

Staff Paper P92-3

February 1992

Staff Paper Series

IMMEDIATE EMPLOYMENT EFFECTS OF BUSINESS RETENTION AND EXPANSION PROGRAMS

by

**Scott Loveridge
Thomas R. Smith
George W. Morse**



DEPARTMENT OF AGRICULTURAL AND APPLIED ECONOMICS

UNIVERSITY OF MINNESOTA

COLLEGE OF AGRICULTURE

ST. PAUL, MINNESOTA 55108

Immediate Employment Effects
of
Business Retention and Expansion Programs

by

Scott Loveridge
Thomas R. Smith
George W. Morse

Loveridge and Morse are Assistant Professor and Professor, respectively, Dept. of Agricultural and Applied Economics, University of Minnesota. Smith is Instructor, Dept. of Political Science and Economics, Chicago State University.

Staff Papers are published without a formal review within the Department of Agricultural and Applied Economics.

The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, religion, color, sex, national origin, handicap, age, veteran status or sexual orientation.

Information on other titles in this series may be obtained from Waite Library, University of Minnesota, Department of Agricultural and Applied Economics, 1994 Buford Avenue, 232 COB, St. Paul, MN 55108-6040, U.S.A.

Immediate Employment Effects of Business Retention and Expansion Programs

Business retention and expansion programs have typically been used in rural towns¹ to help communities encourage growth of local businesses by providing a means for firms to express their problems and concerns as well as connecting firms to individuals who can suggest or provide solutions to selected obstacles to firm growth and stability. Encouraging local businesses to remain and grow helps generate new jobs and local economic activity (Bozeman and Boseman, 1987, pp.538-553; Miller, 1990, pp.17-31). Business retention and expansion programs gained popularity in the 1980s, and now communities in over 20 states² have access to some form of retention and expansion program.

Most business retention and expansion programs rely on face-to-face interviews with local businesses as a means of collecting data on firm problems and concerns, but two major approaches have evolved. "Lone Ranger" business retention and expansion programs rely on professional visitors providing immediate technical assistance to firms with problems³. Lone Ranger programs are likely effective in resolving short-term problems facing individual firms, but their staffs' outsider status and narrow focus may mean that underlying factors which give rise to specific problems will be left unresolved. In contrast, Volunteer Visitor Business Retention and Expansion (VVR&E) programs depend on local citizens to make firm visits and prescribe solutions to problems. While immediate, firm-specific problems do receive attention as part of a typical VVR&E program, the program emphasizes strategic planning to create a climate for continuing, positive dialogue between local businesses and community leaders. This article reports on the resources required to support a VVR&E program at the state level, and on results of two surveys undertaken to evaluate VVR&E programs.

Basics of VVR&E⁴

The objectives of a VVR&E program are to increase incomes, employment, and the quality of life for community citizens. Volunteer visitor retention and expansion programs achieve these objectives by fostering an action-oriented strategic planning process for leaders of counties or rural communities. The strategic planning process seeks to build a broad-based coalition for economic development that will continue to operate after the formal end of the program. The immediate goals of the program are to: demonstrate a pro-business attitude within the community; help firms solve local problems; help firms use state development programs; and provide data for economic development. These objectives are discussed in detail in another section of this article.

A state-wide organization usually provides assistance in the process, with the local program being organized and led by a local coordinator who spends an average of 89 hours on the program over roughly 8 months. The number of firms contacted during the program is determined locally, with the average program visiting 39 firms-- two-thirds of these being manufacturing firms. Typically, teams of two community leaders visit local firms and fill out a questionnaire on the business's attitudes about the community. These visits usually last about an hour. The average program recruits 24 volunteer visitors to interview firms. After the interview is completed, a task force composed of an average of 11 local leaders reviews the questionnaires and responds to any firm-specific issues within their power and resources.

The state sponsor tabulates the data and provides an overview of community-wide business concerns. The task force is urged to develop community-wide

strategic plans and recommendations⁵ aimed at improving the business climate for existing local firms. These recommendations often include programs to help firms become more competitive, means of improving the quality and availability of the local labor pool, and options to improve the quality of life in the community. A community meeting is typically held to share the recommendations with a broader range of concerned citizens, with attendance averaging about 100 people. Throughout the process, interactions among the task force members, and between the task force and the business community help develop and strengthen a local "network for development" and thereby improve communications between businesses and leaders. This network often continues to function for months or years after its initial creation.

State Support of VVR&E

Twenty-six states currently support local VVR&E programs, with the type of sponsor varying from state to state (Figure 1). Table 1 summarizes the type of educational/technical assistance offered by three well-established state programs, and presents the costs per community associated with each of the programs. These three programs were selected as representative because they provide three distinct models of the VVR&E process, and because most programs in other states have borrowed from one of these three states.

The state sponsor's roles are to recruit communities, help community leaders understand the mechanics of the program, provide information on development assistance, analyze the data collected on firm visits, and advise community leaders on action plans based on the local data. Within those roles, however, specific means of supporting VVR&E are subject to some variability across space and time. Some state sponsors limit their activities to providing short written instructions, computerizing the data, and developing written and graphic descriptions of the results. At the opposite end of the spectrum, other state sponsors provide training programs for the local VVR&E leadership team; conduct training for volunteer visitors; develop written reports that include secondary data on the community's economic trends; furnish "tentative recommendations" based on the firm survey data and secondary data; brief the task force on the results and recommendations; and solicit task force feedback recommendations to be included in a final report.

In addition, each type of sponsor typically emphasizes one VVR&E program goal more than others, due to differences in the sponsor's objectives. Thus, the Extension Service tends to put the most emphasis on capacity building, while utility companies stress the visibility and publicity generated by the program, and state governments seek programs with broad geographic coverage that provide information useful in formulating state economic development policy. Such differences in sponsor objectives result in variations in the type and amount of assistance provided by state programs, as well as in procedures recommended to communities. The following discussion takes advantage of the natural experimentation across states by using a multi-state survey of local program leaders to determine which characteristics appear to be associated with programs that were successful in attaining VVR&E objectives.

Figure 1

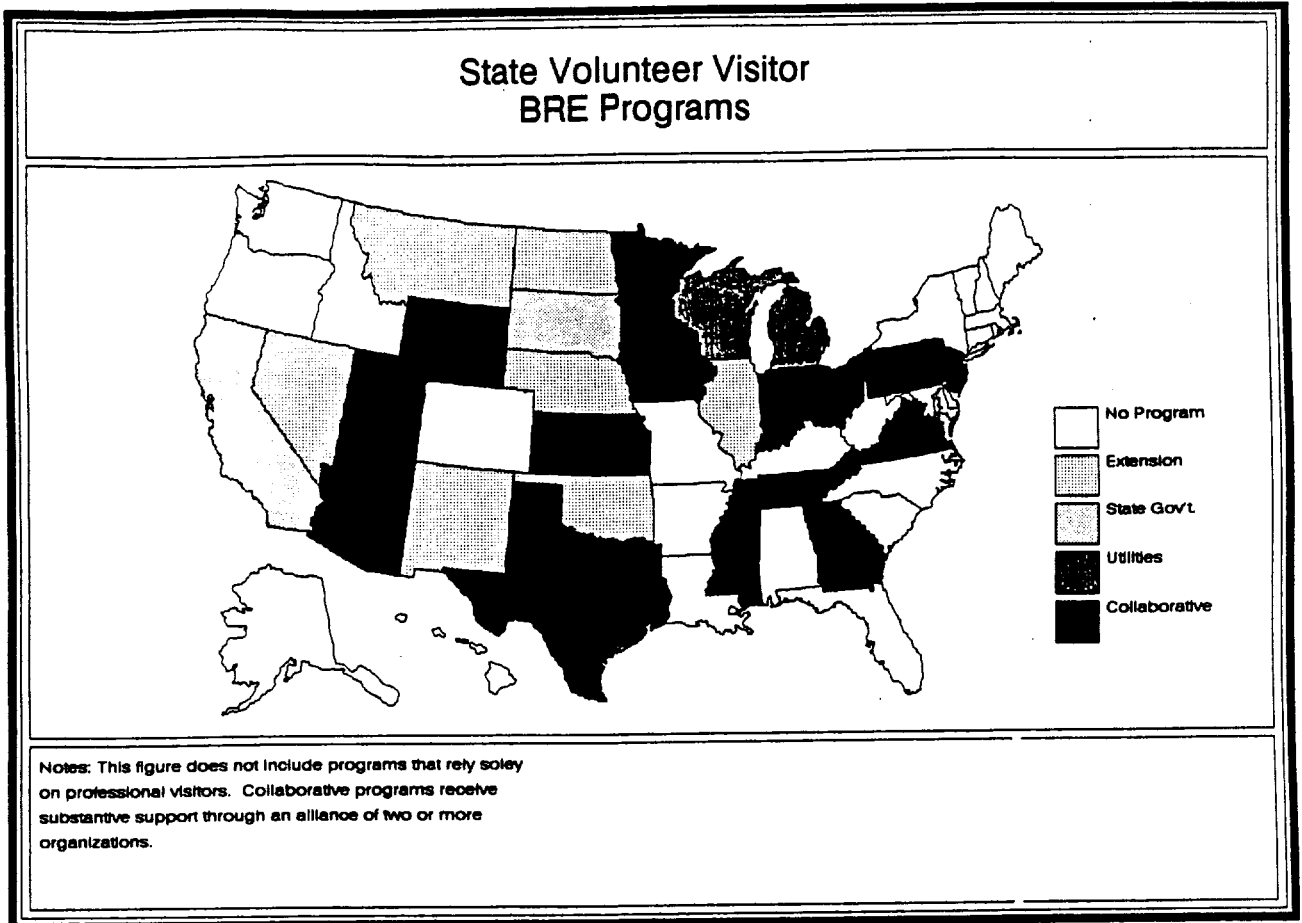


Table 1
 Characteristics of State Assistance to VVR&E Programs
 1986-87

Characteristic	New Jersey	Georgia	Ohio
Principal Sponsors	Utilities, state gov't.	State gov't., utilities	University, state gov't.
Training Staff (FTE)			
State staff	1	1	1
Regional staff	0	0	1
Report Generation Staff (FTE)	1	1	2
Communities Participating in 1986-87	12	8	14
Ave. Firms/community	58	15	55
Components of Report			
Employment Trends	No	No	Yes
Survey Results	Yes	Yes	Yes
Locally written recommendations	Yes	No	Yes
Report Transmission			
Copies to community	30	1	25
Summary report	No	25 copies	250 copies
Cost per program	\$18,000	\$10,500	\$ 9,500
Participation fee paid by community	None	None	\$ 500

Source: Adapted from Otto, Morse, and Hagey, 1990, p. 40.

Immediate Employment Effects

As stated above, immediate employment effects are not the principal focus of VVR&E programs. Nonetheless any job created or saved by addressing a firm-specific problem uncovered by the program does indirectly help assure success on long-term objectives. At the community level, these immediate "success stories" provide the citizens who have donated their time to VVR&E with evidence that the program does provide benefits to their community, encouraging them to continue their involvement in local strategic planning and networking activities⁶. Similarly, at the state level, immediate successes translate into higher enthusiasm for the program, making the task of convincing uninitiated communities to try VVR&E much easier. Since immediate job creation and job saving can have such influence on overall program outcomes, it is worthwhile investigating differences between programs that did and did not report success in this area. A survey of local coordinators is used here to explore such differences.

The coordinator is a member of the community who organizes the local VVR&E effort with support from the state government, the extension service, or a local utility company. Major coordinator functions include: learning about the program, securing local sponsors⁷, recruiting a task force and volunteers, identifying firms to be interviewed, assisting with volunteer training, helping firms solve problems, and working with the task force to develop and disseminate community-wide recommendations. Of all the program participants, coordinators are the most aware of community-wide program benefits⁸. For example, a program that keeps one 300-employee plant from closing, but which has little immediate impact on other firms in the community is likely to receive high marks from the coordinator, but only mediocre marks from all but one of the firms contacted as part of the program.

In 1989, 158 VVR&E coordinators in six states⁹ who had participated in programs between 1986 and 1989 were mailed questionnaires¹⁰. Eighty-one responses were received, for a 51% response rate. Eighty percent of the respondents had served as coordinator as part of their job in addition to their normal activities; the rest were volunteers--thus the respondents had little reason to inflate their evaluations of program effectiveness.

Twenty coordinators reported some immediate employment effects, while forty-four said that they had not observed any job saving or creation as a result of the program¹¹. Job saving ranged from 10 to 250 employees, while job creation effects ranged from 8 to 500 employees. To examine how program structure might influence performance in this area, the sample was divided into those that did and did not report immediate effects, and selected means were calculated. Results follow.

Programs with immediate employment effects interviewed slightly more firms, had more volunteer visitors, and had a lower number of firms per volunteer than other programs (Table 2). Average volunteer training time was two hours for both groups, but programs with immediate employment effects were more likely to have engaged their volunteers in participatory rather than passive training activities (Table 3). These program differences indicate that volunteer recruitment and training are important in identifying firms with immediate problems.

Table 2
Firms Interviewed and Volunteer Visitors
by Immediate Employment Impacts

Did the Program Have an Immediate Employment Impact?	Average Number of:	
	Interviews	Volunteers
Yes	40	28
No	36	19
Whole Sample	37	22

Source: Coordinator survey.

Table 3
Topics & Methods of Volunteer Training
by Immediate Employment Impacts

Training Method	Did the Program Have an Immediate Employment Impact?		Whole Sample (%)
	% Yes	% No	
Video or Slides	50	57	54
Q & A	45	41	42
Teleconference	30	22	25
Review Questionnaire	95	84	88
Industrial Outlook	45	30	35
Interview Procedure	95	89	91
Other			

Source: Coordinator survey. Multiple responses possible.

The average program uncovered 38 local problems and had 15 requests for information on state development programs. Once firms with immediate problems are identified, someone must take charge of providing assistance. Coordinators reporting immediate employment effects reported spending an average of over three times as much effort (28 hours) on this activity than did less successful coordinators (9 hours), as well as additional time providing information to firms (averages of 9 versus 6 hours). The additional time providing information to firms was likely to be spent in active, personalized contact with firms requesting information on state and federal programs (Table 4). In addition to their higher overall time commitment to follow-up activities, coordinators reporting immediate employment effects were more likely to have acted in conjunction with others--rather than alone--to solve firms' problems (Table 5).

Success on Program Objectives

There is little consensus regarding appropriate measures of success in economic development programs; recent studies have used such diverse measures as construction of infrastructure (Moxley, 1985, pp. 57-74), plant attraction (Smith et al., 1980, pp. 113-123), net migration of youth and employment (Scott et al., 1988, pp. 56-72), and attitude scales (Frazier, 1979, pp. 81-87, and Moxley op. cit) as measures of success. The approach adopted here is to focus on program objectives.

The long term goal of VVR&E is a stable, strong local economy developed through improving the competitiveness or efficiency of local firms¹². The program addresses this objective by enhancing communications and strategic planning among businesses, community leaders, larger units of government and citizens. The program works through or catalyzes the formation of a group of citizens concerned with community development, and the immediate employment effects of such a group are likely to be dwarfed by normal fluctuations of the business cycle (Humphrey et al., 1988, pp. 1-21). Even in the long run, the change in local employment after a successful VVR&E program could be negative, if an uncompetitive firm uses the resources it learns about through the program to become more capital-intensive in its method of production. In this scenario, the program prevents the firm from going out of business, but some jobs are lost after the plant is retooled. Thus, use of secondary employment or income data to evaluate VVR&E is not straightforward¹³.

An alternative to secondary measures of the effect of a program is to solicit evaluations from program participants. In using such a strategy, it is necessary to examine specific program objectives, capturing participants' perceptions of how well the program worked in each area. Four objectives are common to VVR&E programs. These are: 1) demonstrate a pro-business attitude, 2) help firms use state development programs, 3) assist firms in solving local problems, and 4) provide data for economic development. Survey results relating to these four objectives are discussed below.

Table 4
Method of Responding to Firms' Information Requests
by Immediate Employment Impacts

Method of Response	Did the Program Have an Immediate Employment Impact?		Whole Sample (%)
	% Yes	% No	
Letter Sent	50	56	54
Firm Revisited	39	16	24
Telephone	72	47	56
Coordinator Revisit	39	28	32
Other	11	9	10

Source: Coordinator survey. Multiple responses possible.

Table 5
Person or Group Handling Local Problems
by Immediate Employment Impacts

	Did the Program Have an Immediate Employment Impact?		Whole Sample
	% Yes	% No	
Coordinator Alone	39	55	50
Consultant	13	14	13
Task Force & Coord.	27	10	16
Task Force	21	19	20
Other	0	2	1

Source: Coordinator survey. Cells represent average percentages.

Data on achievement of these objectives were collected from the firms visited and local coordinators¹⁴. Basic characteristics of the coordinator survey were described in a preceding section. For information on firms' response to VVR&E, firms in Ohio that had participated in the program were surveyed. Seventy-seven survey responses from rural firms were matched with questionnaires filled out as part of the original VVR&E program¹⁵. Both coordinators and firms were asked to rank the VVR&E program on a 1 to 10 scale for each objective. Mean and median ranks are reported in Table 6. Firms ranked the program lower on all objectives than did coordinators, which was expected since not all firms are helped by the program, and some firms may not associate the program with the community-wide benefits it generates. However, firms and coordinators did track each other reasonably well in terms of the ranking given each objective. For each objective, respondents to both surveys were categorized as ranking the program "low" if they gave the program a below median rank, and "high" if they ranked the program at or above the median¹⁶. These categories were then used to develop tables relating to other responses given by the firms and coordinators, as discussed below¹⁷.

Program Objective #1: Demonstration of a Pro-Business Attitude. Through visits to businesses, and by developing a community action plan to address concerns raised by local businesses, a successful program shows firms that the community views them as a valuable asset. This can help overcome firms' reluctance to share their problems with local leaders, ultimately shortening the time between emergence of a problem and its resolution.

Coordinator Responses. Coordinators gave the program the highest scores in achieving this objective (Table 6), and only two coordinators ranked the program less than 6. In contrast to the finding for immediate employment effects, programs that were the most successful in demonstrating a pro-business attitude in the community interviewed fewer firms than did less successful programs (Table 7). Coordinators from the programs that worked best also spent more time on immediate follow-up assistance to firms (Table 7). Interviewing fewer firms may free coordinator time, allowing more attention to those firms interviewed, a better focus on overall survey results and on developing recommendations that help the entire business community rather than just the firms interviewed. Successful programs were much more likely to have produced a written report and to have developed written recommendations for community action as part of the report. Those coordinators who ranked the program low and who did develop written recommendations worked alone to write the recommendations more frequently than other coordinators (Table 8). Thus, a combination of individualized attention to firms and building a consensus for economic development appear to be characteristics of programs that work. (Table 7 about here. Table 8 about here.)

Firm Responses. Firms were similar to coordinators in giving the program the highest marks on this objective (Table 6). Firms ranking the program high in demonstrating a pro-business attitude tended to have fewer employees than other firms (an average of 93 versus 124). Smaller firms may tend to appreciate this aspect of the program more because local economic development efforts often focus most of their attention on the largest firms in the local economy, ignoring other firms.

Table 6
 Program Objectives:
 Mean and Median Ranks,
 Number of Missing Observations
 (Scale of 1 to 10)

	Coordinators			Firms		
	Mean	Median	Missing	Mean	Median	Missing
Demonstrate Pro-Business Attitude	8.9	9	7	6.4	7	4
Help Firms Solve Local Problems	7.0	7	7	5.2	5	5
Help Firms Use State Development Programs	4.7	5	8	5.7	6	5
Provide Data for Economic Development	7.8	8	7	6.2	7	7

Sources: Coordinator and firm surveys. Note that the wording of the questions varied slightly between the firm and coordinator program evaluation surveys, reflecting the different perspectives of the respondents.

Table 7
 Firms Interviewed, Programs Writing a Report,
 and Programs with Written Recommendations
 by Coordinators' Pro-Business Ranking

	Ave. No. of Firms Interviewed	Written Report	Written Recommendations	Ave. Hours Coord. Spent on Follow up
Pro-business Ranking				
High	36	93%	76%	33
Low	50	75%	50%	21
Whole Sample	39	88%	67%	28

Source: Coordinator survey. Percentages represent percent of programs.

Table 8
 Method of Developing Written Recommendations
 by Coordinators' Pro-Business Ranking
 (Percent of Programs Developing Recommendations)

	Method of Development			
	State Coordinator	Coordinator	Task Force	State & Task Force
Pro-business Ranking				
High (%)	3	0	69	28
Low (%)	0	22	67	11
Whole Sample (%)	2	4	70	24

Source: Coordinator survey. Cells represent percentage of programs developing recommendations.

Table 9
 Method of Local Problem Identification
 by Coordinators' Local Problems Ranking

	Ranking on Solving Local Problems		Whole Sample (%)
	% High	% Low	
Learned From:			
Coordinator	51	79	61
Task Force Reviewed			
Part/All of Survey	46	21	38
Other	3		2

Source: Coordinator survey. Cells represent percent of programs.

Program Objective #2: Help Firms Use State Development Programs. State development programs are constantly changing, and it is difficult for firm managers to keep updating their information. Further, most firms use these programs infrequently, reducing their incentive to learn about the programs. The VVR&E program attempts to overcome this difficulty by asking firms whether they could use information on state business assistance programs during the volunteer visit to the firm. Firms are provided information as part of program follow-up activities. Some programs designate a community member who has some familiarity with state programs to serve as the "State Development Consultant." The person serving in this volunteer role has the responsibility of facilitating firms' contacts with state development programs.

Coordinator Responses. Coordinators gave this objective the lowest average ranking (Table 6). Possible explanations for the low ranking include: 1) unrealistic expectations on the level and types of programs available; 2) an expectation of preferential treatment from state agencies for program participants; and 3) inadequate training and/or background of the volunteer "consultant" used to facilitate contact with state programs.

The more successful coordinators were more likely to have used a "consultant" to facilitate distribution of information on state programs, used more volunteers, spent many more hours assisting firms than other coordinators, and more hours providing information to firms. The overall picture that emerges here is that the program works best when resources are put into giving firms more individualized attention, both in collecting information on their situations, and in trying to connect firms to appropriate state assistance.

Firm Responses. Firms put program achievement on this objective in third place (Table 6). Firms ranking the program low on this objective had slightly more employees than other firms (averages of 115 versus 101). The program works for small firms on this objective because: 1) small firms have fewer management resources to devote to information gathering on state regulations and programs; and 2) small firms are more likely to have difficulty obtaining financing than large firms.

Program Objective #3: Assist Firms in Solving Local Problems. While the major goal of the program is strategic planning, political support for the program is built by addressing the immediate concerns of firms whenever possible. Moving a light pole to better illuminate a firm's entrance as well as getting a city to improve its water purification facilities would both be categorized as solving local problems. Thus a local problem solved by the program might relate to a specific firm (i.e., the light pole) or many firms (i.e., poor water quality). Success on this objective leads to greater firm efficiency, which in turn translates into higher profits, greater market share, or both. Increased market share or profits increases the likelihood that the firm will remain in business or expand.

Coordinator Responses. Program success on this objective ranked third best (Table 6). Programs that worked the best on this objective were more likely to rely on a task force review of the questionnaire to identify and resolve local problems (Table 9), and had coordinators that averaged nearly twice as many hours assisting firms. The best programs were also more likely to develop written recommendations for community action (77% versus 56%). Here again, programs that put the most attention on individualized responses to firms and on developing broad-based solutions to local problems appear to work the best. Involving the task force in the process brings not only greater

creativity but a greater range of resources to bear in problem solving activities.

Firm Responses. Firms were the least satisfied with the program on this objective (Table 6). One reason for the relatively low rating on this objective may be that firms often mention problems that are beyond the purview of the task force. For example, many firms cite excessive Worker's Compensation payments as a problem. While the task force could pass this message on to local legislators, labor representatives are likely pressing the same issue on the opposite side, so no community consensus is achieved.

On average, firms giving the program the best ratings had been in business twenty years less than other firms, and had nineteen fewer employees. The fact that the program appears best able to solve problems of smaller, younger firms is strong support for VVR&E as a rural development strategy that works, since there is evidence that it is these firms that create the most jobs.

Program Objective #4: Provide Data for Economic Development. A key objective of the program is to help local leaders develop a picture of the needs and condition of the local economy and enable them to formulate better strategic plans for community development. The information used in their planning comes from responses to the survey administered by the volunteer visitors, and is supplemented with industrial outlooks pertinent to the local economy supplied by the state sponsor.

Coordinator Responses. Coordinators reported that this was the second most successful objective (Table 6). Some measure of success on this objective is not difficult to achieve because the process assures provision of current data on local businesses. To be truly useful to the community, however, the data must be used to assess the community and develop action plans.

Coordinators ranking the program high on this objective averaged twenty-one fewer total hours on the program than did other coordinators, and an average of fourteen hours less time examining the data and developing of recommendations for strategic plans. Qualitative differences in state sponsors' presentation of the data to communities after processing is a potential explanation for this finding¹⁸. Coordinators ranking the program below the median were less likely to have written a report than other coordinators (79% versus 92%).

Firm Responses. Firms ranked the economic data objective nearly as high as the pro-business attitude objective (Table 6). Firms ranking the program at or above the median had fewer employees (averages of 93 versus 124). This indicates that the program provides the most assistance in this area to small firms that are less likely to be able to afford to spend management time learning about community resources.

Summary and Conclusions

Communities in most states have access to some form of business retention and expansion program. A majority of states offering R&E programs have opted for the Volunteer Visitor type of R&E program. The VVR&E concept has proven popular with state sponsors because it is a low cost program that teaches local leaders how to promote long-term economic growth in small communities. Citizens are willing to donate their time to such a program because it promises to provide benefits to existing firms, and by extension, to those already residing in the community.

The overall goal of VVR&E is to help communities strengthen their strategic planning capacities for economic development by providing means for community self-examination and improved communications between business and other groups. Since measurement of achievement of this goal is difficult, an evaluation of VVR&E must develop proxies for program success. One natural indicator is the program's immediate employment impacts. A six-state survey of local VVR&E coordinators examined here shows that programs experiencing success in job saving or creation interview more firms and spend more time on immediate follow-up with individual firms than do less successful programs. Immediate employment impacts provide an incomplete picture of success since a program performing well in this area may fail to develop a network of concerned citizens that will continue to work for a strong, stable local economy. Four objectives common to most VVR&E programs are: demonstration of a pro-business attitude, helping firms use state development programs, assisting firms in solving local problems, and providing data for economic development. A six state survey of local VVR&E program coordinators and a survey of firms participating in the VVR&E programs in Ohio were used to examine performance on these objectives. Overall, VVR&E performs best in demonstrating a pro-business attitude and providing data for economic development. It appears that coordinators play a very influential role in determining how the program performs on various objectives through their time allocation. Among other things, the survey results show that:

- 1) Carefully developed training programs involving larger numbers of volunteer visitors leads to better immediate and long-term results;
- 2) Coordinators that spend more time on immediate follow-up to individual firm problems are more likely to have programs that work;
- 3) The most effective programs get local leaders actively involved on the task force both in working on firms' immediate concerns and in developing final recommendations;
- 4) Coordinators that spend less time on developing recommendations have programs that work better--this may be related to the level of assistance provided by state sponsors in analyzing results and report writing--; and
- 5) Firms that reported that the program worked to solve local problems tend to be smaller and younger than other firms.

Notes

¹ An exception to this rule is Detroit, where three neighborhood programs have been implemented (Peterson, 1990). Of the 81 communities surveyed as part of this research, only two have populations of more than 30,000, and both of them are suburban counties rather than urban cities.

² Note that Figure 1 shows only one form of R&E program. Several other states offer "Lone Ranger" R&E programs (see below for an explanation of the difference between VVR&E programs and Lone Ranger programs).

³ Initial firm contacts in these professionally-staffed programs are typically for 10 to 15 minutes, and are focused on marketing the program rather than collection of data.

⁴ Basic statistics on program characteristics in this section are based on a survey of program coordinators in six states. This survey is described more completely in a following section.

⁵ Some state sponsors provide suggested plans and recommendations as part of their report to the task force. In these instances, the task force selects, modifies, and/or supplements the suggestions.

⁶ For a compilation of these concrete success stories in Ohio, see Mullet, (1990).

⁷ Most state programs require support from local sponsors such as chambers, county commissioners, or a local development commission. Often this support is formal rather than substantive, such as agreeing to sign letters advising firms that they will be contacted as part of the program. This requirement assures state sponsors that the program has broad-based support from the community.

⁸ For a discussion of response validity and informant estimates, see Fujii et al. (pp. 93-104, 1985), Deaux and Callaghan (pp. 365-368, 1985).

⁹ Roughly twenty states sponsored VVR&E programs at the time of the survey. All of them were invited to collaborate in the evaluation research. State program leaders in Indiana, Minnesota, Nebraska, North Dakota, Ohio and Wisconsin chose to participate.

¹⁰ Dillman's (1978) methods were employed to maximize the response rate.

¹¹ Seventeen coordinators did not respond to this question.

¹² Morse (1990, pp. 3-12) suggests several other goals, but the major focus of most programs relates to efficiency.

¹³ While using secondary data on employment changes is difficult, it is not impossible, and the authors are currently planning such a project. To use secondary data in a "before-after" comparison, a minimum of two or three

years' data are needed after program completion. Given the lag time between the collection of secondary data and its availability, such tests are currently impossible for relatively recently executed programs such as those evaluated in this article.

¹⁴ The local coordinators served as volunteers or had this task added to their regular job assignment. Consequently their is little reason for them to inflate their ratings as might be the case if their employment depended on performance. Another safeguard against coordinator bias was that results were not reported by individual communities. The variability in evaluations between objectives suggests that coordinators responded frankly.

¹⁵ Forty-one Ohio VVR&E Programs were conducted between 1986 and February 1989. Twenty-eight of the communities had completed the program by the summer of 1988, and were believed to have had sufficient time to act upon community-wide action plans made as part of the program. Out of the 28 communities targeted to be surveyed, eleven permitted the Ohio State University to mail a survey to VVR&E program task force members and firms. The eleven communities constituted a population of 734 participants from which a random sample of 310 participants, stratified by firm size, was drawn. The survey was fielded in the summer of 1989. The aggregate response rate was 47.4 percent, or 147 usable questionnaires returned. Sixty-six percent of the responses were from firm managers or owners, and 34% from task force members. Of the 97 questionnaires returned by firms, 77 could be linked to the firm's responses to visitors' questions during the VVR&E program. The original identification codes were missing or unavailable for the remaining 20 firms. It is the information from the 77 matched firms that is discussed in this document.

¹⁶ In subsequent tables, where the respondent did not provide an answer to the program objective question, the observation appears in the "whole sample" category only. Thus the "whole sample" category is not the simple average of the "high" and "low" categories.

¹⁷ One could argue that by dividing the sample in this way, one is likely to get essentially the same group in the "high" and "low" categories across objectives. As the reader will see in the following discussion, this was not the case here.

¹⁸ Some states give communities only a computer generated printout with little or no explanatory text, while other states provide a draft final report which the coordinator and task force can modify as they see fit before presentation to the community. States following the former strategy shift much of the burden of making sense of the raw data to the task force and/or local coordinator. Since these groups usually have little or no experience in working with the type of data supplied, development of recommendations under these circumstances is likely to be time consuming and frustrating.

List of References

- Birch, David L., (1987). Job Creation in America: How Our Smallest Companies Put the Most People to Work, New York: The Free Press.
- Bozeman, B. and J. Boseman, (1987). "Manufacturing Firm's Views of Government Activity and Commitment to Site: Implications for Business Retention Policy," Policy Studies Review, 6, 538-553.
- Deaux, Edward, and John W. Callaghan, (1985). Key Informant Versus Self-report Estimates of Health-risk Behavior. Evaluation Review, 9(3), 365-368.
- Dillman, Don A., (1978). Mail and Telephone Surveys: Total Design Method, New York: John Wiley and Sons.
- Frazier, Leslie, (1979). Steps to Success in Kansas. Journal of the Community Development Society, 10(2), 81-87.
- Humphrey, Craig R., Rodney A. Erickson, and Edward J. Ottensmeyer, (1988). Industrial Development Groups, Organizational Resources, and the Prospects for Effecting Growth in Local Economies. Growth and Change, 19(3), 1-21.
- Miller, J., (1990). Business Retention and Expansion in the Great Lake States, 1976-1980. In G. Morse (Ed.), The Retention and Expansion of Existing Businesses: Theory and Practice in Business Visitation Programs, (pp. 17-31), Ames, Iowa: Iowa State University Press.
- Mullet, Beverly, (1990). Ohio Business Retention & Visitation Program: Local Benefits and Successes. Mimeo, The Ohio State University/Cooperative Extension Service.
- Morse, George, (1990). A Conceptual Model of Retention and Expansion Visitation Programs. In G. Morse (Ed.), The Retention and Expansion of Existing Businesses: Theory and Practice in Business Visitation Programs, (pp. 3-12), Ames, Iowa: Iowa State University Press.
- Moxley, Robert L., (1985). Vertical Assistance, Population Size, and Growth in the Context and Results of Community Civic Action. Journal of the Community Development Society, 16(1), 57-74.
- Otto, Daniel, George Morse, and Ellen Hagey, (1990). State Educational/Technical Assistance Programs. In G. Morse (Ed.), The Retention and Expansion of Existing Businesses: Theory and Practice in Business Visitation Programs, (pp. 35-43). Ames, Iowa: Iowa State University Press.
- Peterson, Jon, (1990). R&E Visitation in a Major City. In S. Loveridge, T. Smith, and G. Morse (Eds.), Proceedings: First Annual Workshop for State Program Leaders of Business Retention and Expansion Programs, (pp. 27-32). St. Paul, Minnesota: Department of Agricultural and Applied Economics, University of Minnesota.

Scott, Douglas R., Mark Cochran, and Donald E. Voth, (1988). The Effect of Self-Help Community Development Programs on Rural County Development in Arkansas. Journal of the Community Development Society, 19(2), 56-72.

Smith, Elson D., Brady Deaton, and David Kelch, (1980). Cost Effective Programs of Rural Community Industrialization. Journal of the Community Development Society, 11(1), 113-123.