

Economic Development in Communities

RTM 300

Local Development Corporations (LDC)

Regional Economic Development

Three basic approaches to regional economic development:

- industrial recruitment
- business retention and expansion
- entrepreneurship.

Industrial Recruitment

- is the oldest and most widely used economic development strategy in the U.S.
- involves the use of incentives to attract businesses from other regions
- In recent decades intensified global competition has made it increasingly difficult for rural communities to successfully recruit new industry, especially firms that rely on relatively low skill labor.

Business Retention and Expansion

- Existing businesses are provided incentives to encourage them to stay, and ideally to expand, in their existing sites
- Faced with competition from regions across the globe, retaining existing businesses is also an increasingly difficult endeavor.

Entrepreneurship

- as an economic development strategy focuses on encouraging the creation and expansion of locally grown companies.
- reasons why entrepreneurship is a promising economic development strategy for creating more sustainable rural communities.

Reasons for entrepreneurship approach

- Small entrepreneurial companies are the engines of innovation. They transform new ideas and new technologies into products and services, and are responsible for 50% of the nation's GDP.
- Small firms employ more than half of all employees in the private sector, and generate between 60 and 80 percent of net new jobs each year.

More reasons for entrepreneurship approach

- Community loyalty is another factor favoring entrepreneurs and small employers. Homegrown businesses that have a stake in the local community are more likely to consider the impact their decisions have on the community than large employers
- Small businesses are more likely to survive economic downturns. And, the loss of any single small employer will have less economic impact on a community than the loss of one large employer.

Development of Human Capital

How to develop the work force?

- Education or Training or Both
 - ♦ Community Based Organizations
 - ♦ School Systems
 - ♦ City or State Government
 - ♦ Industry