Factors Associated with Attracting Business and Industry to Selected Black Belt Counties of Alabama

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FACTORS ASSOCIATED WITH ATTRACTION BUSINESS AND INDUSTRY TO SELECTED BLACK BELT COUNTIES OF ALABAMA

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Abstract
There is limited recent research on the economic development strategies that local officials, state, and federal governments are employing in rural Alabama. To better understand these strategies, the data were collected from local community officials in two rural Alabama counties. The objectives are to examine what efforts are being used, and what resources are available for economic development efforts. Data were analyzed using hierarchical regression analyses to test the hypothesis that past community action and community solidarity variables can contribute to a higher probability of recruiting business and industry than will be predicted by the ecological characteristics of the communities alone. The findings indicate past community action has a substantial positive effect and is, in fact, the best predictor of efforts to recruit business and industry among several variables selected from the previous literature.

**Keywords:** Business and Industry, Community Action, Community Solidarity, Economic Development, Black Belt Counties

Introduction
In the past decades, a variety of economic forces have combined to negatively affect rural communities in the U.S. relative to urban communities. Financial stresses in agriculture and other natural resource industries have far-reaching effects on communities dependent on these sectors. Therefore, promoting economic development has become a principal function of local governments across the U.S. (Flora and Flora, 2013). Local government officials have promoted economic development in many ways by marketing packages of inducements, capital subsidies, and service incentives to influence private investment decisions and locational choices. The idea that dominated these local economic development strategies was that public resources would have the greatest impact if they were used as leverage to induce new private investment and keep existing industries from relocating. The well-being of community residents was expected to improve because of the strategies that minimize a firm's costs.

The kinds of strategies implemented in the past to attract firms included personal tax reductions, business tax incentives, special capital funds, zoning flexibility that targeted economically distressed areas for regulatory and tax relief, educational and training programs, development of industrial parks, and industrial revenue bonds (Wilkinson, 1991; Zekeri, 1994). Some groups and local officials provided services in new ways and some developed strategies to respond to future economic changes (Crowe and Smith, 2012). In fact, the sociological literature on economic development has grown substantially in recent years because of pressure on residents and on local and state government officials to respond to forces impinging upon communities. However, the literature does not explain why certain groups or local officials within communities adopt development strategies while others do not. Further, these streams of literature do not tell us why some groups and local officials in some communities employ certain economic development strategies while those in others use different kinds of strategies. Social science research on economic development has yet to provide an adequate
body of codified knowledge. There is still a need for theory and research that will specify the effects of structural and interactional characteristics on promoting economic development.

Empirical evidence concerning factors influencing the types of economic development strategies local groups and officials are using can help policymakers at the state and federal levels, especially those promoting local initiatives, as they attempt to delineate the appropriate roles of groups and local leaders in developing resources to solve their communities’ problems and improve the well-being of the local population. Knowledge of the structural and interactional factors accounting for differential patterns of economic development can also contribute to the effectiveness of community development practitioners at the local community level. From a review of previous research on economic development and recruitment of industries to rural areas (Crowe, 2008a, 2008b; Flora and Flora, 2013; Zekeri, 2021; 2012; 2010; 2001; 1999; 1997; 1994), it is not clear if differences in sociological characteristics of communities such as past activeness and solidarity, defined as the capability of a community or grouping to act as one, help explain differences in recruiting business and industry. These questions need research attention.

Although recruiting business and industry have been examined more generally, little research examines recruitment efforts in rural Alabama where a majority of the residents are African Americans. This study examines efforts to recruit business and industry to two Black Belt Counties of Alabama and explores some factors that may be associated with the recruitment efforts. Additionally, taking into consideration the effects of ecological differences among communities, the aim is also to assess the importance of community solidarity and past activeness variables in explaining economic development efforts to recruit business and industry. Many efforts to build local action capacity assume that interactions that produce solidarity can contribute to the ability of community residents to take collective action again and again as the needs or opportunities arise (Crowe and Smith, 2012; Zekeri 2010).

**Literature Review**

As federal resources for economic development have diminished over many years, groups and local officials with a stake in their community’s well-being have struggled to take control of its economic features through a wide variety of techniques. These techniques include tax incentives, property development, advertising initiatives, zoning flexibility, business assistance, and the like, aimed at retaining and improving the efficiency of existing businesses, attracting new basic employers, and encouraging firm relocation to the community (Zekeri, 2021).

An examination of rural community literature on community interaction (Wilkinson, 1991; Zekeri, 2012; 2010) suggested that past community activeness may influence the adoption of economic development efforts to attract business and industry to rural areas. Findings of other past research indicate that evidence of previous community activeness and solidarity are strong predictors of program participation among rural communities (Green and Haines, 2008; Lloyd and Wilkinson, 1985; Luloff and Wilkinson, 1990; Martin and Wilkinson, 1984; Wilkinson, 1991; Zekeri, 2001; 1999; 1997; 1994). Thus, evidence of previous activeness and solidarity are useful in positing potential for attracting business and industry to selected Alabama Black Belt Counties.

Martin and Wilkinson (1984) made use of the structure-conduct-performance model to examine the independent effects of community structure and community conduct on per capita receipts of state
and federal government funds for community and economic development in 640 municipalities in Pennsylvania. The authors found that the measures of ecological structure (population density, population size, and population type) are significant predictors of the receipt of federal funding for both community and economic development efforts. Their conduct variables (United Way Program, Volunteer Fire Department, and an index of other community actions), which is past activeness in current research contribute a small but significant increment to the overall model explanation. This study provides support for the argument that both structural measures and indicators of previous community activeness make independent contributions to a community action to recruit businesses and industries.

Lloyd and Wilkinson (1985), in their study of rural manufacturing development, used 160 central places in Pennsylvania to test a model that includes structure, community activeness, and solidarity measures. They concluded that “the level of local economic well-being tends to increase with community activeness and solidarity” (p. 35).

Other research (e.g., Crowe, 2008a, 2008b; Finsterbusch and Kuennen, 1992; Flora and Flora, 2013; Green and Fleischmann, 1991) suggested that local levels of past activeness play an important role in the attraction of new or expanding manufacturing firms to rural communities. The findings of Richards’ (1984) case study support the conclusion of the aforementioned researchers as do those of Zekeri (1999; 1997; 1994). Richards found that having decided to undertake a major development effort, Parkville residents began with relatively small but highly visible projects which they believed would make the town more attractive to outside industry. Richards explained that:

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In so doing, however, they also accumulated experiences and accomplishments. Those experiences had a snowball effect in further strengthening the stability and vitality of shared values, mechanisms for conflict resolution, and social networks which led to ultimate success in attaining long-range development goals (p. 85).
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Therefore, past community activeness and solidarity can influence the adoption of economic development strategies to attract business and industry. As Tilly (1973, pp. 209-210) noted, the persistence of solidarity based on previous community activeness can influence the probability of future community action.

Past community activeness is assumed to affect efforts to promote economic development to recruit business and industry. Proponents of the interactional theory of community development argue that past patterns of collective action in a community, influence behaviors in certain actions, and affect performance as indicated by the promotion of economic development to attract business and industry (Green and Haines, 2008; Putnam, 1993; Wilkinson, 1991). Past collective actions by community residents, or patterns of accomplishment in past community efforts, are likely to influence new efforts to promote economic development or adoption of development strategies to recruit business and industry. Moore and Cantrell (1976), in their analysis of 144 communities in upstate New York, found that previous community action is a strong predictor of program participation. This is similar to what Luloff and Wilkinson (1990) found in their study of program participation. Using data from 2,463 municipalities in Pennsylvania, the authors found that the most important predictors of
program participation are indicators of previous community actions. Thus, patterns of previous actions in the community imply a network of associations among groups and local leaders that can be activated in subsequent actions (Green and Fleischmann, 1991; Green and Haines, 2008; Luloff and Swanson, 1995; Zekeri, 2021; 2012; 2010).

Research on attracting business and industry to rural Alabama’s Black Belt Counties must take into consideration not only the static structural characteristics of communities but also the dynamic characteristics revealed in the previous action. Critical to this study, is the assumption that the additive effect of community activeness is substantial on the nature and viability of local social action for purposive community change, after taking into consideration the socioeconomic and ecological factors.

**Methodology**

**Study Area**
The research reported here focuses on all communities in two rural counties, particularly, Black Belt Counties, in the western part of Alabama. These counties will be referred to hereon as County A and County B, and they are located in one of the poorest regions in Alabama. Poverty, infant deaths, poor education, births to single mothers, and high unemployment rates are prominent in the area (Zekeri, 2021). For example, a child in the area is more likely to be born out of wedlock and more likely to come home to poverty than the average child in Alabama. A male in the area is more likely than other male Alabamians to drop out of school before the tenth grade and leave the mother of his children. It is a place where more than seven of every ten people are African Americans, and doctors and hospitals are so scarce that many sick residents must travel up to 40 miles to obtain health care. The high schools perform poorly on standardized tests and graduation rates, producing almost as many dropouts as graduates.

Racial conflicts have tarnished the area’s image over the years. Relationships between whites and African Americans in the area have been marked by conflicts, with sometimes a step backward and occasionally a step forward. The area is characterized by a high degree of variation in the quality of labor force, labor market conditions, racial compositions, and rural-urban differences; some authors conclude that the conditions are analogous to a Third World country.

**Data Collection**
The data for the study were drawn from an ongoing longitudinal study of two counties looking at both institutional and individual efforts for dealing with economic development efforts. The focus is on identifying and analyzing economic development efforts that are being considered by local communities, and state and federal agencies, and assessing the extent to which the different stakeholders not only agree or disagree about approaches but also understand each other’s points of view. Case studies of local economic development efforts were conducted to identify the issues, actors, linkages, and action strategies involved. This was done to determine the effects of these activities on changes in the well-being of various segments of the local population.

A three-phased data collection effort was used in County A and County B. First, key informant interviews were conducted in both counties in order to gain a better understanding of issues related to economic development efforts. Second, focus groups were utilized within some selected
communities for in-depth community study. Third, a self-administered questionnaire was fielded to community members familiar with the local economic development effort.

Key informant interviews were employed to ascertain how community members were affected by these issues and the extent of community activity to address them. It provided detailed narratives of community experiences. A snowball sampling method was used, starting with elected officials and other stakeholders with whom the author knew from previous research. These individuals identified others familiar with the issues in the counties. Interviews were conducted with local planners, local bank officers, business association directors, local news editors or reporters, and members of community development organizations. Semi-structured, face-to-face interviews were used in order to answer basic questions about economic development and to ensure the same information was gathered from all informants. Key informants were asked to address questions relating to economic development efforts, land use, significant actions by groups and individuals; differences among people and/or communities, and trust, hopes, visions, and fears related to the well-being of residents.

Focus groups were also conducted with selected residents and other stakeholders with an interest in the well-being of the community. These groups were structured to provide more detailed information about economic development strategies, challenges, and hopes of community residents. Focus group questions were informed by the questions from the key informant survey. Ten focus groups (five group interviews in each county) were conducted. Group size ranged from five to ten participants. Each session lasted approximately two hours. Each group was asked to comment on economic development issues.

Questionnaires were distributed and collected via personalized drop-off/pick-up to residents identified by key informants as knowledgeable about economic development efforts and other community happenings. This technique is a modified self-completion approach that retains the advantages of a questionnaire while providing for data collection in a relatively short period of time. The drop-off/pick-up method ensures relatively high response rates (Zekeri, 2021). Some questionnaires were completed after the focus group meetings. A total of 141 individuals out of 150 contacted completed the questionnaires.

**Data Analysis**

The dependent variable is the effort to attract business and industry. It was operationalized using twelve community-related actions identified by key informants and residents as having occurred in response to efforts to attract business and industry. The questionnaire asks whether individuals or groups and state and federal agencies within the county/community area had undertaken any of a list of specific efforts to attract business and industry. The business and industry efforts include the following: organized a committee to seek new business or industry; advertised the community in magazines or newspapers; hired consultants to help with growth promotion; developed an industrial park or commercial center; changed zoning to increase the availability of land for industrial or commercial use; systematically developed and maintained contacts with leaders in the industry outside the area; applied for financial assistance from the county, state or federal government to expand business and industry; sought investments from corporations and others to expand business and industry; used adult education programs to help promote economic development; worked with executives to improve telecommunications in the area; and worked with county and state officials to improve highways. Responses were coded “0” for no effort and “1” for effort occurring. Composite
dependent variables were created by summing “yes” responses to the efforts. The range of scores is 0-12 for business and industry (Cronbach's alpha reliability coefficient = 0.85).

Past community activeness measures for the analysis refer to the evidence of networks and roles that emerge in local social interaction and persist as social relationships that could influence economic development efforts. Data from interviews of community residents provide indicators of past activeness for both of the counties in the study. Scores of 0-4 on this indicator refer to whether by late 2020 the communities had recruited a business industry, applied for a nonallocated federal grant, established a local planning board, or passed a local zoning ordinance (Cronbach's alpha reliability coefficient = 0.94). Community solidarity refers operationally to the presence in the locality of facilities, groups, and events that express local identity. The data are from conversations (during the Summer of 2020 with local officials and residents during the ethnographic work. Scores of 0-6 on the solidarity measure (Cronbach's alpha reliability coefficient = 0.65) depend upon whether the community has a central information or tourist center, a special welcoming sign, a central park or square, a community war monument, a facility for community gatherings, and a volunteer fire or rescue company. These measures of past activeness and solidarity are used to examine the argument that local relationships produced by social interaction affect the probability of adopting economic development strategies.

Independent variables for the analysis, treated here as a block rather than as individual variables, are indicators of community well-being and economic development that have been used in many previous studies of economic development from the ecological perspective (Zekeri, Wilkinson, and Humphrey, 1994; Zekeri, 1994; 1997), and are generally considered in the literature to provide a broad contextual characterization of a local population. They include the percent of the population with less than a high school diploma, percent of families in poverty, percent of the population unemployed, and percent of workers or employment in manufacturing, a measure of the economic base of the community, and also a proxy for the level of development of the county. All these data were from the U.S. Bureau of Census (2020).

The data were analyzed by hierarchical analysis as described by Cohen and Cohen (1983). The hierarchical model permits successive tests of the validity of the hypotheses which define that order. With this in mind, in this research, a set of variables measuring community well-being and economic development, and a set of variables measuring past activeness (past action and community solidarity) were added hierarchically to the equation used to estimate the recruitment of business and industry. The formula for the hierarchical procedure for a single variable is:

\[
R^2_{Y,12...K} = r^2_{Y1} + r^2_{Y(2.1)} + r^2_{Y(3.12)} + r^2_{Y(4.123)} + \ldots + r^2_{Y(K.123...K-1)}
\]

In this research, the problem of excessive collinearity among predictors is avoided by using the hierarchical regression design (Cohen and Cohen, 1983; Darlington, 1990). Cohen and Cohen (1983) explained that if an investigator is interested in a particular variable, then analysis by a hierarchical procedure may be employed to avoid the effect of multicollinearity.

Results and Discussion

Table 1 presents the results of the hierarchical regression. For promotion to attract business and industry, the set of independent variables overall produced an \( R^2 \) of 0.073; that is, the independent
variables collectively account for 7.3% of the variance in the dependent variable. An additional 1.8% of the variance (indicated by the semi-partial correlation coefficients, $sR^2$) in the promotion to recruit business and industry is accounted for by past activeness (past community action) beyond the baseline model (Table 1). As expected, this increment is statistically significant. With community solidarity added to the equation, the increment in variance explanation as indicated by the semi-partial correlation coefficients ($sR^2$) is only 0.05%. These results indicate past community activeness variables, entered separately with previous predictors controlled, have a positive effect on efforts to attract business and industry.

Table 1. Hierarchical Regression Analyses of Efforts to Attract Business and Industry

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Business and Industry</th>
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<tr>
<td></td>
<td>Standardized coefficient</td>
<td>Unstandardized coefficient b (S.E.)</td>
<td></td>
</tr>
<tr>
<td>1. Percent of population in poverty</td>
<td>0.455</td>
<td>0.258</td>
<td>(0.153)</td>
</tr>
<tr>
<td>2. Percent without high school degree</td>
<td>-0.604</td>
<td>-0.262</td>
<td>(.218)</td>
</tr>
<tr>
<td>3. Percent of population unemployed</td>
<td>-0.697*</td>
<td>-2.029*</td>
<td>(0.006)</td>
</tr>
<tr>
<td>4. Percent employed in manufacturing</td>
<td>-0.485</td>
<td>-0.278</td>
<td>(0.860)</td>
</tr>
<tr>
<td>5. Past community action</td>
<td>1.207*</td>
<td>1.744*</td>
<td>(0.377)</td>
</tr>
<tr>
<td>6. Community Solidarity</td>
<td>0.069*</td>
<td>0.089*</td>
<td>(0.203)</td>
</tr>
</tbody>
</table>

Variance Explained ($R^2$)
Unique to variables 1-4 0.073*
Unique to variable 5 0.018*
Unique to variable 6 0.005
Unique to variables 5-6 0.018*
Total variance explained (variables 1-6) 0.254*

*Significant > 0.05

When past action and community solidarity were added to the regression equation simultaneously, similar results emerged; the variables do make a substantial additive contribution to the explained
variance. Overall, 25.4% of the variance in the effort to attract business and industry is explained. In the full model, past community action (beta = 1.207), percent population unemployed (beta = -0.697), and solidarity (beta = 0.069) were the strongest predictors of efforts to recruit business and industry.

These findings, restricted to Black Belt communities of Alabama, do support the theoretical proposition of the study that in addition to the ecological variables, past community activeness variables contribute uniquely to the explanation of the adoption of economic development to recruit business and industry.

**Conclusion**

Results of the hierarchical regression analysis showed that the percent of the population employed, past community activeness (past community action), and community solidarity contribute significantly to explaining variations in local growth promotion to attract business and industry. This finding is in concert with previous research (Zekeri, 1994) that indicated the community as an interactional field theory facilitates one’s understanding of community development efforts in rural areas. To the extent that past action and community solidarity exert significant impacts on recruitment of business and industry, civic groups and officials in local communities that have experience in carrying out local action in the past will have distinct advantages in attempting to promote economic development efforts. In the study, communities, and past community actions, in combination with some ecological characteristics do have an important influence on recruiting business and industry.

On the basis of the findings and observations, this research provides several important lessons for policymakers and community development professionals who are attempting to encourage civic groups and local officials in small rural communities to adopt economic development efforts. First, consistent with the theoretical discussions in the literature, the study shows that previous activeness can have significant additive effects on some subsequent community actions. Community development specialists should be sensitive to this characteristic identified in the research and encourage its further development in the community rather than concentrating only on ecological, socioeconomic, and other previously established structural characteristics. To this end, efforts should be directed towards an organized intentional effort of local people to work together towards a shared goal. The idea is to get as many residents active as possible so that when future action is needed, there will be more people available to participate. The policy goal should be to assist local actors in developing the capacity to solve local problems.

Second, civic groups and local officials in small communities where many are unemployed are less likely to attract business and industry. This may be due to the fact that resources available to these communities in terms of human capital, monetary resources, and physical infrastructure for economic development limit the range of potentials available. Therefore, there should be a means of allocating state and federal resources to compensate for the differential abilities of communities for economic development because residents of smaller communities have less capacity to launch major initiatives without assistance from higher-level governments.

This research also provides a lesson for researchers interested in the recruitment of business and industry in other rural areas in the U.S. Much of the variation in attracting business and industry remains unexplained. Though past community activeness variables have significant additive effects,
the control variables suggested by previous research leave much of the variance unexplained. The challenge for future research is to identify other variables that make a difference in attracting business and industry.

Acknowledgment
The author owes a special debt to the many community members who opened their homes, gave their time, and shared their experiences and perspectives.

References


