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Study: Smaller towns lack job growth tools

KAREN BOUFFARD
The Detroit News

Ann Arbor— Local governments believe there are opportunities to grow existing businesses in their communities, but many aren't engaged in economic development or have few tools to increase jobs, a new study says.

The larger the municipality, the more likely it is to be focused on economic development, according to the report from the University of Michigan's Center for Local, State and Urban Policy that is to be released today.

But, in contrast to efforts at the state level, communities are focused more on developing Main Street than on attracting new industries or out-of-state business.

The study dovetailed with Gov.-elect Rick Snyder's campaign theme of nurturing home-grown businesses.

"(Snyder believes) the best way to attract new businesses is to make sure local regional economies are strong, vibrant and diversified," his spokesman, Bill Nowling, said Tuesday.

Roughly one in four local governments statewide, 26 percent, according to the report, are engaged in economic development activities the authors call economic gardening.

More than two-thirds of larger communities, 67 percent, conduct economic gardening activities, though many are limited.

Local governments are focused more on nurturing traditional businesses than diversifying into emerging sectors like the film industry, alternative energy and life sciences, the report said.

"Very few local governments are focusing on those industries, where the state is focusing on building up these industries," said Tom Ivacko, administrator and program manager at the center and one of the study's authors.

Communities most frequently grant tax abatements or deferments to existing companies, foster networking and develop traditional infrastructure to support local businesses. Few use approaches like providing market research, helping with accessing capital or developing information technology infrastructure to support businesses.

The study points to a need for better coordination with local economic development efforts, Ivacko said.

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