the developer to predict or compute the actual effects of a large scale development project. To further illustrate these points, the author includes a section consisting of in-depth discussion of six development projects throughout the country.

Stroud details concrete recommendations, guidelines, and considerations which developers should contemplate before proceeding with this type of development for their community. He emphasizes that regulations need to be in place before development begins, as it is very difficult to resolve problems after the fact. To this end, Professor Stroud outlines ways to build citizen support, deal with special problems, and cope with the regulatory restrictions.

The most interesting section of the book, especially for the layperson, is the descriptive histories in Part Two. The author tells the stories of the six very diverse new communities: Fairfield Glade, Tennessee; Cape Coral, Florida; Rio Rancho, New Mexico; Lake Havasu City, Arizona; Fairfield Bay, Arkansas; and Port LaBelle, Florida. This discussion includes a description and evaluation of the physical layout and design of the subdivision, the marketing plan, population growth trends, the financing scheme and failures, and local and authoritative reaction to the project.

Three consistent themes arise in these descriptions, all of which reinforce his earlier discussion about the impacts of recreational land development. For example, with one exception, the author highlights the unsuitability of these areas for large scale development. His claim is that many developments are made in areas that are theoretically desirable for the consumer, but which have fragile ecological systems which require specific and deliberate treatment. Unfortu-

nately the physical layout and design of these developments are done haphazardly, resulting in undesirable consequences. This follows his discussion about environmental problems. He predicts massive ecological decay for the surrounding areas and emphasizes the need for growth management mechanisms specially designed to deal with these types of development. The descriptions include similar examples of economic concerns and consumer issues.

In Part Three the author outlines the examples of progress, or lack of it, in terms of legislating land-use regulation in five states: Florida, Oregon, Vermont, New Mexico and Arkansas. His selection of these states is appropriate since these are where much retirement and recreational development has occurred. He praises the first three for their advancement of legislation in response to the massive development; similarly, he censures the others for their lack of responsiveness.

Both the tourism and recreation industries and the attraction of retirees to a community are topics which are often discussed in the *Journal of the Community Development Society*. This book should be interesting to many of the Society's members. It is most appropriate for those who are personally interested in the history of land development or issues of growth management. It would also be informative and helpful to developers or government officials whose communities or regions are targeted for a large scale recreational or retirement land development project. It has limited appeal or use for those who are only considering strengthening an already existing recreation infrastructure or those contemplating small scale retiree recruitment. I especially recommend this book for any person considering a purchase in one of these development. The author's unflattering discussions about marketing scams, consumer financing practices and lack of services would dissuade all but the most resolved. Those who persist in this type of investment would be forewarned and more aware of situations to avoid. Overall, this book is a good historical overview of land development practices and pitfalls.

MELANIE HAYES

University of Nebraska at Omaha

SUMÁI, MIHALY (ed.). *The Evolving New Global Environment for the Development Process*. (Tokyo, Japan: United Nations University Press, 1995, 145 pp.) paperback, \$25.00.

This book includes all but one paper presented at a conference—jointly sponsored by the United Nations University/World Institute for Development Economics (UNU/WIDER) and the Institute of Development Studies of the University of Helsinki—that took place in Helsinki on 28 June 1993. The book's title reflects the conference theme, and the nine papers that make up its contents

reflect the eclecticism that such a broad theme makes possible. As is so often the case, this turns out to be both a strength and a weakness.

The topics covered in their order of appearance are: the political economy of the new global development agenda, main trends in the world economy, the politics and policy challenges of global economic changes, the contemporary impact of the European Community on Central and Eastern Europe, the "new Asian drama," resource mobilization and sustainable development (in Africa), a historical analysis of economic development in Finland (emphasizing its strong external orientation), the potential consequences of demilitarization and conversion, and a paradigmatic assessment of the state of the art in development studies.

This book is a refreshing change in the sense that the contributors are academics (with the exception of the former president of Cyprus) that do not hail, for the most part, from the usual "western" institutions that Community Development Society members are typically familiar with or exposed to. Their approach tends to be anchored within a broadly conceived international context. They also focus on issues and provide country-specific analyses that are important, in their own right, without being too esoteric or irrelevant to Society members.

The paper on sustainable development, for example, makes the case that the credit-worthiness of countries should be based on debt levels relative to their inherent wealth and potential (within a resource management framework) rather than current per capita performance measures. It demonstrates the utility of this approach with a related and detailed analysis of Côte d'Ivoire. Similarly, the longer paper on Finland shows that a highly export-oriented, resource-based growth model does not necessarily lead to "increasing peripheralization" in the international economy.

There is, however, no overt attempt to tie the papers in the book together into a cohesive whole. They each more or less stand independently. Some of them are of limited value. The short paper on the "new Asian drama" is essentially a briefing piece for the Tokyo Summit of G-7 plus 1 that took place in July 1993. Given the rapidly changing situation in Central and Eastern Europe, the analysis of the European Community impacts on consolidation and modernization in those countries—in the book's longest paper—is already dated and of limited contemporary value. The first three papers on broader trends and changes cover well-worn territory.

A number of themes do emerge from or recur in the papers. The key one is the critical role of change and transition in the evolving world economy and the "end of certainty." This includes the ongoing and purposeful transition of formerly centrally planned economies into market economies—with some contrasts drawn between Eastern Europe and Asia. Technological change, and the gaps and opportunities associated with it, is a central component of a number

of the analyses. All of these trends are loosely unified through an underlying emphasis on world economic integration.

The final paper, a paradigmatic look at development studies, may be of particular interest to Society members. The five broadly conceived paradigms identified as acquiring a “fashion-importance” in the 1980s are sustainable development, democracy, good governance, cultural diversity, and the market first, last, and everywhere. Unfortunately, this paper also slips into less-than-succinct statements like “Development must increasingly be understood as a megaparadigm composed of a set of sub-paradigms of a different nature, but all interrelated and sometimes overlapping (p. 140).”

This book does not lend itself readily to use in a classroom or an academic setting. It might be of use to Society members interested in the specific paper topics, but as a complementary rather than a sole source of information.

JERRY HEMBD
Independent Consultant
Working in Vietnam

GALSTON, WILLIAM A. and KAREN J. BAEHLER. *Rural Development in the United States: Connecting Theory, Practice and Possibilities*. (Washington, DC: Island Press, 1995, 353 pp.) paperback, \$32.00.

The authors' purpose for writing this book is to influence national policy and move policy makers away from old models that now fail to encourage rural development, to new ones that can be more beneficial. This book is part of a series sponsored by the Rural Economics Policy Program within the Aspen Institute and supported by the Ford Foundation.

Part One of the book presents their understanding of the theoretical, conceptual, and historic setting for rural development and national rural development policy. Part Two is a survey of strategies for development that are based on specific areas of activity including natural resources, manufacturing, the service sector, tourism, the elderly, high technology, and telecommunications. They then end with a five page conclusion.

The authors believe that the global flows of capital and information manipulated by markets will diminish the economic value of a resource based rural economy and one dependent on the manufacture of routine products. “Major sources of new rural jobs will be found, if at all, in sectors less exposed to global pressures and more responsive to emerging forms of rural comparative advantage. This logic leads us to focus on services—in particular those related to tourism and retirement, which are both labor intensive and attracted to beauty, tranquility, and security that many rural areas can offer.” (pp 265-6).

My appraisal of the merits and shortcomings of this book are the following. But first, from my reading of this book it seems as if the authors are not practitioners of the art of rural development. Since I am, it is my opinion that there are many paths to success and often we experts cannot provide the recipe. But that's not a problem; community residents have to figure out their own vision of their community's future. Then the outcome of their strategic planning and actions belong to them, for better or worse. Now back to my appraisal. This book is a good reference to add to my library and I can recommend its use as a class room text for an undergraduate course. I recommend that federal and state policy makers also read it. The book brings together many valuable lessons from a wide ranging set of literature. The conclusions narrow the options and futures of different rural places too much. For example, oil prices are going up today, April 9th, and food and feed grains are hitting all time highs. And, by the way, rural land prices are also climbing at a rate faster than inflation. People are hungry for simpler and safer lifestyles and some are finding them in rural places. In fact, if you want a hot investment tip, buy a piece of retirement real estate in a high quality rural community. In ten years it will be worth a lot more.

The authors, in their preface, state that "no new rural development consensus has emerged to replace them," where **them** are the national policies of resource extraction, the strategy of attracting new basic industry such as manufacturing firms, and giant size public works projects. They are wrong. Professor Glen Pulver has created a new comprehensive five strategy synthesis for economic developers at the local level and a similar approach is published in "Understanding Your Community's Economy" by the Kansas State University Cooperative Extension Service. The big difference is the locus of control, local people not federal policy makers. The best role for the federal and state policy makers is to enhance the entrepreneurial environment while controlling for negative externalities not priced in the private market place. Then let community groups strategically plan and pursue their own visionary futures.

Finally, it would be nice if federal, state and land grant resources to support rural development research, extension and instruction were enhanced and then stabilized at a higher level.

DAVID L. DARLING
Kansas State University

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