

The Pulver Approach: Attach New Basic Employers

The attraction of new basic employers to a community will add employment and income directly. Through the multiplier effect, other jobs and income may also be added. Basic employers are those firms that produce a good or service that is sold to consumers located outside the community. They can include manufacturers, non-manufacturers such as tourist attractions, insurance headquarters, computer service bureaus, warehouses, and non-local government. Care must be taken not to overestimate the potential employment and income effect of new employers. Many of the jobs are apt to be taken by new immigrants or people who live in neighboring communities. Multipliers are seldom as high as those hoped for.

Nonetheless, community leaders have a number of action opportunities:

1. New industries might be encouraged to come to a community by the development of local industrial sites and public services, and the provision of specific labor availability information. The ability to "set-up-shop" and start operating in a hurry is vital to all businesses once they have made a location decision. The availability of well-prepared sites and facilities speed up the process. The community on the other hand, has to weigh the cost of the investment against the likelihood of attracting a new industry. Communities must avoid the "build it and they will come" trap.
2. The development of community and regional facilities (e.g., transportation, recreation, communication, business services) necessary to attract new employers also benefits existing businesses and prospective entrepreneurs. Community attributes are moving even higher on the list of factors business people judge critical in location. Natural resource and market access are becoming relatively less important. Those conditions which make a community a nice place in which to live are growing in importance. Generally they are strongly influenced by public or quasi-public governments.

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.

3 Community assistance in the provision of capital resources is sometimes helpful in attracting new business. Reduced interest rates through revenue bonds and other incentives have become widespread. Large firms often look for this type of assistance as a way of reducing the cost of construction of new facilities. For many communities the use of Tax Increment financing (TIF) is viable strategies to finance necessary infrastructure invests. TIFs can also be used to “steer” firms to certain geographic locations within a community. Give-aways or temporary tax reductions seldom play a significant role in location. The most current research suggest that firms looking to relocate may ask for tax breaks or give-aways as a means to “test” or gage the willingness of the community to work with them, but in the end, firms seldom make a decision based on give-aways or temporary tax reductions

4. Targeted searches for firms which might be interested in developing a branch operation in a community are admittedly a "long-shot." Nonetheless, the process of becoming well prepared to seek out prospective employers will also likely help those businesses already in the community. The most desired types of employers can be identified through careful study. Many communities are looking into the notion of “clusters” to aid in their industry targeting. Using the notion of clusters forces communities to better understand what their economic strengths and weaknesses are and that they are part of a larger regional economic system.

5. Community leaders can also identify specific public programs, projects, offices, facilities, and/or other services which could be located in their area and help organize politically to secure them. State and national government are significant employers. Programs and facilities are constantly changing. They can represent a real growth opportunity. These can range from a state or federal prison, IRS or US Mail processing center to even a new state technical school campus.

6. Collective action through formal organizations such as industrial development corporations is vital to the success of attraction efforts. Local government involvement in these efforts is important, but the flexibility which can be provided by non-governmental organizations is often useful. For instance, an industrial development corporation may be able to take options on land more easily, or move more swiftly in building streets in an industrial park than the local government. In any case, it is important to remember communities must be careful about giving something to attract a firm that they would not want to give existing businesses.

Increasingly most communities have removed themselves from the “recruitment” game because it generally an expensive approach and more often than not, a “long-shot”. Larger cities may be more effective at recruitment then most communities, but even the largest cities are investing their limited resources in other strategic directions. Specifically, they are positioning themselves to be prepared to act if a firm expresses interest in locating in the community. Rather then spending limited resources on “cold-calls” that are highly unlikely to result in success, communities are positioned to be pro-active if a firms expressing interest.