

# Local Government's Role and Response to Economic Development



Many community leaders, including a large number of elected officials, struggle to understand the role of local government in the economic development of a community.<sup>1</sup> Many issues contribute to this struggle, and most of these issues arise from a very broad definition of economic development. In many cases, this definition varies among stakeholders within the geographic region in which the economic development effort is targeted.

Some ways to measure success include jobs created (or saved), industries recruited, incomes increased, or businesses expanded in a local area such as a city, county, or region. Inconsistent definitions can lead to a wide interpretation of economic development success and how that success will be measured. This can lead to conflict among stakeholders that will reduce the effect of the economic development effort. This is not just a local issue; states and even nations face the same type of issues when they are trying to improve their economies.

Understanding the concept of economic development is more important today than ever before because of two overarching issues. First, constituents have increased expectations regarding improved economic conditions to enhance their quality of life. Second, there is a growing dependence on regionally focused economic development strategies where collaborations with regional partners (including other governments) occur. These partnerships necessarily result in an increased decentralization of the role of local government in the economic development effort.

This decentralization could translate to roles and partnerships with local nongovernmental or semi-governmental entities (such as local economic development authorities or chambers of commerce), regional economic development authorities, or local or regional nonprofits that have an economic-development or jobs-creation mission. Local governments could also partner with private firms that have expertise in the

economic development process. Smaller towns or counties often have task forces or steering committees comprised of local citizens or businesses that lead the effort.

In many cases, increased expectations and the decentralized role of local government cause the government's role in the economic development process to become increasingly uncertain. When economic development success is not clearly defined and fully understood by a community, initiatives can fail to meet stakeholder expectations. Unmet expectations can lead to unnecessary conflict that results in wasted resources that could be used to explore new economic development and other types of opportunities. A local government that clearly defines economic development success and communicates well with its stakeholders (including economic development organizations and partnering governments) can avoid these types of wasted efforts and the losses that accompany them.

Locally elected officials also have responsibilities in today's local governmental environment that were not present as recently as 10 years ago. Examples of these increased responsibilities include increased environmental regulations for public services such as water and wastewater infrastructure, managing decaying transportation infrastructure (roads and bridges) in times of lean financial resources from federal and state governments, increasing regulations and scrutiny regarding employee conduct and workplace safety, and implementing mandated standards for local public school systems.

Finally, the expertise of many economic development professionals has become specialized, with many practitioners focusing on one type of strategy (business or industry attraction) or even one specific sector (retail firms). Economic development efforts and programs led by these individuals have often resulted in narrowly focused, rather than comprehensive, efforts to improve the

<sup>1</sup>The term "community" is used to describe any geographic area for which an economic development effort might be targeted. For the purposes of this publication, the area could be defined as a neighborhood, town, city, county, or multi-county region.

economic condition of the community. For example, there have been several cases where an economic development professional with primary expertise in business or industry attraction has focused on this strategy to the exclusion of business creation and entrepreneurship or business retention and expansion.

Despite these challenges, locally elected officials are held accountable for initiating economic development efforts that lead to constituents' definitions of success. A local government that recognizes and understands these issues is more likely to be able to develop and implement a plan to bring jobs and increased incomes to the community or region with the goal of improving the standard of living and quality of life of area residents.

This publication explains the concept of economic development, the role of local government in economic development, and the process of planning for and evaluating the economic development process.

## What Is Economic Development?

Economic development has many definitions and most, if not all, of these will be held by various stakeholders in the community. Perhaps the most widely accepted of these definitions concerns creating jobs and increasing incomes within the local economy. However, it is important to understand that economic development is a *process* for which a local government can have significant influence. A generally accepted broad definition of this process put forth by the International Economic Development Council (IEDC, 2017) focuses primarily on the efforts that national and state governments can undertake to set the stage for economic development to take place at the local level.

While the IEDC concept is helpful, it focuses more on the state and federal levels of government than on local and regional levels. Understanding the local economic development process and identifying a meaningful definition of local economic development success is critical for local government officials.

To accomplish this, it is important to distinguish between two important concepts that are easily confused. **Economic growth** is an increased level of economic activity (e.g., an increase in sales or income) while **economic development** is a much broader concept that cannot be defined by a single metric (Shaffer, 1989, pp 7–8). It is important to realize that economic growth can occur without economic development (or community development) and that economic development can occur without economic growth. However, most communities will likely want to pursue a goal of economic development by using economic growth as a strategy to achieve that

goal, although there are cases in which the community may wish to limit economic growth in specific situations. Given this, please consider the following definition of economic development:

*The goal of economic development is to enhance the economic quality of life for the residents of the community. To accomplish this, a process should be developed and implemented that has many facets, including developing goals or objectives for economic growth and developing a plan to create new economic opportunities by attracting, creating, retaining, and expanding jobs and enhancing incomes for the community or region.*

Given this definition, it is clear that the measures of success for local economic development depend on the goals the community formulates at the beginning of the economic development process. These goals should be part of a comprehensive community development process that includes economic development as one of its components; this easily translates to the idea that economic development has at its basis the desire for improvement of the economic quality of life for area residents.

While community development goals should include those related to enhancing economic quality of life, they should also address enhancing the noneconomic factors of being a part of the community. These could include such issues as

- Participation in civic processes and organizations
- Maintaining safe neighborhoods
- Facilitating accessible quality healthcare
- Reducing poverty
- Mitigating the factors involved in economic inequity
- Creating/maintaining/improving recreational opportunities such as parks

Addressing issues like these can improve the quality of life in a local area and also result in increased income and job availability for area residents. Historically, the primary objective of most local government economic development efforts has been to increase income and jobs for constituents.

And there is an intuitive logic underlying these efforts. For an area to attract, retain, or create new businesses (and, therefore, increase or maintain the level of income and number of jobs in the community), it must address quality-of-life issues. Businesses seeking to establish new operations (and perhaps remain or expand in the area) will strive to identify areas with a quality workforce and plenty of recreational opportunities for their employees. Local governments that seek to enhance the quality of life and the local business climate typically pursue strategies

that result in more traditional economic development objectives.

Local governments should view economic development as a process or course of action that leads to specific goals. It is not a means unto itself whereby a local government can claim that it is “doing” economic development simply by designating a geographic area as an industrial park or by advertising in a trade publication that all businesses are welcome. Typical goals identified by a community can include but are certainly not limited to:

- More jobs for residents
- Higher incomes for residents Increased tax base from which the supply of public goods and services would be enhanced
- Retention or expansion of a community’s or region’s population, especially its skilled labor force
- Improving the quality of the local workforce through increased managerial or vocational educational offerings
- Developing a local network to help existing or potential businesses address “red flag” or “green flag” issues

The process should include a focused and deliberate consideration of the steps needed to make goals achievable. In most cases, this takes the form of some type of strategic planning effort. Planning is a vital “road map” to the success of a project. An effective planning tool is especially important for a process like economic development where it is likely that a large number of community, regional, state, and federal partners will be involved.

If the community has carefully considered its goals, then the planning process should define the objectives or strategies to achieve those goals. While some of these will likely follow the traditional economic development process (business creation, retention and expansion, attraction, workforce development), others may seem to be more related to community development. However, local leaders should remember the close relationship that exists between community and economic development. For example, implementing a community beautification process or establishing a network of parks and green spaces may help to establish a higher quality of life that is important to a company’s employees.

Despite these and other benefits, the process is not without cost. A significant challenge for local government is assembling the stakeholders within a community or region and helping them develop a process to secure economic opportunities for the community or region. A

valuable step in that direction is for local elected officials, as well as other stakeholders, to understand the most important components of economic development.

## Setting the Stage for Economic Development

Once the community’s leaders have determined that they will undertake the economic development process, it is important that they understand the economic environment in which the community operates. It is important to focus on the *local* economic environment; the state’s economic environment may paint a very different picture.

For example, manufacturing jobs in Mississippi declined by 13.6 percent from 2001 to 2010 (likely due to the impact of several factors including Hurricane Katrina, the Deepwater Horizon disaster, and the circa 2008 recession). Since 2010, however, the number of manufacturing jobs in the state has rebounded by 7.6 percent from 2010 to 2017.

While the rebound of manufacturing jobs presents a moderately optimistic picture, the situation for individual communities may be very different. Some areas have lost their primary manufacturing industries, while others have gained significant numbers of new manufacturing jobs. It is important for the community’s leadership to understand the trends that are taking place in all economic sectors (manufacturing, information, construction, retail trade, healthcare, etc.) as well as other trends that may affect these sectors (education, workforce skills, and public service needs, to name a few).

The information gained from this analysis provides a solid starting point for the economic development effort. Several entities can provide this information for the state. Some of the more comprehensive sources of data and information can be found in the appendix.

## Strategies of Economic Development

At the heart of most economic development efforts are methods or objectives that can be used to create and maintain jobs that are a catalyst to improve incomes in the area. While the economic development process can take many forms, a key focus of this process will likely be to increase the number of jobs in the community and/or retain the jobs that already exist.

Increasing the number of jobs in the community has several benefits. First, an increased number of available jobs helps to reduce the community’s unemployment rate and increase the level of personal income. This is particularly true if the new jobs increase the average wage levels within the community.

Second, increasing the number of jobs can increase the workforce participation rate within the community and open the door for marginalized community members to significantly increase their standard of living.

Third, new jobs, as well as reconfigured existing jobs, may require skills that the current workforce does not possess. This presents an opportunity to increase education levels within the community. Studies (Lochner & Moretti, 2004; Weber et al., 2007) have shown that increasing the educational level of a community has several positive benefits, including reduced incidence of crime and poverty.

These new jobs may stem from the private or public sector; many federal, state, and local government agencies employ highly educated and skilled workers who not only earn above-average wages, but also contribute to enhancing the quality of life by participating in civic processes and activities such as leading boards and committees, volunteering in the community, and mentoring at-risk youths. In many cases, these government entities are similar to private enterprises and require the same strategies for job creation.

There are four avenues through which the community can obtain new jobs or keep the jobs that currently exist.

- **Retention:** This strategy is concerned with saving existing jobs rather than creating new ones. While this strategy is sometimes neglected by economic development organizations, the loss of jobs from a plant closing or government entity shutdown can be devastating to a community and region. An old adage in the retail sector is that it is often easier and cheaper to keep an old customer than to recruit a new one. The same logic applies to keeping existing jobs and incomes within a community or region.
- **Expansion:** Increasing the number of jobs in an existing industry or government entity is the final strategy to increase and enhance the jobs and incomes in the community. This strategy involves helping existing organizations identify opportunities to exploit or threats to mitigate to increase jobs and incomes. This strategy is typically paired with *retention*. Expansion and retention are often viewed by successful economic developers and organizations as necessary elements of a comprehensive economic development process.

- **Creation:** Creating new businesses or government enterprises increases the number of jobs in the community or region. Business creation is often confused with *entrepreneurship*. Entrepreneurship is a subset of creation that seeks out new opportunities or markets and is different than fulfilling an existing demand in standard ways.
- **Attraction:** Business (or government entity) attraction is often the main, or even sole, focus of a community's or region's economic development activities. This strategy involves attracting a relocating business or plant expansion to the area. This type of strategy can result in new jobs for the community.

## Role of Local Government in Economic Development

Local governments can and should play a very important role in local economic development. While the global economy and national/state policies limit the role of local governments to a large extent, there are many actions that local governments can take to promote sustainable economic development<sup>2</sup> efforts in the region.

Local governments must understand the issues involved in the economic development process and promote the path that will garner the biggest rewards for the community. In most cases, a mix of business sectors and noneconomic quality-of-life amenities will prove to be the most advantageous and sustainable for the community. As the residents' elected representatives, local government officials should be involved in determining what that mix should be. In some cases, this may involve deciding not to pursue a particular business sector with characteristics that may be undesirable to the community.

Local government can also provide and facilitate services that enhance the local business climate. These services can include workforce development training provided by educational institutions, funding business incubator services to assist business creation, funding the construction of a spec building to attract manufacturing enterprises, or supporting a business visitation retention and expansion program.

While these are actions that have traditionally been associated with the economic development process, there are other avenues local government can take that will increase quality of life for area residents and play an important role in increasing and retaining jobs and

<sup>2</sup>The World Commission on Environment and Development defines sustainable development as "...[ensuring] that [development] meets the needs of the present without compromising the ability of future generations to meet their own needs" (Kates et al., 2016). Local government should seek economic development strategies that promote economic vitality, environmental stewardship, and social equity (Weinberg, 2000).

incomes. These types of actions include developing recreational venues such as parks and walking/bicycle trails, organizing city/town beautification efforts, promoting and sustaining organizations such as local arts councils, and ensuring quality public education. While these services typically require an investment of resources, they are valuable in keeping and attracting individuals and families, who are the heart of the local tax base. The importance of these types of noneconomic amenities underline the concept that people want to experience a high quality of life. For many job-seekers, particularly younger people, the trend is to choose a location based on a particular definition of a “high quality of life” rather than choosing a particular employer. Individuals may be attracted to specific features of a community that could include low crime, good health care, good child care and schools, fast internet connections, decent roads, clean air and green spaces, and/or a variety of recreation, cultural, entertainment, and food choices. One method local governments can use to evaluate and provide these features is through community placemaking. The Project for Public Spaces has information regarding this concept at <https://pps.org>.

Local governments should promote an environment of local governance through ethical behaviors and transparency, good decision-making, and leadership that represents the diversity of the community. Local governments need elected officials and staff who are trusted, can deal with conflict, and provide sound management of resources, particularly fiscal resources. Effective community governance also creates an environment where local residents can fully participate in the process of determining a direction for their community. The Kettering Foundation (<https://kettering.org>) has resources that can help governments identify ways to promote local governance.

When most communities allocate resources to the economic development process, their major focus is on strategies to attract, create, retain, and expand business firms to enhance incomes and increase the standard of living for residents. However, other effective strategies can be used to achieve the same goal. One strategy could involve improving residents’ financial health by providing financial coaching and planning through the county’s social services programs. This strategy would teach individuals to turn more of the income they earn into wealth through sound financial practices like building emergency savings and home equity.

It is also important to understand poverty in the community. While there are different types of poverty and each has its unique causes and challenges, a lack

of understanding often results in ineffective and even harmful policies and interventions. This negatively affects everyone in the community. In addition to understanding the causes of poverty, it is important to engage individuals who are in poverty or who have experienced poverty to help develop strategies that can improve the plight of low-income residents. This will make the community more attractive to business interests. An excellent resource for identifying approaches to work with poverty-stricken individuals is *Bridges Out of Poverty: Strategies for Professionals and Communities* (DeVol et al., 2010).

## **Facilitating Regional Economic Development Strategies**

In recent years, regionally focused economic development organizations have require the participation and collaboration of a larger number of participants across more jurisdictions than has historically been the case. These participants include other local governments as well as economic development organizations not under the direct control of a specific government.

While the regional concept has been around for a number of years, increased attention across the United States has been accelerated by Michael Porter’s research on economic clustering. An economic cluster refers to a geographic concentration of interconnected companies and institutions in a particular field (Porter, 1998; Porter, 2000). This approach has produced new and innovative ways of viewing economic development—from a regional perspective of focusing on a single business to a cluster system of recruiting/retaining/expanding a business and several supporting, input-supplier-type businesses in the same geographic area.

The Economic Development Administration (EDA) brought an increased focus to regional economic development. More recently, the United States Department of Agriculture (USDA) and its Rural Development efforts have developed the Stronger Economies Together (SET) program in collaboration with Extension across the United States. A key success factor for this program is a well-developed regional plan that emerges from an in-depth, inclusive, and comprehensive planning effort by regional stakeholders.

A primary role of local government is to develop an environment where an effective economic development process can occur. This is especially true in smaller communities. In previous decades, local government might have led the process through a top-down approach. Today, the proven documented success of regionally coordinated efforts such as the Community Development Foundation based in Tupelo, Mississippi, or the Golden Triangle LINK

in Columbus, Mississippi, suggests that a local government may be more likely to consider leading or participating in a collaboration or partnership among public, private, and community leaders across a (perhaps self-defined) region.

In many cases, local government will find itself in more of a policy-making role than a hands-on role. This will be especially true if the community or region has employed a person to assume the community's economic development responsibilities. If this is the case, local government must decide the boundaries of the relationship that it will have with the economic development office, particularly if it is a regional entity. This will be especially important if, as in the majority of cases, one or more local governments must provide the bulk of the resources for the effort such as funding, employees, technology support, and office space. With a regional economic development approach, local government must expand its vision to include the entire region while remaining conscious of the needs and wants of its constituents.

In either case, elected officials should adopt a spirit of *collaboration* rather than *compromise*. While these terms are often used interchangeably, they do have different and distinct meanings. *Compromise* means that one party has to give something up if the other party gains something. The size of the "pie" is fixed, and there are only so many pieces to divide among the "diners."

*Collaboration* suggests that working together will increase the size of the project payoff, while *compromise* typically infers that the size of the payoff will remain the same and that some partners will have to forego benefits so that others can profit. This approach to working together assumes "the whole is greater than the sum of the parts." Collaborating partners often find that the rewards each collaborator reaps are greater than they would have seen if they had acted on their own. This idea of collaboration and its potential rewards drives much of the advocacy of regional economic development efforts.

There are several partners and areas in which collaboration in an economic development effort can occur, including these:

- Local/regional/state colleges and universities
- Workforce development organizations
- Other economic development organizations (chambers of commerce, convention and visitors bureaus)
- Financial institutions
- Government offices that deal with taxing and permitting
- Local and regional nonprofit organizations
- K-12 public and private school systems

Areas where these organizations can find common ground for collaboration include:

- Business incentives such as decreases in taxes and subsidies to specific sectors such as the local health care system
- Regulatory issues such as permitting and licensing
- Community development issues such as poverty alleviation, sustainability, beautification, and leadership
- Emergency management and preparedness
- Community/regional marketing efforts
- Workforce development and training issues

## Planning for and Evaluating Economic Development Success

Both anecdotal experience and scientific research has shown that if a strategic planning effort is to be successful, then a champion or set of champions has to emerge. In both community and regional efforts, this role can fall to participating local governmental organizations. In this case, the local governments serve as the hub (coordinator) for the economic development planning process.

Once local leaders understand the basic components of economic development and have decided to pursue this type of effort, it becomes their responsibility to ensure that a plan for a successful economic development process is developed. Employing a shotgun or scattered approach to attract any and every type of public or private entity will not be successful in today's economic environment.

Today's successful communities have adopted a focused economic development strategy. Some have focused their primary efforts on technology-oriented manufacturing (Starkville, Mississippi); some have focused on retail trade and tourism (Ocean Springs, Mississippi); and others have a primary focus on professional services (Madison, Mississippi). While these cities and their accompanying regions may not seem like they have much in common with the more rural areas of the state, it is important to remember that they required a long-term vision and focused actions within a comprehensive economic development plan to realize the success that they now enjoy.

While the planning process can be as general or as comprehensive as desired, it should set the direction of the economic development process. There are several key elements to include in the planning process no matter the depth of the process. These include:

- **The planning process should be driven by data.** A tremendous amount of data is available to help the community make a set of decisions regarding the optimal economic development path to

choose. Having a data-driven process allows the community or region to capitalize on its strengths and address its weaknesses. A good place to start are the county economic profiles offered by the Economic and Community Development group of the Mississippi State University Extension Service (<http://extension.msstate.edu/economic-profiles> or contact your local county MSU Extension office for further assistance). Other sources of relevant data could include the responses to a business retention and expansion survey effort, an analysis of economic-related ordinances implemented in the community, or other community data available on the county level from state and federal sources.

- **The planning process should be inclusive and broad-based.** Having only one “group” participate in the planning process is likely to narrow the vision that the process can take and limit its chance of success. A planning committee or task force should be formed with representatives from local government, various industry sectors (including small-business owners), the local educational system, the local healthcare sector, and citizens from a variety of groups in the community that have an interest in enhancing the economic sustainability of the community or region.
- **All forms of economic development should be considered.** All too often, a community or region focuses only on one economic development strategy (for example, industry attraction). Considering all options (attraction, creation, retention, and expansion) for all potential sectors will serve to expand the task force’s thinking. It will also allow local government leaders to make more informed decisions about the types of economic development activities their constituents want and which local government leaders are capable of providing them.
- **Government leaders should consider the input from the task force but must make the final decision.** Most, if not all, of the economic development process funding will originate with public dollars, and local government has the ultimate authority and responsibility to see that those dollars are used for the betterment of the local community.

Several excellent sources describe how to conduct an effective planning process. For assistance in determining which resource could be appropriate for your community’s

specific situation, contact the authors or your local county MSU Extension office.

## Evaluating Economic Development Success

As the process is implemented, it is local government’s responsibility to ensure that public resources are being used in the best interests of the community/region and that the process itself is achieving its goals. The local government should develop and implement a structured evaluation process that accounts for the investments made in the process as well as the outcomes (results) of the process.

While evaluation typically takes place at the end of the process or after a success or failure has been recorded, continually evaluating throughout the life of the process will increase its chances of success. Local government leaders, with input from stakeholders, must define what the community should achieve as a result of economic development and not view the concept of economic development as a means unto itself.

An evaluation model that is growing in popularity is the logic model. **Figure 1** depicts this planning/evaluation process. An excellent description of this model and its components can be found at the University of Wisconsin Extension website (<http://fyi.uwex.edu/programdevelopment/logic-models>). The broad view of this diagram reveals the planning and evaluation components of the economic development process. The individual elements of the diagram provide a great deal of insight into the process.

Many *external factors* influence the economic development process and its potential success. Macroeconomic conditions that affect the local economy, the attitude of local residents toward certain types of development, and assistance from state economic and workforce development agencies are just three of an almost infinite list that can have a dramatic effect on the success of an economic development program. It is critical to identify these factors and understand their effects on the local community. While it is unlikely that local government leaders will undertake the task of identifying these factors, particularly if a local economic development agency exists, it is important to understand the effects of these factors to effectively guide economic development for the betterment of their community.

*Assumptions* made by stakeholders regarding the economic development process also have a significant impact on the process itself. Assumptions can take a variety of forms, including the type of development desired by stakeholders (high-tech versus low-tech manufacturing or the creation of home-grown businesses

# Expanded Logic Model

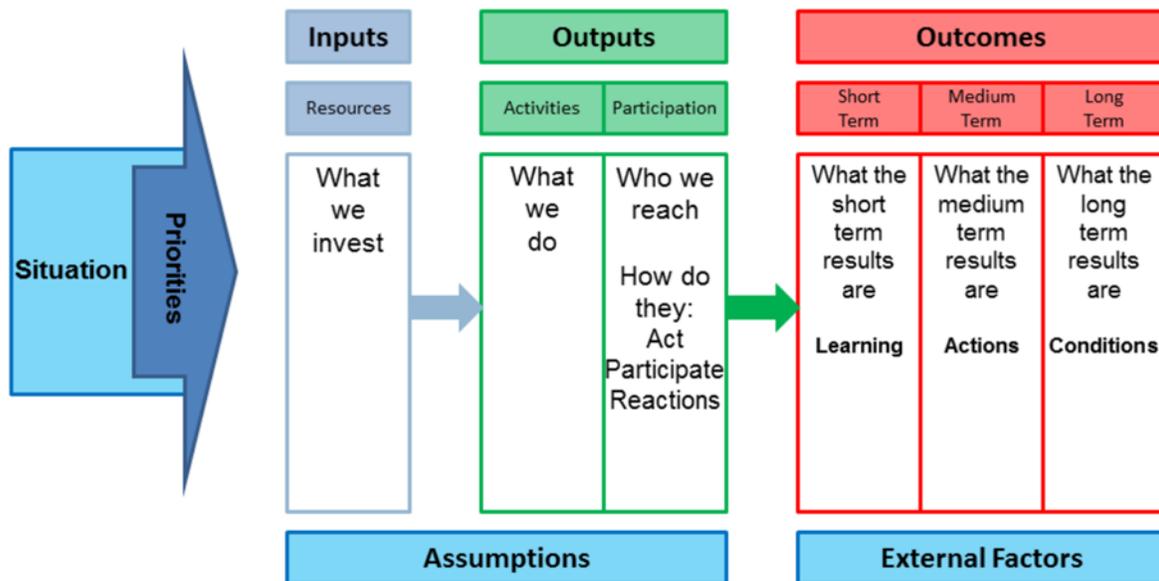


Figure 1. Expanded logic model. Source: University of Wisconsin Extension

versus industry attraction, for example), the level of risk that a community is willing to assume in the pursuit of a particular economic development strategy, or the perceived abilities of the local economic development organization to achieve certain goals. As indicated in these examples, assumptions may be based on data or perceptions, but both are equally important to the economic development process.

Once local government and stakeholders have identified the external factors and assumptions that are likely to influence the economic development process, the *situation* in which the community finds itself must be ascertained. Economic development leaders must be honest in assessing the community's situation and determining what specific circumstances exist that would either positively or negatively influence economic development. These factors could include high unemployment, low incomes, a lack of skilled workers, a lack of base<sup>3</sup> businesses in the community, or few retail businesses. Again, much of this information can be found in the county economic profiles offered by MSU Extension (<http://extension.msstate.edu/economic-profiles>).

The *priorities* of the economic development process are derived from the community's situation. Some communities will place significant priority on creating jobs,

increasing average or median income levels, or reducing unemployment, while other communities may emphasize workforce development, poverty or crime alleviation, or improving the noneconomic quality of life components in the community. However, remember that the final authority for setting the community's or region's economic development priorities falls upon local governmental officials because they were elected to represent constituent interests. Local government should identify the priorities of the economic development process (i.e., it should reflect the community's wants and needs) as well as the limitations resulting from external factors and assumptions.

Once the priorities have been identified, the actual economic development process involving inputs, outputs, and outcomes can be considered. At this point, the planning process and the evaluation process are mirror images of each other and should be considered simultaneously.

If we first consider the planning process, the community's priorities should be translated into the *long-term outputs* or *changes in conditions* that are desired. Some examples are

- increase manufacturing employment by 15 percent over the next 5 years.

<sup>3</sup>Base businesses can vary between communities. Some communities may have an economic base of manufacturing, while others may depend heavily on retail and personal service businesses. Many rural areas have a significant health care industry that functions as the primary economic driver in the area. In many cases, the economic base may very well be an economic cluster of businesses that serve to promote the overall economy.

- increase the trade area captured by the community's retail businesses by 10 percent over the next 2 years.

These long-term outcomes can be thought of as the economic development goals of the process given the priorities that have been identified. The next step is to consider the *medium-term outcomes* or *changes in action* that need to take place to achieve the long-term outcomes. These outcomes can be thought of as the objectives of the economic development process. They could include such items as

- facilitating the creation of 10 locally owned start-up businesses in the travel/tourism sector over the next year.
- working with five companies over the next 2 years to identify strategies that will facilitate the expansion of these companies' workforces.

The planning process should then address the *short-term outcomes* or *changes in learning* that must occur to meet the objectives set forth in the medium-term outcomes. These outcomes may be thought of as strategies and could include actions such as

- the local economic development office learning the nuances of specific business sectors that have been identified as priorities.
- enabling current or potential business owners and managers to learn about best practices involved in a business start-up.
- providing information to owners and managers regarding educational programs designed to increase the efficiency and effectiveness of workers.

Once the outcomes have been identified in the planning process, the leaders of the economic development process must determine the various outputs or tasks that must be achieved in order to achieve the outcomes and the level of inputs or resources that are necessary to achieve these outputs. It is important to remember that local government is typically the entity responsible for supplying the majority of these inputs (for example, general program funding, wages for workers, office space, and computer equipment) and is, therefore, responsible for the activities of the program. This responsibility is especially critical for small and/or rural communities.

The previous discussion leads directly to the evaluation component of the economic development process. Local government is responsible for ensuring that fiscal matters are handled in a manner that increases the welfare of the community's residents; it is responsible for identifying and evaluating the community's priorities as well as the outcomes of the economic development process. In this light, local government should closely monitor the economic development process and its outcomes to ensure that the resources it invests in the process achieve the desired goals and objectives.

Many measures can be used to evaluate the economic development process, even in the planning stages. The first method is to determine whether the process is achieving the identified short-, medium-, and long-term outcomes articulated in the planning process. Another evaluation method might include a cost-benefit analysis of the outcomes versus the level of investment requested. If the cost of investment exceeds the benefit of the outcomes achieved from that investment, then obviously the process needs to be reconsidered.

Many communities examine the fiscal impact of the economic development process to determine whether the taxes (public revenues) collected as a result of successful economic development efforts meet or exceed the level of investment required for the project. This method is a cost-benefit analysis for the public sector. Some local governments carry this a step further by requiring a specific projected percentage of return over investment.

Evaluating an economic development process should be foremost in the minds of local elected officials. While it is certainly not a simple task for a community economic development program, it becomes even more complicated when a county or city/town is part of a regional effort. In this case, collaboration with other communities is key, and local governmental officials must realize that not all successes will be located in their community.

However, there will likely be spillover effects that should be included in the evaluation equation. Some areas may be more suited for the location of specific types of sectors, but others may be desirable for the employees of these sectors. These locations will likely accrue benefits from sales and property tax collections, as well as the other employment and business activity that would be supported by these workers.

## Conclusion

The process of developing and implementing an economic development strategy is a daunting task for communities and regions. It is an effort that will likely have many components and require considerable resources.

In today's competitive environment, local governments need to embrace collaborative efforts among a fairly wide range of stakeholders. Stakeholders should include both community residents and businesses and will likely include other local governments; these individuals and entities are key to a process that has a primary goal of enhancing the standard of living in the area.

But while a local government will likely not be able to accomplish a comprehensive economic development strategy on its own, it does have the responsibility of guiding and facilitating the process on behalf of its constituents. This unique position stems from two distinct factors:

- Local government leaders were elected by the community's population and given the responsibility to ensure that publicly provided goods are available to the community.
- It is likely that a significant level of public resources will be used for the effort, and local government officials have a fiduciary responsibility to ensure the effective use of these resources.

Given these responsibilities, local government leaders have a duty to understand the definition of economic development and the components of the economic development process, alternative strategies to achieve economic development, and the issues involved in planning for and evaluating an economic development program.

The Mississippi State University Extension Service has a wide range of resources that are available for local governmental officials engaged in economic development. For more information, please contact Extension's economic and community development specialists listed below or your local county MSU Extension office.

## Sources of Local Data for Economic Development

The following organizations can provide a wide variety of data that can be used in the economic development process.

*Mississippi State University Extension Service*  
County/City Economic Profiles: <http://extension.msstate.edu/economic-profiles>

Economic and Community Development Specialists  
Alan Barefield (alan.barefield@msstate.edu or 662.325.7995)  
James Barnes (jb928@msstate.edu or 662.325.1796)  
Becky Smith (becky.smith@msstate.edu or 662.325.1793)

*Mississippi University Research Center*  
<http://www.mississippi.edu/urc/data>

*Mississippi Department of Revenue Statistics*  
<http://www.dor.ms.gov/Statistics/Pages/default.aspx>

*Mississippi Department of Employment Security*  
Information Center  
<http://mdes.ms.gov/information-center>

*Mississippi Development Authority*  
Business Services  
<https://www.mississippi.org/home-page/business-services>

*Mississippi Department of Education*  
Reports  
<http://mdereports.mdek12.org>

*Mississippi Board for Community Colleges*  
Research and Effectiveness Division  
<http://mccb.edu/ResearchPlan/rpDefault.aspx>

*Bureau of Economic Analysis*  
<http://bea.gov>

*American Factfinder*  
<https://factfinder.census.gov>

## Community Resources

aha! Process. Programs to help individuals and communities understand and address poverty: <https://www.ahaprocess.com/>

Cities for Financial Empowerment Fund. Information on communities benefiting from integrating financial coaching into social programs: <http://cfefund.org/>

Federal Reserve Bank of San Francisco. What It's Worth: Strengthening the Financial Future of Families, Communities, and the Nation: <http://www.strongfinancialfuture.org/>

Massachusetts Institute of Technology. Living Wage Calculator: <http://livingwage.mit.edu>

Michigan State University Extension: [http://msue.anr.msu.edu/news/local\\_governments\\_economic\\_development\\_role\\_placemaking\\_and\\_regions](http://msue.anr.msu.edu/news/local_governments_economic_development_role_placemaking_and_regions)

Project for Public Spaces: <https://www.pps.org>

Southern Rural Development Center. Stronger Economies Together: [srcd.msstate.edu/set](http://srcd.msstate.edu/set)

Southern Rural Development Center. Preparing for the Future: A Guide to Community-Based Planning by Gene Theodori: [srcd.msstate.edu/publications/archive/243-1.pdf](http://srcd.msstate.edu/publications/archive/243-1.pdf)

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