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A framework for community and economic development

Rhonda Phillips and Robert H. Pittman

Community development has evolved over the past few decades into a recognized discipline of interest to both practitioners and academicians. However, community development is defined in many different ways. Most practitioners think of community development as an outcome – physical, social, and economic improvement in a community – while most academicians think of community development as a process – the ability of communities to act collectively and enhancing the ability to do so. This chapter defines community development as both a process and an outcome and explains the relationship between the two.

A related discipline, economic development, is also defined in different ways. This chapter offers a holistic definition of economic development that not only includes growing businesses and creating jobs but increases in income and standards of living as well. Economic development is also shown to be both an outcome and a process. The community and economic development chain shows the links, causal relationships, and feedback loops between community and economic development, and illustrates how success in one facilitates success in the other.

Introduction

Community development has many varying definitions. Unlike mathematics or physics where terms are scientifically derived and rigorously defined, community development has evolved with many different connotations. Community development has probably been practiced for as long as there have been communities. It is hard to imagine the American colonies being successfully established in the seventeenth century without some degree of community development, even if the term had not yet come into existence.

Many scholars trace the origin of modern community development as a discipline to post-World War II reconstruction efforts to improve less developed countries (Wise 1998). Others cite the American “war on poverty” of the 1960s with its

emphasis on solving neighborhood housing and social problems as a significant influence on contemporary community development (Green and Haines 2002). As the following box shows, the origins of community development are actually very old. A major contribution of community development was the recognition that a city or neighborhood is not just a collection of buildings but a “community” of people facing common problems with untapped capacities for self-improvement. Today, community is defined in myriad ways: in geographic terms, such as a neighborhood or town (“place based” or communities of place definitions), or in social terms, such as a group of people sharing common chat rooms on the Internet, a national professional association or a labor union (communities of interest definitions).

BOX 1.1 EVOLUTION OF COMMUNITY DEVELOPMENT

Community development as a profession has deep roots, tracing its origins to social movements (it is, after all, about “collective” action) of earlier times such as the Sanitary Reform Movement of the 1840s and later housing reforms. Beyond North America, community development may be called “civil society,” or “community regeneration,” and activities are conducted by both government and non-governmental organizations (NGOs). There may or may not be regulation of organizations, depending on different countries’ policy framework (for a review of community development in Europe see Hautekeur 2005). The Progressive Movement of the 1890s through the first few decades of the twentieth century was all about community development, although the term itself did not arise until mid-century.

During the 1950s and 1960s, social change and collective action again garnered much attention due to the need to rectify dismal conditions within poverty-stricken rural areas and areas of urban decline. The civil rights and antipoverty movements led to the recognition of community development as a practice and emerging profession, taking form as a means to elicit change in social, economic, political and environmental aspects of communities. During the 1960s, literally thousands of community development corporations (CDCs) were formed, including many focusing on housing needs as prompted by federal legislation providing funding for nonprofit-based community organizations. This reclaiming of citizen-based governing was also prompted in response to urban renewal approaches by government beginning with the US Housing Act of 1949. The richness of the CDC experience is chronicled in the Community Development Corporation Oral History Project by the Pratt Center for Community Development (www.prattcenter.net/cdcoralhistory.php). This includes one of the first CDCs in the US, the Bedford Stuyvesant Restoration Corporation in the city of New York.

Evolution of the discipline continued; in 1970 two journals were established, *Community Development* in the UK and *Community Development: Journal of the Community Development Society* in North America, as well as the establishment of academic programs with an emphasis on community development (typically, a public administration, public policy or urban planning degree with a concentration available in community development). Today, there are about 4000 CDCs in the US, with most focusing on housing development. However, many also include a full range of community development activities, with about 25 percent providing a comprehensive array of housing development, homeownership programs, commercial and business development, community facilities, open space/environmental, workforce and youth programs, and planning and organizing activities (Walker 2002). Other organizations practice community development too, including public sector ones as well as private for-profit companies and other nonprofits (see Box 1.1, “Who Practices Community and Economic Development” at the end of this chapter for more information). As the variety of topics in this book attests, community development has evolved from its roots in social activism and housing to encompass a broad spectrum of processes and activities dealing with multiple dimensions of community including physical, environmental, social and economic.

Community development has evolved into a recognized discipline drawing from a wide variety of academic fields including sociology, economics, political science, planning, geography, and many others. A quick Internet search reveals how much the field has evolved – the authors’ search returned 19,200,000 hits for “community development.” Today there are many academic and professional journals focusing on community development. The interest of researchers and practitioners from many different disciplines has contributed greatly to the growth and development of the field. However, community development’s growth and interdisciplinary nature have led to the current situation where it is defined and approached in many different ways, and, all too often, “never the twain shall meet.”

This chapter takes a broad approach to community development. While it is impossible in one chapter (or book) to completely cover such a large field, many different aspects of community development are included. In particular, the authors believe the strong interrelationship between community and economic development is often overlooked in research and practice. This interrelationship is one focus of this chapter and book.

The terms community development and economic development are widely used by academicians, professionals, and citizens from all walks of life and have almost as many definitions as users. Economic development is perhaps more familiar to laypersons. If random individuals on the street were asked what economic development is, some might define it in physical terms such as new homes, office buildings, retail shops, and “growth” in general. Others might define it as new businesses and jobs coming into the community. A few thoughtful individuals might even define it in socio-economic terms such as an increase in per capita income, enhanced quality of life, or reduction in poverty.

Ask the same individuals what community development is, and they would probably think for a while before answering. Some might say it is physical growth – new homes and commercial buildings – just like economic development. Others might say it is community improvement such as new infra-

structure, roads, schools, and so on. Most respondents would probably define community and economic development in terms of an *outcome* – physical growth, new infrastructure, or new jobs. Probably no one would define them in terms of a *process* and many would not understand how they are interrelated. This is unfortunate because some of these passers-by are probably involved in community and economic development efforts, serving as volunteers or board members for chambers of commerce, economic development agencies, or charitable organizations.

The purpose of this introductory chapter is to provide meaningful descriptions of community development and economic development as both processes and outcomes, explore what they entail, and understand them as distinct yet closely related disciplines. First, the focus will be on community development, followed by a discussion of economic development, and finally, an examination of the relationship between the two.

Community development

The beginning step in defining community development is to define “community.” As mentioned previously, community can refer to a location (communities of place) or a collection of individuals with a common interest or tie whether in close proximity or widely separated (communities of interest). A review of the literature conducted by Mattessich and Monsey (2004) found many definitions of community such as:

People who live within a geographically defined area and who have social and psychological ties with each other and with the place where they live.

(Mattessich and Monsey 2004: 56)

A grouping of people who live close to one another and are united by common interests and mutual aid.

(National Research Council 1975 cited in Mattessich and Monsey 2004: 56)

A combination of social units and systems which perform the major social functions ... (and) the organization of social activities.

(Warren 1963 cited in Mattessich and Monsey 2004: 57)

These definitions refer first to people and the ties that bind them and second to geographic locations. They remind us that without people and the connections among them, a community is just a collection of buildings and streets. In this context, community development takes on the mantle of developing stronger “communities” of people and the social and psychological ties they share. Indeed this is how community development is defined in much of the literature. Discussions that reflect this aspect focus on community development as an educational process to enable citizens to address problems by group decision making (Long 1975 cited in Mattessich and Monsey 2004: 58). Or, they may describe community development as involvement in a process to achieve improvement in some aspect of community life where normally such action leads to the strengthening of the community’s pattern of human and institutional relationships (Ploch 1976 cited in Mattessich and Monsey 2004: 59).

All of these concepts of community development focus on the *process* of teaching people how to work together to solve common problems. Other authors define community development more in terms of an action, result, or *outcome*: local decision making and program development resulting in a better place to live and work (Huie 1976 cited in Mattessich and Monsey 2004: 58); or a group of people initiating social action to change their economic, social, cultural and/or environmental situation (Christenson and Robinson 1989 cited in Mattessich and Monsey 2004: 57).

These conceptions show that community development should be considered as both a process and an outcome. Therefore, a working definition of community development in simple but broad terms is:

A *process*: developing and enhancing the ability to act collectively, and an *outcome*: (1) taking

collective action and (2) the result of that action for improvement in a community in any or all realms: physical, environmental, cultural, social, political, economic, etc.

Having arrived at a comprehensive definition of community development, the focus can now shift to what facilitates or leads to community development. The community development literature generally refers to this as *social capital* or *social capacity*, which describes the abilities of residents to organize and mobilize their resources for the accomplishment of consensual defined goals (Christenson and Robinson 1989 cited in Mattessich and Monsey 2004: 61), or the resources embedded in social relationships among persons and organizations that facilitate cooperation and collaboration in communities (Committee for Economic Development 1995 cited in Mattessich and Monsey 2004: 62).

Simply put, social capital or capacity is the extent to which members of a community can work together effectively to develop and sustain strong relationships; solve problems and make group decisions; and collaborate effectively to plan, set goals, and get things done. There is a broad literature on social capital with some scholars making the distinction between *bonding capital* and *bridging capital* (Agnitsch et al. 2006). Bonding capital refers to ties within homogeneous groups (e.g., races, ethnicities, social action committees, or people of similar socio-economic status) while bridging capital refers to ties among different groups.

There are four other forms of “community capital” often mentioned in the community development literature (Green and Haines 2002: viii):

- 1 Human capital: labor supply, skills, capabilities and experience, etc.
- 2 Physical capital: buildings, streets, infrastructure, etc.
- 3 Financial capital: community financial institutions, micro loan funds, community development banks, etc.
- 4 Environmental capital: natural resources, weather, recreational opportunities, etc.

All five types of community capital are important. However, it is difficult to imagine a community making much progress without some degree of social capital or capacity. The more social capital a community has, the more likely it can adapt to and work around deficiencies in the other types of community capital. When doing community assessments (see Chapter 9), it is useful to think in terms of these five types of community capital.

So far working definitions of community, community development, and social capital have been provided. To complete the community development equation, it is necessary to identify how to create or increase social capital or capacity. This process is generally referred to as *social capital building* or *capacity building*: an ongoing comprehensive effort to strengthen the norms, supports, and problem-solving resources of the community (Committee for Economic Development 1995 cited in Mattessich and Monsey 2004: 60).

Notice that this sounds like the definitions of the process of community development given above. We have come full circle. The *process* of community development *is* social capital/capacity building which leads to social capital which in turn leads to the *outcome* of community development.

Figure 1.1 depicts the community development chain. The solid lines show the primary flow of causality. However, there is a feedback loop shown by the dotted lines. Progress in the outcome of community development (taking positive action

resulting in physical and social improvements in the community) contributes to capacity building (the process of community development) and social capital. For example, better infrastructure (e.g., public transportation, Internet access) facilitates public interaction, communications, and group meetings. Individuals who are materially, socially, and psychologically better off are likely to have more time to spend on community issues because they have to devote less time to meeting basic human and family needs. Success begets success in community development. When local citizens see positive results (outcome), they generally become more enthused and plow more energy into the process because they see the payoff. Research has shown that there are certain characteristics of communities that influence their ability to do capacity building and create social capital (Mattessich and Monsey 2004). Chapter 4 (this volume) discusses some of these community characteristics.

Economic development

As with community development, modern economic development grew in part from efforts to improve less developed countries and the American war on poverty (Malizia and Feser 1999). Immediately after World War II and certainly before, parts of the American South were not unlike third world countries with rampant poverty and unemployment due

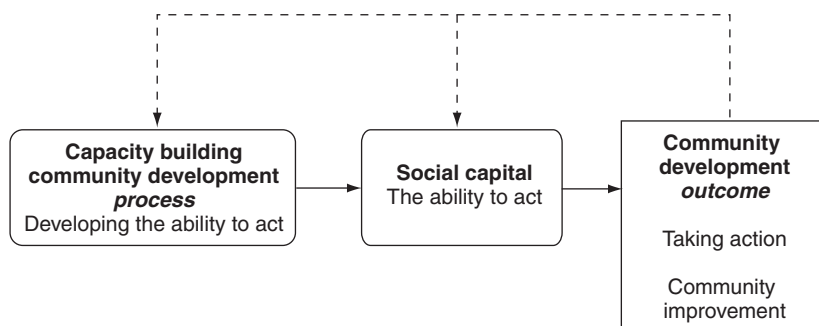


Figure 1.1 Community development chain

to the decline of agricultural jobs. Many southern states developed programs to recruit industries from the northern US. with cheap labor and government incentives (e.g., tax breaks) as bait. In the 1960s, the emphasis on economic development was at the Federal level with Great Society programs aimed at eliminating “pockets of poverty” such as the southern Appalachian Mountains region. In the 1970s and 1980s, the emphasis shifted to states and localities. If they did not already have them, many communities created economic development organizations with public as well as private funding. In many communities, economic development was part of city or county government, while in other communities it was under the auspices of private nonprofit organizations such as local chambers of commerce.

Initially, most economic development agencies focused on industrial recruitment – enticing new companies to locate in their communities. State and local departments of economic development aggressively courted industry and increased the amount and variety of incentives. Soon it became apparent that thousands of economic development organizations were chasing a limited number of corporate relocations/expansions and playing a highly competitive game of incentives and marketing promotions. As communities realized that there were other ways to create jobs, they began to focus on internal opportunities such as facilitating small business development and ensuring that businesses already located in the community stayed and expanded there. Many communities also realized that by improving education, government services, the local labor supply, and the business climate in general, they could make themselves more attractive to industry (see discussion in Chapter 22 on second- and third-wave economic development strategies).

Like community development, economic development has evolved into a broad and multidisciplinary field. A national association of economic development professionals has offered the following definition (AEDC 1984: 18’):

(Economic development is) the process of creating wealth through the mobilization of human,

financial, capital, physical and natural resources to generate marketable goods and services. The economic developer’s role is to influence the process for the benefit of the community through expanding job opportunities and the tax base.

Most economic developers concentrate on creating new jobs. This is generally the key to wealth creation and higher living standards. Job creation generally involves the “three-legged stool” of recruiting new businesses, retaining and expanding businesses already in the community, and facilitating new business start-ups. As discussed previously, economic developers originally concentrated mainly on recruiting new businesses. Stiff competition for a limited number of new or expanded facilities in a given year led some communities to realize that another way to create jobs is to work with companies already in the area to maximize the likelihood that, if they need to expand existing operations or start new ones, they would do so in the community and not elsewhere. Even if an expansion is not involved, some businesses may relocate their operations to other areas for “pull” or “push” reasons (Pittman 2007). They may relocate to be closer to their customers, closer to natural resources, or for any number of strategic business reasons (“pull”). Businesses may also relocate because of problems with their current location such as an inadequate labor force, high taxes, or simply lack of community support (“push”). Although communities cannot influence most pull factors, they can act to mitigate many push factors. If the problem is labor, they can establish labor training programs. If the problem is high taxes, they can grant tax incentives in return for creating new jobs. Business retention and expansion has become a recognized subfield of economic development, and there are many guides on the subject (e.g., Entergy 2005). Chapter 14 addresses business retention and expansion in more detail.

There is also much that communities can do to facilitate the start-up of new local businesses. Some communities create business incubators where fledgling companies share support services, benefit from reduced rent, or even get free consulting assistance.

Financial assistance, such as revolving loan funds at reduced interest rates, is also a common tool used to encourage small business start-ups. Making a community “entrepreneurial friendly” is the subject of Chapter 15.

While the majority of new jobs in most regions are created by business retention and expansion and new business start-ups (Roberts 2006), many

communities continue to define economic development in terms of recruiting new facilities. Some communities are stuck in the old paradigm of “smokestack chasing” – relying solely on recruiting a new factory when manufacturing employment is declining nationally and many companies are moving off-shore. These communities may have historically relied on traditional manufacturing

BOX 1.2 GROWTH VS. DEVELOPMENT

Growth by itself could be either an improvement or a detriment to a community (Blair 1995: 14). For instance, a facility that paid very low wages might open in an area and the population and overall size of the economy might increase, but per capita incomes might fall, and the quality of life might suffer. Such growth could bring more congestion, pollution, and other negative externalities without a commensurate increase in public resources or commitment to address them. Of course, many communities would be happy to get any new facility regardless of the wage rate. A minimum wage job is better than no job, and there is a portion of the labor force in most communities that is a good match for minimum wage jobs (e.g., teenagers and adult low-skilled workers).

Since growth does not always equate with a better standard of living, a higher order concept of economic development is needed that better reflects the actual well-being of residents. Comprehensive economic development efforts, therefore, should be directed toward improving the standard of living through higher per capita income, better quality and quantity of employment opportunities, and enhanced quality of life. Increases in per capita income (adjusted for inflation) are often used as indicators of welfare improvements (Blair 1995: 14). There are many other indicators of welfare and quality of life for community residents such as poverty rates, health statistics, and income distribution (see Chapter 19 on community indicators), but per capita income or income per household is a common measurement of economic well-being. Whether a higher per capita income equates to a good quality of life depends on the individual. Some individuals would rather have an income of \$20,000 per year in a scenic rural area than \$100,000 per year in a large city. Moreover, per capita income is not necessarily a measure of purchasing power. The cost of living varies from place to place, and a dollar goes further where prices are low. Like community development, these descriptions portray economic development as both a process and an outcome – the process of mobilizing resources to create the outcome of more jobs, higher incomes, and an increased standard of living, however it is measured.

From this discussion it should be apparent that development has a very different connotation than growth. Development implies structural change and improvements within community systems encompassing both economic change and the functioning of institutions and organizations (Boothroyd and Davis 1993; Green and Haines 2002). Development is deliberate action taken to elicit desired structural changes. Growth, on the other hand, focuses on the quantitative aspects of more jobs, facilities construction, and so on – within the context that more is better. One should carefully distinguish, then, between indicators that measure growth versus development. By these definitions, a community can have growth without development and vice versa. The important point to note, however, is that development not only facilitates growth but also influences the kind and amount of growth a community experiences. Development guides and direct growth outcomes.

companies for the bulk of their employment (e.g., textile mill or garment factory), and when these operations shut down, the only thing they knew to do was to pursue more of the same. Elected officials, civic board members, and citizens in these communities need to be educated and enlightened to the fact that the paradigm has shifted. They should be recruiting other types of businesses such as service industries (that are not going off-shore themselves) while practicing business retention and expansion and creating new business start-up programs.

While economic development today is often defined by the “three-legged stool,” there is much more to the profession. As shown in a recent survey (SEDC 2006), economic developers get involved in workforce development, permitting assistance, and many other issues, some of which are better defined as community development (Figure 1.2).

Many communities are beginning to realize that it is often better, especially when recruiting new companies, to practice economic development on a regional basis and combine resources with nearby communities. Rather than create an economic development agency providing the same services for every community, it is usually more efficient to combine resources and market a region collectively through one larger organization. Regardless of where a new facility locates or expands, all communities in the

region will benefit as employees live in different areas and commute to work.

The relationship between community and economic development

While conceptions and definitions of community and economic development vary, in practice they are inextricably linked on many levels and are highly synergistic. To understand these synergies, consider another definition of community development (Green and Haines 2002: vii):

Community development is ... a planned effort to produce assets that increase the capacity of residents to improve their quality of life. These assets may include several forms of community capital: physical, human, social, financial and environmental.

Recall the previous definition of economic development (AEDC 1984):

The process of creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate

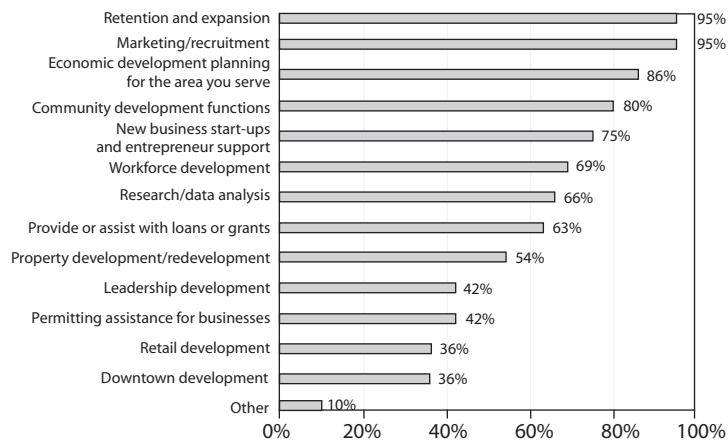


Figure 1.2 Economic development activities performed by SEDC members

marketable goods and services. The economic developer's role is to influence the process for the benefit of the community through expanding job opportunities and the tax base.

These two definitions are clearly parallel. The purpose of community development is to *produce* assets that may be used to improve the community, and the purpose of economic development is to *mobilize* these assets to benefit the community. Both definitions refer to the same community capital assets: human, financial, and physical (environmental or natural resources). As mentioned above, a more modern holistic definition of economic development would include not only wealth and job creation but increasing the quality of life and standard of living for all citizens. This expanded definition is certainly compatible with community development. The definition of economic development does not include social capital per se, but while economic developers might not have used this term when this definition was created, it will be seen that social capital is important for economic development as well as for community development.

As most economic developers will attest, a key to success in economic development – new business recruitment, retention and expansion of existing businesses, and new business start-up – is to have a “development-ready” community. Most businesses operate in competitive markets, and one of the major factors influencing business profitability is their location. When making location decisions, businesses weigh a host of factors that affect their costs and profits such as:

- available sites and buildings;
- transportation services and costs (ground, water, air);
- labor cost, quality and availability;
- utility costs (electricity, natural gas);
- suitability of infrastructure (roads, water/sewer);
- telecommunications (Internet bandwidth);
- public services (police and fire protection).

Quality of life factors (e.g., education, health care, climate, recreation) are also important in many loca-

tion decisions (Pittman 2006). If a community scores poorly in these factors, many companies would not consider it development ready. A weakness in even one important location factor can eliminate a community from a company's search list.

Whether a community is considered development ready depends on the type of business looking for a location. For example, important location criteria for a microchip manufacturing facility include a good supply of skilled production labor, availability of scientists and engineers, a good water supply, and a vibration-free site. A call center seeking a location would focus more on labor suitable for telephone work (including students and part-time workers), a good non-interruptible telecommunications network, and, perhaps, a time zone convenient to its customers. While location needs differ, a community lacking in the location factors listed above would be at a disadvantage in attracting or retaining businesses. Shortcomings in these or other location factors would increase a firm's costs and make it less competitive. In addition, companies are risk averse when making location decisions. If a company is comparing two similar communities where one has a prepared site that is construction ready with all utilities in place and the other offers a cornfield and a promise to have it developed in six months, it is apparent which the company will choose. Most companies would not want to incur the risk that development of a site would be delayed by construction problems, cost overruns, or simply by local politics. Lost production equates to lost revenues and profits.

There are many location factors that are subjective and not easily quantified. For example, it is not feasible to objectively measure factors such as work ethic, ease of obtaining permits, or a community's general attitude toward business (these and other factors are sometimes collectively referred to as the “business climate”). Yet in the final decision process after as many factors as possible have been quantified, these intangibles often determine the outcome. Most company executives prefer to live in desirable communities with good arts and recreation, low crime, and a neighborly, cordial atmosphere.

It should be apparent now how important community development is to economic development. If a community is not development ready in the physical sense of available sites, good infrastructure, and public services, it will be more difficult to attract new businesses and retain and expand existing ones. New businesses starting up in the community would be at a competitive disadvantage. Being development ready in this physical sense is an *outcome* of community development (taking action and implementing community improvements).

The *process* of community development also contributes to success in economic development. First, as has been discussed, the process of community development (developing the ability to act in a positive manner for community improvement) leads to the outcome of community development and a development-ready community. In addition, some of the intangible but important location factors may be influenced through the process of community development. Companies do not like to locate in divided communities where factions are openly fighting with one another, city councils are deadlocked and ineffective, and citizens disagree on the types of businesses they want to attract (or even if they want to attract any businesses). As a company grows, it will need the support of the community for infrastructure improvements, good public education, labor training, and many other factors. Communities that are not adept (or worse, are totally dysfunctional) at the process of community development are less likely to win the location competition. Furthermore, company executives would probably prefer not to live in such a place.

As discussed, economic development, like community development, is also a process. Establishing and maintaining a good economic development program is not easy. Significant resources must be devoted to hiring staff, providing suitable office facilities, and marketing the community. Most communities that are successful in economic development have strong support (financial and otherwise) from both the public and private sectors. Success in economic development does not come overnight. Some community residents mistakenly believe that if

a local economic developer gets on a plane and calls on corporations in distant cities, these companies will see how wonderful their fair city is and choose to locate there. There are two problems with this belief: (1) there are thousands of other “fair cities” competing for new facilities, and (2) relocation and expansion decisions happen only sporadically for most companies.

Communities that are successful in economic development devote the appropriate resources to the effort, design good programs, and stay with them for the long-haul. Over time a good economic development program pays dividends. If communities approach economic development in a start-and-stop fashion, frequently changing programs as, say, new mayors take office, the likelihood of success is significantly lower. A well-planned and widely supported economic development program based on consensus building through the process of community development has a much higher likelihood of success. Osceola, Arkansas, is an inspiring example of good community development leading to success in economic development in just this manner (see Box 1.3).

Shaffer, Deller, and Marcouiller (2006: 61) describe the relationship and synergy between community development and economic development as follows:

We maintain that community economic development occurs when people in a community analyze the economic conditions of that community, determine its economic needs and unfulfilled opportunities, decide what can be done to improve economic conditions in that community, and then move to achieve agreed-upon economic goals and objectives.

They also point out that the link between community development and economic development is sometimes not understood or appreciated:

Economic development theory and policy have tended to focus narrowly on the traditional factors of production and how they are best

BOX 1.3 OSCEOLA, ARKANSAS: COMMUNITY DEVELOPMENT TURNS A DECLINING COMMUNITY AROUND

Osceola is a town of about 9000 population in the Mississippi Delta in Northeast Arkansas. Like many rural communities, Osceola and Mississippi County grew up around the agriculture industry. As farm employment declined, the city attracted relatively low-skilled textile manufacturing jobs which ultimately disappeared as the industry moved off-shore. In 2001 a major employer, Fruit of the Loom, shut down its Osceola plant leaving the community in a crisis. Not only was unemployment rampant, the local schools were classified as academically distressed and were facing a state takeover. Osceola's mayor stated: "we almost hit the point of no return" (Shirouzu 2006).

The remaining businesses were having difficulty finding labor with basic math skills for production work. To address this problem, executives from these businesses began to work with the city administration to find a solution. They decided to ask the state for permission to establish a charter school that could produce well-educated students with good work skills. After many community meetings and differences of opinion, the community united behind the effort and opened a charter school.

Shortly after the school was established, Denso, a Japanese-owned auto parts company, was looking for a manufacturing site in the southern states. City representatives showed Denso the charter school and repeatedly told the company how the community had come together to solve its labor problem. Denso decided to locate the plant in Osceola, creating 400 jobs with the potential to grow to almost 4000. While Denso cited the improved labor force as a reason for selecting Osceola, the company was also impressed with how the community came together and solved its problem. An executive from Denso was quoted as saying, "It was their aggressiveness that really impressed us."

Denso was also concerned about the community's commitment to continuous improvement in the schools. Regarding this issue, the Denso executive was quoted as saying, "Is there a future here? Are they doing things that are going to drive them forward? Do they have that commitment to do it? We saw that continuously in Osceola." Denso located in Osceola not only because of its labor force, but because it was convinced the community would continue to practice good community development principles and move forward. Osceola's success story was featured on the front page of the national edition of *The Wall Street Journal* (Shirouzu 2006).

allocated in a spatial world. We argue that community economic development must be broader than simply worrying about land, labor and capital. This broader dimension includes public capital, technology and innovation, society and culture, institutions, and the decision-making capacity of the community.

(Shaffer et al. 2006: 64)

The authors make it clear that community development and economic development are inextricably linked, and if scholars and practitioners of economic development do not address community develop-

ment, they are missing an important part of the overall equation.

Now the diagram begun in Figure 1.1 can be completed to show the holistic relationship between the process and outcome of community development and economic development (see Figure 1.3).

The community development chain is as depicted in Figure 1.1: capacity building (the process of community development) leads to social capital which in turn leads to the outcome community development. In addition, communities with social capacity (the ability to act) are inherently more capable of creating good economic development

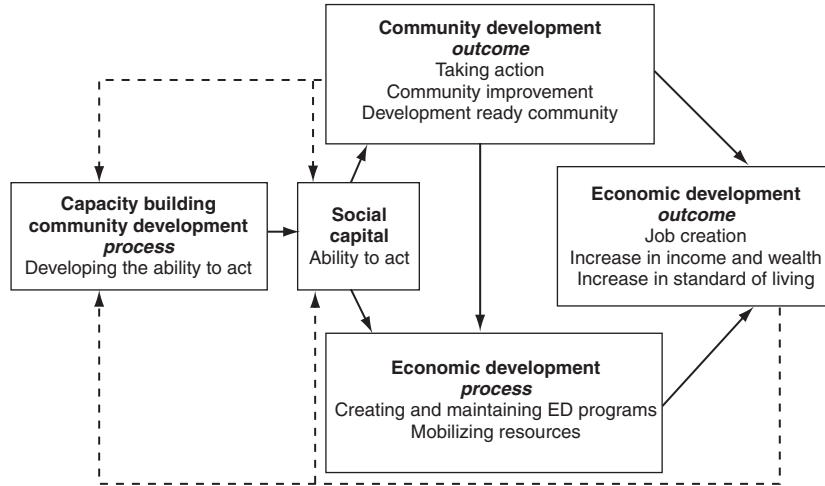


Figure 1.3 Community and economic development chain

programs should they choose to do so. When these communities take action (community development outcome), they create and maintain effective economic development programs that mobilize the community's resources. They also improve their physical and social nature and become more development ready, which leads to success in business attraction, retention and expansion, and start-up.

Citizens should understand the community and economic development chain in order to move their communities forward efficiently and effectively. While community developers might not believe they are practicing economic development and vice versa, in reality, they are all practicing community economic development.

BOX 1.4 DIFFERENT DEFINITIONS OF COMMUNITY ECONOMIC DEVELOPMENT

Community development and economic development are frequently used interchangeably, and the term "community economic development" is often seen as well. Shaffer and colleagues (2006) used it to describe the integration of the community and economic development processes. Some authors, however, also use it to refer to "local economic development" encompassing growth (economic), structural change (development), and relationships (community). It is often seen in Canada and the UK (see e.g., Haughton (1999) or Boothroyd and Davis (1993)).

Who practices community and economic development?

The short (and correct) answer to this question is that all citizens who are interested in moving their communities forward should consider themselves practitioners of community and economic development. As discussed in this book (e.g., Chapters 5 and 6), to be successful and sustainable, community and economic development plans should be based on input from all socio-economic groups – everyone should feel that they have a voice in their community’s future. Furthermore, successful implementation of community and economic development programs requires the engagement and collective action of all citizens.

In practice, community and economic developers can broadly be classified into two basic groups: paid professionals and volunteers. As we have discussed, community development is a broad field encompassing all aspects of society – housing, health care, education, transportation, and so on. Therefore, in theory any paid professional in the public or private sector who is working to improve their part of the community in any of these fields is a community developer. Note that the private sector includes private for-profit entities and private nonprofit organizations. A more practical definition of a community development professional would be anyone working in a government, nonprofit or other organization whose job definition involves improving certain aspects of a community for benefit of the community itself. For example, a person working for city government might have the title “community development specialist” and be responsible for improving one or more aspects of the community such as housing or health care availability.

This indistinct boundary between full-time professionals whose job description includes community development and other professionals working in health care, education, and so on that have community development impacts underscores the close relationship between community development and these

related disciplines. When professionals in all these fields are more aware of the community development impacts of their jobs, the overall community development effort is strengthened. For example, a city planner should certainly design a land-use plan with the safety and convenience of community residents in mind, but should also be aware of the potential impacts of the plan on economic development, housing affordability, or any number of overall community development issues.

The economic development profession, on the other hand, is usually more distinct and readily defined. It is important to note that both disciplines have recognized professional certifications. As discussed previously, economic development involves activities such as creating new jobs and increasing household or per capita incomes – eliciting structural change within the area’s economy. To accomplish this, economic developers may recruit new companies, work to retain and expand existing companies, facilitate new business start-ups, and engage in related activities. Economic developers are employed by a variety of public and private organizations, usually with clearly defined economic development responsibilities. In some communities, economic development activities are concentrated in the public sector (e.g., a city or county department of economic development) while in others they may be concentrated in the private sector (e.g., chamber of commerce). In most communities, economic development responsibilities are shared by the public and private sectors (see IEDC (2006) for more information on different models of economic development organization and service delivery).

Finally, there are the community and economic development volunteers. These include residents participating in community and economic development activities such as public meetings, planning sessions or community initiatives as well as board members of community and economic development organizations. Success in community and economic development requires dedicated, well-trained professionals and volunteers alike working together effectively for the community’s benefit.

BOX 1.5 COMMUNITY AND ECONOMIC DEVELOPMENT TRAINING AND CERTIFICATION

As community and economic development have evolved into recognized academic and professional disciplines, training and certification programs in the field have grown as well. There are thousands of local community and economic development training programs offered by state and local governments and organizations in countries around the world. Many universities offer undergraduate and graduate degrees in community and/or economic development. In North America, two major professional training programs are the Economic Development Institute offered through the University of Oklahoma (<http://edi.ou.edu/>) and the Community Development Institute offered through several universities and agencies around the US under the auspices of the Community Development Council (www.cdouncil.com). The Certified Economic Developer (CEcD) program is administered by the International Economic Development Council (www.iedconline.org). The Community Development Council offers certification in community and economic development to full-time professionals (Professional Community and Economic Developer – PCED) and to community volunteers (Certified Community Development Partner – CEDP).

Conclusion

Some communities do not believe they can influence their own destiny and improve their situation. They have a fatalistic attitude and feel they are victims of circumstances beyond their control – a closed factory, a downsized military base, or a natural disaster. In reality, they can build a better future. For every community that fails to act, there is another that is pro-actively applying the tools of community and economic development to better itself. Successful communities realize that community develop-

ment is a group effort involving all citizens, not just the mayor, chamber of commerce president, or economic development professional.

Sometimes it takes an event, such as a local plant closing, to shock a community into action (as in Osceola, Arkansas). On the other hand, many communities realize that change is inevitable and choose to be prepared by practicing good community and economic development. In today's dynamic global economy, maintaining the status quo is rarely an option – either a community moves itself forward or by default moves backward.

CASE STUDY: TUPELO, MISSISSIPPI

From agriculture to manufacturing to auto assembly

Tupelo-Lee County, Mississippi, is often cited as a prime example of community transformation. It has been the subject of studies, articles, and even books on community and economic development (see e.g., Grisham 1999). Tupelo transformed itself from a community heavily reliant on agriculture and garment industry jobs into a dynamic, growing community with thousands of skilled manufacturing jobs. Immediately after World War II there were 2000 people employed in low-skill manufacturing jobs. By 1992, in the Tupelo-Lee County region, there were 92,000 manufacturing jobs and almost 350,000 total jobs (Martin 1996). This transformation was accomplished by applying good

community and economic development principles: assessing the situation, working together to develop a plan, and making the community development ready and attractive to industry.

However, Tupelo-Lee County and the surrounding region eventually faced another challenge as many of their manufacturing industries began to downsize or move off-shore. Applying the same community and economic development principles in 2007, the state and region won the intense competition for a Toyota vehicle assembly plant which will create 2000 new manufacturing jobs and upward of 5000 total new jobs. Three counties in the region joined forces and set their sites on recruiting an auto assembly plant. They made the area more attractive by passing bonds, improving schools, and developing an inter-governmental agreement to share the costs and revenues from the new facility (Meridian Star 2007). The approach to community and economic development that Tupelo-Lee County has taken throughout the years, as described by a local official, illustrates many of the principles described in this chapter:

- 1 One economic development agency for Tupelo-Lee County (the Community Development Foundation); no competing ED organizations
- 2 Working together and presenting a united front under the Community Development Foundation
- 3 Strong private sector leadership
 - Three leadership programs for young adults
 - Welcome all newcomers
- 4 Belief that community development precedes economic development: must be “development ready”
- 5 Recognize importance of regionalism in economic development: CREATE Foundation for NE Mississippi
- 6 Positive media coverage on economic development
 - Newspaper publisher/owner George McClane set up CREATE Foundation
- 7 Positive labor climate and race relations
- 8 Strategic planning with regular updates
- 9 Strong public/private partnerships
 - Economic development
 - Education: private funding to supplement public education
- 10 Patience – a realization that community and economic development takes time and they must “stay the course”

(Source: Lewis Whitfield, Tupelo community leader, presentation to 2005 Community Development Institute Central.)

Keywords

Community, community development, economic development, growth, social capital, capacity building, business recruiting, business retention and expansion, new business start-ups, community and economic development chain.

Review questions

- 1 What are the five types of community capital? Which are strong or weak in your community?
- 2 How is community development both a process and an outcome?
- 3 What is the difference between growth and development?
- 4 What is the difference between bonding (social) capital and bridging capital?
- 5 What are the “three legs of the stool” in traditional economic development? What other activities do economic developers do?
- 6 Why is it important for a community to be “development ready?”
- 7 How is community development related to economic development?

Note

- 1 The American Economic Development Council merged with the Council for Urban Economic Development in 2001 to become the International Economic Development Council.

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