

Community Economic Development Strategies: The Pulver Approach

Prior to the 1980s community economic development strategies were a hodgepodge collection of disconnected policies. Communities often took a “shot-gun” approach trying a random collection of ideas, some of which worked, some failed. Unfortunately there were little conceptual or theoretical frameworks to think about the policies and evaluate why some worked and others did not. In attempt to provide structure to this scattered approach Glen Pulver (1979) itemized five strategies that, in layman’s terms, outline how a community can change the economic conditions of the community.

They are:

- Attract new basic employers
- Improve efficiency of existing firms
- Improve ability to capture dollars
- Encourage new business formation
- Increase aids/transfers received from broader governmental levels or units

Attract new basic employers is the traditional recruitment strategy that focuses on trying to encourage an export focused firm into the community. Exports here are simply sales of goods or services to consumers outside of the community. Historically basic employers (or firms) are viewed as manufacturing or extractive based natural resources (e.g., mining, agriculture, forestry). Today basic or export oriented firms could be service oriented or structured that customers travel to the firm. Tourism and recreation are one example of the latter but could also include a regional hospital.

Improve the efficiency of existing firms draws attention away from recruitment to thinking about the businesses that are already within the community. Pulver’s idea was to draw attention away from traditional recruitment strategies to toward businesses that have already revealed a preference for operating within the community. The predominance of the research looking at the sources of job growth since Pulver’s original study has found that within a community setting, most job growth comes from existing businesses or businesses that are already present within the community. A popular strategy that has been refined over the past 20 years centers on business retention and expansion (BR&E) programs. The idea is simple: help local businesses identify problem areas and help develop and implement strategies to address those problem areas. As existing firms become more profitable they can improve wages/benefits of existing employees and/or expand creating new employment opportunities.

Improve the ability to capture dollars is a counter balance to recruiting export oriented firms by keeping those dollars within the community. If the community has a number of export oriented firms in place which are injecting dollars into the local economy, how effective is the community at keeping those dollars within the community. Consider a community with a large share of their employment in manufacturing. Here there are significant dollars being injected into the local economy. But if there are no “main street” businesses for workers to spend their wages/salaries, then the money injected by manufacturing leaks rapidly out of the community. The strategy draws the attention of the community to the importance of non-export (non-basic) business development. Promoting export (basic) oriented businesses without a balance of “main street” businesses (non-export or non-basic oriented) is creating an out of balance approach to community economic development.

Encourage new business formation is focusing the community on the role of entrepreneurship in community economic development. At the time that Pulver was developing these strategies the research on the role of entrepreneurship was beginning to challenge the notion that most job growth came from existing large businesses. Rather, most businesses in any given community tends to be small and started by local residents. While there are many forms of entrepreneurship (Schumpeterian's engines of creative destruction, Julienian mundane entrepreneurs and reactionary entrepreneurs)ⁱ the research is clear that creating an environment that is conducive and nurturing to new business formation is a vital element to community economic development strategies.

Increase aids/transfers received from broader governmental levels or units is a unique way of thinking about bringing money into the economy. This could be viewed as bring lost tax dollars back to the community. This can be done by ensuring that all local residents and businesses that are eligible for aids and transfers are taking advantage of those programs. This could be as simple as working with local residents at tax time to ensure that tax refunds are maximized. Local governments should also explore all grant opportunities to help off-set the costs of any community economic development efforts (care should be taken that grant opportunities do not dictate the development efforts, this is akin to the tail wagging the dog).

The overriding intent of the Pulver Approach is to move communities beyond the recruitment of goods producing basic (export oriented) industries. Many of these broad strategies may appear obvious today, at the time most communities were in a pure recruitment mode. Today the importance of working with small business through a broad-based entrepreneurship strategies or a retention and expansion framework is widely accepted. But in the late 1970s economic growth and development was synonymous with manufacturing recruitment.

ⁱ Schumpeterian entrepreneurs are those that introduce or bring to market radical new ideas, goods or services that alters the economy. These are the innovators of change or creative destruction. Julienian mundane entrepreneurs are people who start a small business with no intentions of growing the business beyond a modest size. The vast majority of new small businesses could be classified as mundane. Reactionary entrepreneurs are those who would prefer work but have exhausts all other options and starting their own business becomes a strategy of last resort. Often when other work opportunities become available these reactionary businesses are closed.

Pulver, Glen C. 1979. A Theoretical Framework for the Analysis of Community Economic Development Policy Options. in *Nonmetropolitan Industrial Growth and Community Change*. Gene F. Summers & Arne Selvik (eds.). Lexington, MA: Lexington Books.