

Implementing Community Economic Development: Normative Prescriptions, with Applications to rural Illinois

Adee Athiyaman, and
Andrea Rungeⁱ

Research Brief, Short Paper

ISSN 2687-8844

Vol. 2, No. 1 (2020 January 25)

Abstract

Economic development strategies at the county level focus on Creation, Attraction, Retention and Expansion (CARE) of businesses. For business attraction, it is essential that a county highlights the region's quality of life and economic growth potential, the two salient evaluative criteria used for business location decisions. As a communication medium, a county's website is effective in communicating key features of CARE execution, including business attraction evaluative criteria. Our research shows that many rural counties without dedicated economic developers direct site selection web traffic to related parties such as chambers of commerce and tourism departments. In those cases, counties should collaborate their branding efforts with these regional partners to exhibit visual marketing consistency.

Key words: Economic development, marketing communications, rural Illinois, Websites.

1.0. Introduction

Economic development (ED) decision making is a two-stage process:

1. Recognition of an existing economic environment, and
2. Reaction to this environment by developing alternative courses of action and selecting the optimal for implementation.

Recognition of possible environments is aided by the practitioner's knowledge of the principles and methods of economic base theory (see the sidebar).

Economic Base Theory

This theory assumes that total economic activity, E_T , is the total of basic economic activity (E_B : activities devoted to the production of goods and services ultimately sold to consumers outside the region) and non-basic economic activity (E_{NB} : activities involved in producing goods and services consumed locally).

Symbolically,

$$E_T = E_B + E_{NB}$$

External demand for a region's exportable goods and services injects income into the regional economy. Income derived from export business drives local demand for non-exportable goods and services.

Total economic activity is primarily a function of basic activity (either original or derivative). Tools such as location quotient, shift-share analysis, and input-output analyses are used to recognize basic sectors.

Similarly, utilizing decision making tools such as the Analytic Hierarchy Process (AHP) guide practitioners toward the key industries in which to employ their economic development activities: **create, attract, retain, and expand**; these stage 2 decisions are labeled 'CARE' in the ED literature (Athiyaman, 2019).

The difficulty within the process arises within the execution and implementation of the ED strategy (the bottom two grids within Figure 1). Existing literature contains easily understandable, measurable concepts, such as basic industries, but fails to convey strategies and tactics for ED implementation.

For example, Lobao, Adua, and Hooks (2014) observe that market-oriented local governments engage in business attraction, but the authors fail to define or specify the activities that constitute market orientation. Adua and Lobao (2015) add to this discussion by stating that a market-orientated local government has economic developers traveling to other regions promoting the local government as the place to locate a business. Again, Adua and Lobao (2015) provide little or no guidance for local governments in implementing these actions, for example, the choice of US regions to visit for business recruitment.

As far as we are aware, business incentives are the most used tool to attract businesses to a region. Research by Zhang, Warner, and Homsy (2017) validates this assertion, their analysis of the 2014 survey among ED professionals conducted by the International City / County Management Association (ICMA) shows that 98% of local governments use at least one business incentive (i.e. tax abatements) to recruit business. The question is, to whom should the incentives be targeted or promoted?

Truth in Science

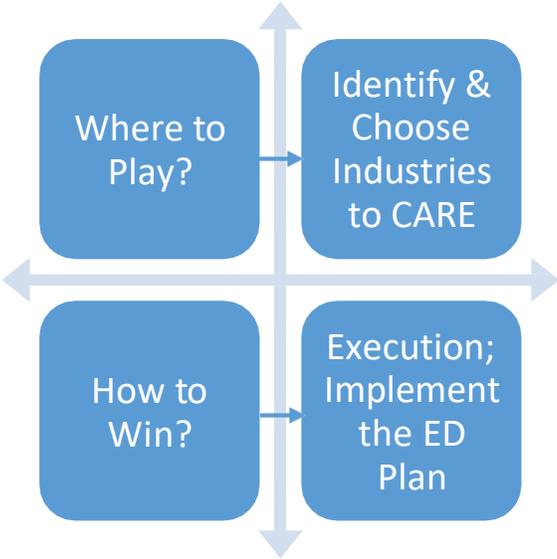
Early in his career Professor Clifford Morgan, a well-known physiological psychologist, worked at Harvard, and on one occasion he served as a subject in a hearing experiment conducted by Professor Smith Stevens; the foremost expert in psychophysiology. When Morgan emerged from the listening booth, he found Stevens drawing an elegant sine curve through a scattered row of dots on a piece of paper. "But Professor Stevens", Morgan protested. "that line doesn't have anything to do with those dots". "Damn it, Cliff", Stevens replied, "I'm not interested in the data. I am interested in the truth".

Stevens was talking about knowledge and understanding, truth in science.

Shared by Professor Rossiter with the first author, when he was a graduate student at the Australian Graduate School of Management.

In ED planning, the known facts often do not clearly indicate the probable success of a planned course of action. For example, advertising a regional business incentive in *Forbes* magazine may capture the attention of many of its national readers², but may not result in business attraction. It is the truth that the readership may notice the advertised incentive, but the fact remains that the readership may not be the audience who needs to internalize the message. Practitioners need to understand the ‘truth’ or theory in ED implementation. Facts tend to be silent, theory must be invented to describe their workings. An example would be the relationship between interest rates and industrial construction; variables which seem to rise and fall together. But economic theory denies this covariation, arguing that the increase in construction cost is due to a rise in the cost of borrowing. To account for the observed facts, the theory states that when national income is high construction is high and the demand for funds to finance construction raises interest rates. Put simply, theory (truth) describes the workings of facts (see sidebar for a discussion about truth in science). It is the purpose of this rural research report to highlight that truth: some of the principles of action for ED implementation.

Figure 1: Overview of Economic Development Practice



² The probability of initial attention to the ad is 0.8 for individuals who subscribe to or buy the publication, they are the primary readers of the publication, *Forbes* in our example (Rossiter et al 2019).

2.0. How to Win, implement CARE?

Think of regional equity as having two distinct parts. Economic growth comprises the monetary part of the equity; the non-monetary part would be residents' quality of life. In equation form:

Regional Equity = f (Monetary (economic growth), Non-Monetary (quality of life)).

Extant research on quality of life suggests that its determinants includes economic growth (Athiyaman, 2008). In other words, implementing CARE activities should enhance regional equity – both in monetary and non-monetary terms.

In business, equity is attained by implementing activities aimed at impacting both the firm's topline (sales revenue) and the bottom line (profits). Activities related to impacting a company's topline include corporate identity management and public relations. Product specific advertising and promotions, social media contacts with customers, etc. are concerned with influencing the firm's bottom line.

In the ED literature equity management aimed at the topline is discussed as “start-up common”, presence of pillar companies (for example, the FAANG³ companies), universities, human capital, investment capital, mentoring and values such as risk seeking and long-time investment horizon. These are essential elements for business creation and attraction⁴. The question about the process and methods of showcasing the region for creating and attracting industry is seldom discussed, the thinking seems to be “build and they will come” (Gordon, 2015).

³ FAANG is the abbreviation for Facebook, Amazon, Apple, Netflix, and Google.

⁴ Case studies of regions such as Tel Aviv and Ithaca that have invested and benefited from start-up common are discussed by Cohen (2013).

The second type of equity management, akin to customer management in business, is seldom discussed in the ED literature. The common prescription for “execution” has been to “attract industries” (Lobao et al 2014)⁵.

In the following pages, we deduce CARE execution principles from other statements already admitted as **true** in the business disciplines, marketing management, and communication sciences. The focus is on geographical regions' communications activities. The literature on corporate identity, public relations, and corporate image advertising is synthesized and adapted to provide insights into CARE execution.

2.1. Target Audiences and Action Objectives of Communities

The concept “target audience” is applicable to any audience that has some stake in the region's well-being. As shown in Figure 2, a community or region must look backward down the value chain toward its inputs: to start-up commons like pillar companies, to funds suppliers (for example, venture capitalists), and to its supply of prospective employees (for example, recruitment agencies). Next, the region must look laterally at its

regulators including state and federal agencies such as the EPA. The region must look internally to its population (residents, employees, etc.), and must look forward to the consumers of the region's goods and services.

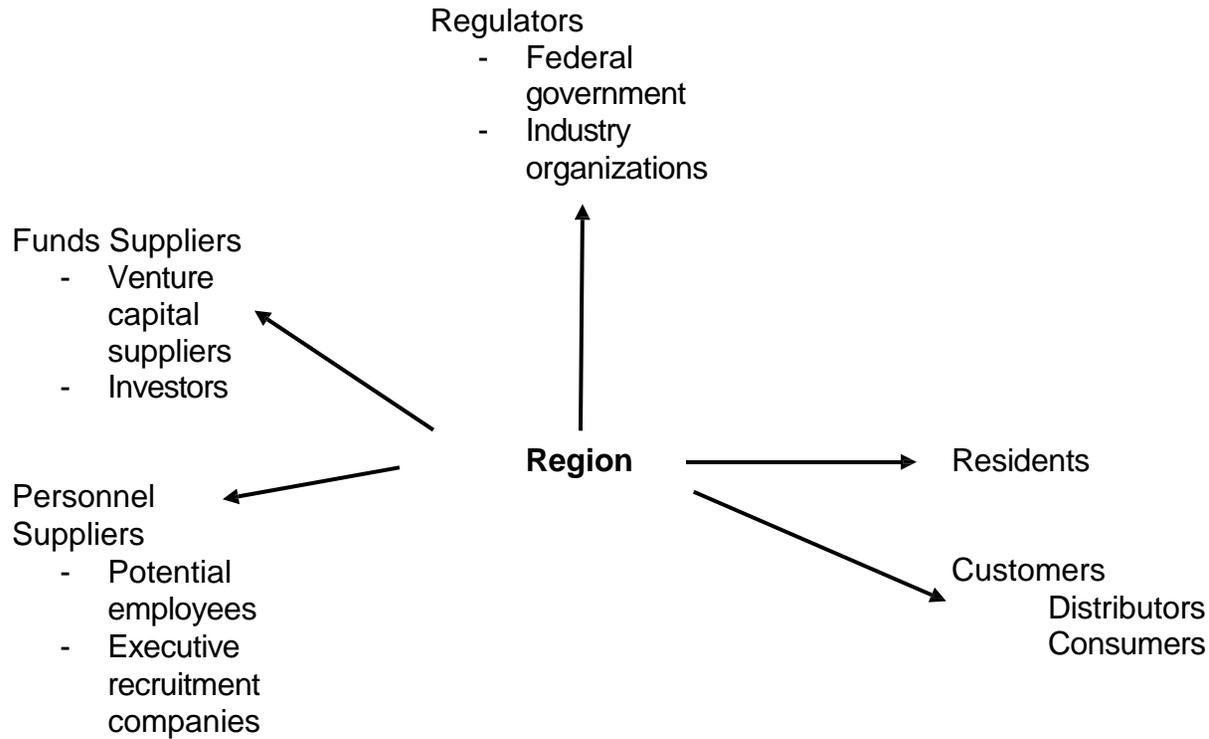
The action or persuasive objectives for these potential target audiences include:

1. *Suppliers*: to maintain constant supply and favorable terms;
2. *Regulators*: not to hinder the region's activities;
3. *Residents*: to support the region's ED efforts, and
4. *Customers of region's businesses*: to buy the region's products and patronize its services.

To achieve these diverse stakeholder action objectives the region must choose a regional identity program, public relations (PR) activities, and regional image advertising. The function of these activities is either to communicate about the region in a positive manner or to defend against likely or actual negative publicity from external sources.

⁵ Case examples such as Louisville, Kentucky, which successfully bid for UPS to locate its sorting hub in the city are cited as supporting arguments (Condon, 2019).

Figure 2. Potential Audiences for a Region's CARE Initiative



2.2. Regional Identity and PR

Regional identity refers to how the region presents itself visually through logo, signage, stationery, and all other visible symbols (see the Randolph County's logo below). Conceptually, the visual stimuli should enhance the region's recognition or awareness among target audiences and the overall evaluation of the region that stakeholders derive from the various beliefs about it (for example, Randolph County offers all the benefits of upstate and downstate IL).

It is essential to pretest the visual, regional identity stimuli before making a final commitment to them (see side bar for some examples of successful and unsuccessful identity stimuli).



Public relations refer to all the region's efforts to foster better relations with its various stakeholders; the narrower term, *publicity*, refers to media reportage of PR activities. The ongoing message areas of PR are:

- (i) The region's overall performance (economic, social, and ecological);
- (ii) New public service announcements;
- (iii) Residents' achievements, new appointments to the city council, and so forth.

VISUAL, IDENTITY STIMULI

Coca-Cola had changed little or nothing of its logotype, handwritten signature, designed by company bookkeeper Frank Robinson in 1887; See the original design of the logo at:

<https://www.coca-colacompany.com/au/new/s/trace-the-130-year-evolution-of-the-coca-cola-logo>.

There is evidence that the logo alone adds 13% to the value of the product (Rossiter et al, 2018).

While visual stimuli are designed to elicit positive evaluations of the concept, a well-known negative case is the corporate logo for Procter & Gamble; the original logo was a crescent moon with 13 stars representing the original 13 US states. It became a symbol of devil worship, hence was modified in 1985; see <https://www.nytimes.com/1985/04/18/garden/procter-gamble-fights-satan-story.html>).

Short-term PR messages are mostly concerned with crisis management, for example, providing financial assistance to businesses affected by natural disasters.

Communities have plenty of ways (media) to transmit messages to target audiences. Principal PR activities include:

1. Annual or quarterly reports;
2. Newsletters;
3. News releases – for regional, or national media, including trade press;
4. Press conferences or interviews;
5. Region’s speakers, for example, local government officials who make presentations to industry associations;
6. Invitations to sponsored events, and
7. The region’s homepage on the Internet.

PR is most particularly intended to influence region’s attitude in the minds of the target audience to which the PR is directed. Usually, the objective is to create, increase, or maintain a positive attitude towards the region.

2.3. Regional Image Advertising

Image advertising for a region refers to advertising that promotes the region rather than its specific products (for example, tourism). In our opinion, communities whose name is almost invisible to stakeholders such as venture capitalists should engage in image advertising. A more recent form of image advertising is known as “advocacy” or “issue advocacy” advertising, in which the region does not promote itself directly but rather promotes an issue or cause that has an indirect bearing on its operations (see the ad below).

**The soda tax can make a difference by
reducing consumption of unhealthy soda pop
and sugary beverages that contribute to:**



DIABETES



HEART DISEASE



OBESITY

and other serious medical conditions.

**At the same time, it will help support
public health programs and crucial
services in Cook County hospitals.**

The objectives for image advertising include: build awareness of the region among target audiences, create or change attitude towards the region, and generation of behavioral intention. In lay terms, target audiences should *recognize* the region when considering it for business, employment, residence, etc. Creating a positive *attitude* towards the region is very important when the target audience action is relatively indirect and delayed, such as to buy the region's municipal bond; the generation of behavioral intention (as in bond purchase) or purchase-related intention (as in not boycotting the region's products) is also required.

3.0. Principles of CARE Execution

Earlier, we stated the need for theory in ED implementation. The results of our literature review of developments in marketing management and communication sciences suggest the following courses of action for CARE execution:

Principle 1: List all target audiences that have some stake in the region's equity and identify their action objectives; for example, industry regulators as target audience should be specified the action objective "not to hinder the region's performance" (see Figure 2 and its associated discussions).

Principle 2: To achieve action objectives,

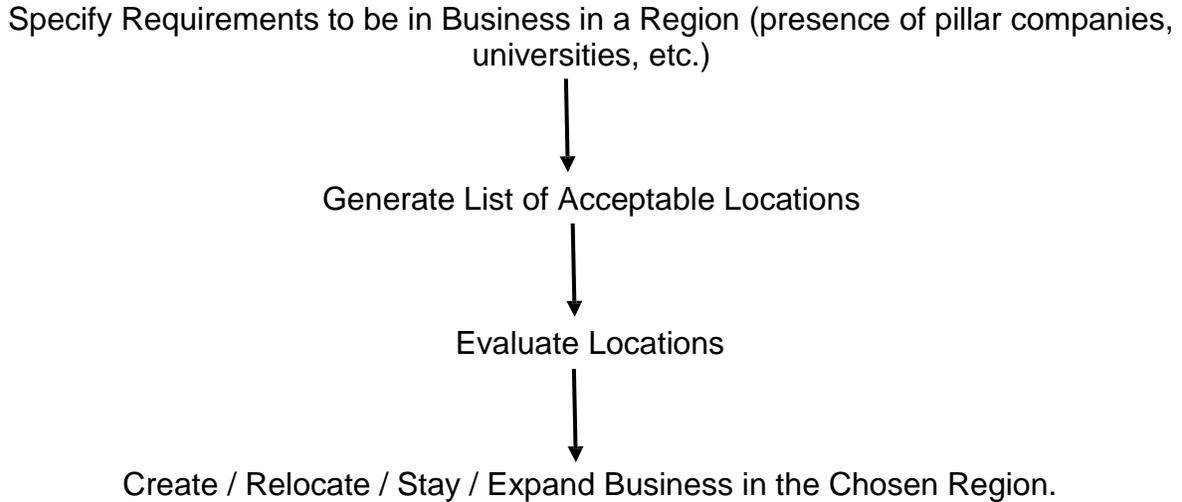
First choose an identity program (for example, a visual logo of the region) to create awareness about the region among stakeholders;

Next, use public relations to create, increase, or maintain positive attitude towards the region; and

Finally, engage in image advertising to generate relevant behavioral responses from stakeholders (for example, residents to support property tax increases to fund the region's educational institutions).

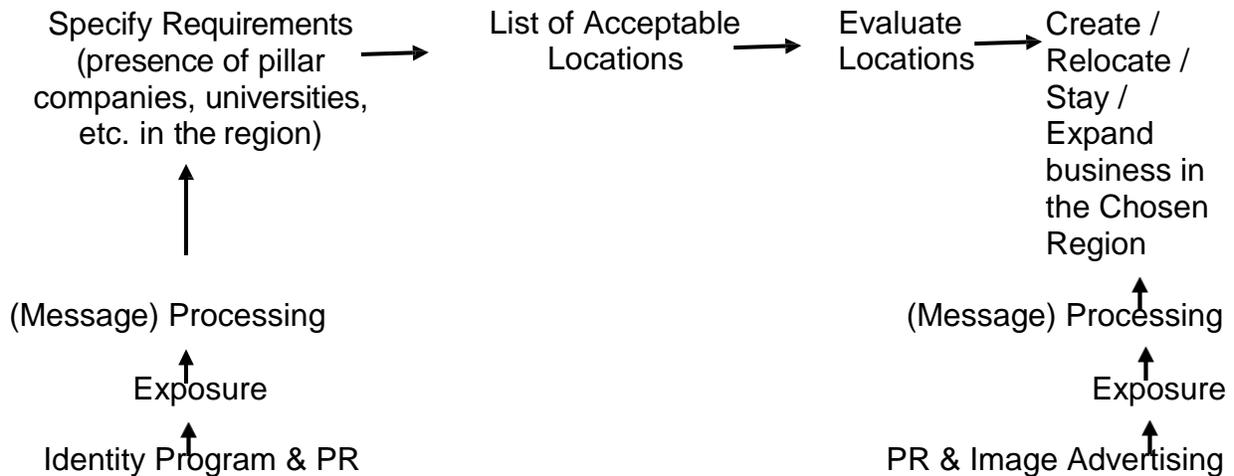
4.0. Target Audience Actions, How Achieved?

A successful appeal to target audiences will result in a successful implementation of the ED program. These are the sequence of actions that the typical CARE target audience is likely to follow in deciding to act on the region's economic development initiative; the case of business attraction is illustrated:



The best way to understand the impact of a region’s identity program, PR, and image advertising on economic development initiatives is with the aid of a metaphor. Think of the “sequence of actions” of a target audience shown above as the roof of a building and then imagine the programs (PR, image ads, and so on) being inserted as pillars to support that roof (Figure 4).

Figure 4: CARE Execution: How Accomplished?



5.0. Rural IL Counties and their Capabilities for CARE Execution

In this section, we audit rural Illinois counties for features relevant for CARE execution. The assessment draws on the principles for CARE execution discussed in the report. County website was the unit of analysis, website is a digital PR medium that is most commonly used in both for profit and not-for-profit sectors (Rossiter et al., 2018). Table 1 shows the factors we use in our checklist. An 11-point rating scale (given below) is used to rate each factor; the common scale for all factors avoids any arbitrary weighting of them.

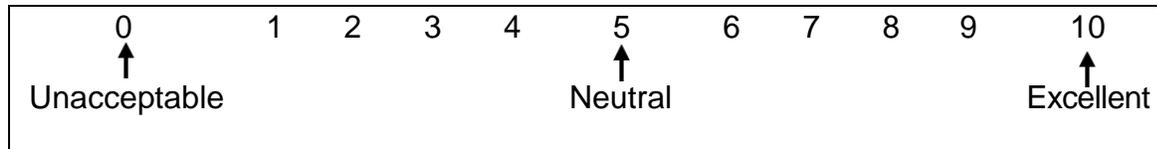


Table 1: Factors for CARE Execution Capability Assessment

Target audience action objective specification explicit or clearly implied on the website of the county.
(County) Identity stimuli are sufficiently exposed on the website.
The following benefits of the county are highlighted on the website to create, increase, or maintain positive attitude towards the region: Incentive information; Demographic information; Searchable database of available sites and buildings; Workforce statistics; Major employer list; Quality of life information.

Counties were identified from the 2019 listing of rural counties published by the Consumer Financial Protection Bureau⁶. In all, 49 counties were assessed for attribute possession listed in Table 1; the first author visited the county websites and performed the assessment⁷. Of the 49 counties, 10 had no websites, four had them under construction, and 13 counties had their websites linked with another entity, mostly the county's chamber of commerce or economic development entity website.

Figure 5 shows the snake plot of the mean scores. Other than regional identity, that is, how the county presents itself visually through its name, logo, and other visible symbols, the websites had very little or nothing about target audience action objectives. The

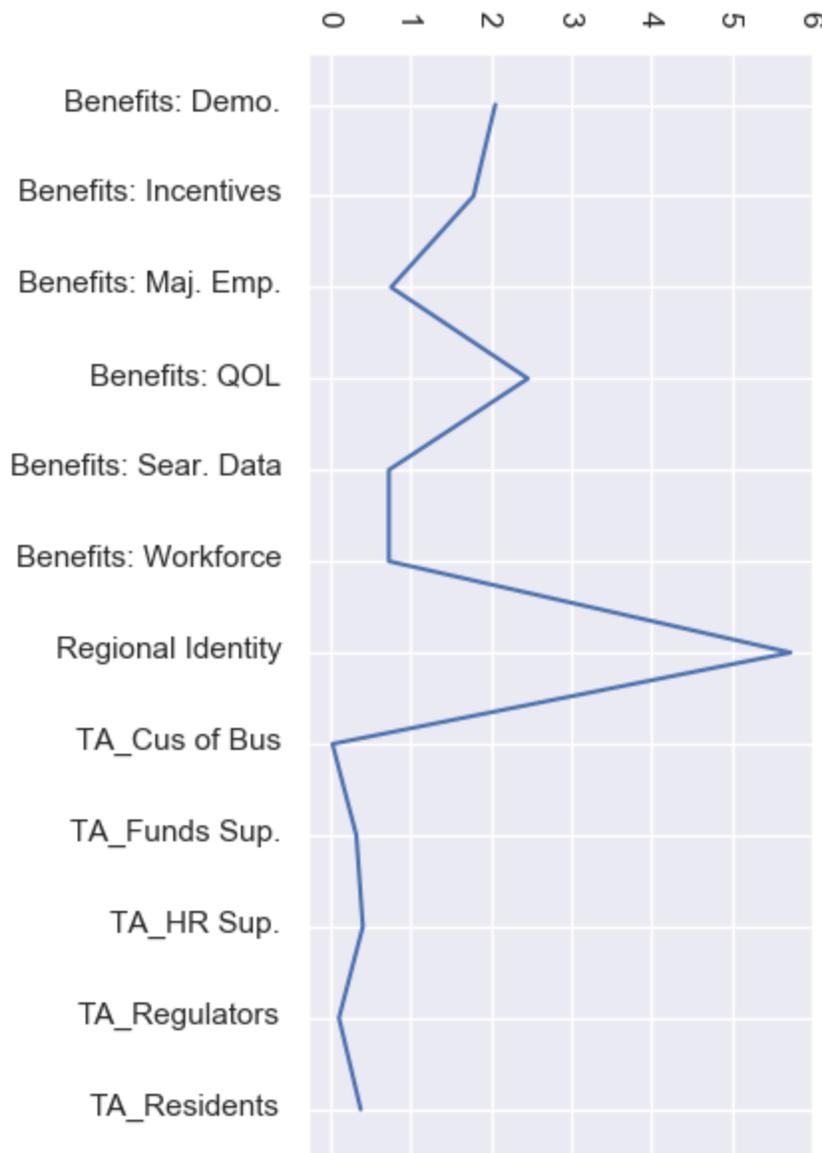
⁶ See: https://files.consumerfinance.gov/f/documents/cfpb_rural-underserved-list_2019.pdf

⁷ The first author's graduate student independently scored the websites; the correlation between the first author's ratings and the student's ratings was a high 0.87: the strong, positive covariation between the independent ratings indicates that the website assessments or scorings reported in here are reliable or replicable by others.

demographic profile of the county, and related quality of life factors such as K-12 schooling in the county, are the most mentioned benefits highlighted to create, increase, or maintain target audience attitudes toward the county.

Of the 39 counties with a website, Adams County and Jefferson County possessed the most features relevant for CARE execution. Background of individuals manning the economic development efforts in the county, for example, education and training in economic development, is correlated with excellence in CARE execution. The size of the county is also correlated with capability in CARE execution; Appendix 1 provides additional information about the correlates of CARE execution.

Figure 5: Snake Plot of Factors for CARE Execution Highlighted in County Websites



6.0. Implications for CARE Execution

The prescription for CARE execution and the audit of rural Illinois counties on their CARE execution practices suggest the following implications for ED professionals. First, it is essential for a region to monitor how it presents itself visually to its various audiences; our research suggests that some of the rural Illinois counties do not use consistent visual stimuli for their region; consistency in visual design is a necessary condition for creating awareness about the region to the target audiences; for example, Carroll County's website has a signage which is different from the county's tourism logo:

Signage on Carroll County's Website:



Carroll's County Tourism Logo:



Second, a systematic examination of the listing of the region's attributes as an attractive business location is a necessary condition for CARE execution; see Table 1 for the list of attributes or benefits related to site locations. The sufficient condition is to examine target audience action objectives, both explicit and implicit, in order to ensure that the benefits highlighted in the PR media and image advertising do create, increase, or maintain target audiences' positive attitude towards the county.

Finally, it is important to realize that there are some site selection decisions which are based strictly on a set of situational factors (for example, foreign trade) for which theorizing will not be useful. Our experience in ED suggests that these cases are outliers, rarely discussed in the ED literature.

It is hoped that the CARE execution principles outlined in this paper will act as catalysts for building decision support systems from the viewpoint of ED planning and implementation.

References

Adua, L., and Lobao, L. (2015). Business Attraction and Redistribution by US Local Governments: To What Extent is there a Zero-Sum Relationship between Business and Citizens' Interests. *State and Local Government Review*, 47(4), 223-239.

Athiyaman, A. (2008). Managing Quality of Life in Communities: Theory and Applications, *Journal of Organizational Culture, Conflict and Communications*, 12(2), 21-38.

Athiyaman, A. (2019). *Advanced Economic Development: A Model Building Approach*. Macomb, Illinois: IIRA.

Cohen, P. (2013). How Can You Attract Start-Ups to Your Region? *Entrepreneurship Review*, Available: <http://miter.mit.edu/how-can-you-attract-start-ups-to-your-region/>

Condon, T. (2019). Louisville: Lessons from a Regional City, CT Mirror, Accessed online: <https://ctmirror.org/2019/10/22/louisville-lessons-from-a-regional-city/>

Gordon, G. (2015). *The Economic Survival of America's Isolated Small Towns*. New York: Routledge.

Lobao, L., Adua, L., and Hooks, G. (2014). Privatization, Business Attraction, and Social Services across the US: Local Governments' Use of Market-Oriented, Neo-Liberal Policies in the Post-2000 Period. *Social Problems*, 61(4), 644-672.

Rossiter, J. R., Percy, L. & Bergkvist, L. (2018). *Marketing Communications: Objectives, Strategy, Tactics*. Thousand Oaks, CA: Sage Publications.

Zhang, Z., Warner, M. E., and Homsy, G. C. (2017). Environment, Equity, and Economic Development Goals: Understanding Differences in Local Economic Development Strategies, *Economic Development Quarterly*, 31(3), 196-209.

Appendix 1: Website Analysis Scores and Correlates

County	Mean Score	GDP 2018, in 2012 Dollars	Population
Adams	6.166666667	3284870	66787
Brown	0.833333333	403332	6791
Bureau	0.666666667	1200477	33619
Carroll	0.545454545	463346	14704
Cass	1.166666667	638399	12880
Clark	0.833333333	608104	15924
Coles	0.363636364	2305836	52540
Crawford	1.818181818	3154494	19214
Cumberland	0.75	343839	10899
Douglas	0	1002215	19830
Edgar	1.416666667	756615	17603
Effingham	1.083333333	2041960	34164
Fayette	0.25	599015	21980
Franklin	2.416666667	1247960	39302
Hamilton	0.666666667	460533	8259
Hancock	0.666666667	683222	18264
Hardin	1.333333333	105717	4161
Henderson	1.416666667	201065	6927
Iroquois	0.666666667	1056396	28457
Jasper	0.75	568282	9608
Jefferson	7.25	1695482	38358
Jo Daviess	0.916666667	819232	22046
Lawrence	3	510953	16457
McDonough	0.333333333	1150422	31597
Mason	0	690326	13904
Montgomery	2.333333333	1324737	29173
Moultrie	0	692823	14711
Perry	1.083333333	712065	21467
Pike	0.833333333	623777	15930
Pulaski	0.833333333	236180	5691
Randolph	1.416666667	1470109	32829
Schuyler	1	285717	7181
Shelby	0.416666667	810282	21906
Union	0.583333333	448465	17267
Warren	0.75	750948	17429
Washington	0.75	1013500	14260
White	0.833333333	573158	14186

Correlations Among Variables

	<i>Mean Score</i>	<i>GDP 2018, in 2012 Dollars</i>	<i>Population</i>
Mean Score	1		
GDP 2018, in 2012 Dollars	0.49221432	1	
Population	0.52084714	0.805257509	1

i Athiyaman is Professor, Illinois Institute for Rural Affairs, Western Illinois University; Runge is Director, Community & Economic Development, IACAA