

Preparing Your Community for Economic Growth

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Economic growth (and, more broadly, economic development) continues to be one of the most relevant and exciting sub-areas of economics despite the many unknowns and many major challenges.¹ As Tennessee counties of all types continue to be targeted as potential sites for major manufacturers, distribution firms and tech companies, communities of all types must take the appropriate steps to prepare for economic growth. Due to advanced technological and communication capabilities and enhanced distribution mechanisms, companies have the versatility to conduct business from various types of communities and regions, which requires rural political leaders and government service providers to place emphasis on economic development. The success of a community today depends upon its ability to adapt to the dynamic local, national and international market economy.² When implemented correctly, community economic development can help communities remain competitive and adapt to the constantly changing world.

Development is sustained progressive change to attain individual and group interests through expanded, intensified and adjusted use of resources.³ Economic development is defined as a program, group of policies or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base.⁴ The purpose of economic development is to build up the economic capacity of an area in order to improve its economic future and the quality of life for all.⁵ At the front of economic development is the development of a skilled and adaptable workforce. According to the International Economic Development Council (IEDC), skilled workers are the backbone of a productive and efficient economy and a critical decision point in today's business location decisions.⁶ One reason for economic development's importance is its assistance with obtaining economic growth.

Economic development is part of community development.⁷ Community development involves assisting communities with local planning, grant opportunities, historical preservation, housing, transportation and solid waste, whereas economic development includes industrial recruitment and expansions, strategic management, project financing, existing industry outreach and small business lending.⁸ When viewing economic development from an industrial growth perspective, it serves as the impetus to bind various aspects of communities to align and rally the purpose of landing a major manufacturer or expanding existing industries. In contrast, for small business and entrepreneurial growth, economic development functions as a mechanism that promotes a "business friendly community" by providing educational opportunities, technical assistance and access to capital.

The community aspects which must be aligned as a united front are schools, existing industries and businesses, social agencies, service providers and citizens. It requires political figures and boards to place great consideration on potential outcomes of each decision they must make. Broadband must be considered a part of infrastructure. Increased

¹See D. Acemoglu. "Introduction to Economic Growth."

²See G. Swinburn et al. "Local Economic Development."

³See R. Shaffer et al. *Community Economics: Linking Theory and Practice*.

⁴See IEDC. *Introduction to Economic Development*.

⁵See G. Swinburn et al. "Local Economic Development."

⁶See IEDC. "Workforce Development Strategies."

⁷See J. Cavaye. "Understanding Community Development."

⁸See East Tennessee Development District. "2020 Annual Report."

academic performance must be the guiding purpose and focus of the entire community, for it is the foundation of building the highly skilled workforce required of every profession and industry. Zoning and planning commissions must establish building codes which protect vulnerable environmental areas but also ensure high quality residential and commercial building.

It is important for community economic planners to recognize that economic development is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.⁹ By working collectively, issues and concerns such as housing status, waste management, road improvements and crime reduction can be addressed in a synergistic manner. This type of community environment fosters opportunities for public entities such as Extension, health departments, and utility providers to leverage their expertise in a collaborative effort to transform towns and counties.

The following are questions community leaders and stakeholders desiring to implement economic development strategies must ask:

- Does the public school system foster workforce development, entrepreneurship and college preparation objectives?
- Does the public school system have a collaborative relationship with higher education institutions across the region?
- Do the Chamber of Commerce and the Industrial Alliances have a presence on one another's boards?
- Is there a monitoring of broadband infrastructure expansion and upgrades throughout the community?
- Are utility districts and public works providers aligned with regional economic development projects such as manufacturing industrial mega-sites?
- Are the Chamber of Commerce and local government (and their sub-components) websites and social media outlets maintained regularly?
- Is the image of agricultural activities environmentally and socially acceptable?
- Is diversity not an issue to convey?
- Is the community litter free, with storefronts and parking lots held to a high standard for appearance?
- Are elected officials (mayors, commissioners, council and board members, trustees, registers, clerks, etc.) available and responsive?
- Are community and federal/state parks (or refuges) maintained neatly?
- Are store and restaurant workers nice and friendly?
- Are faith-based coalitions fostered through local governments and non-profit service providers?
- Is there a plan to repurpose buildings?
- Are building codes updated and enforced fairly and equitably?
- Is there a small business-revolving loan fund program?

A great way for communities to start preparing for economic growth is to become a certified Tennessee Economic ThreeStar community. The ThreeStar program is administrated by the Tennessee Department of Economic and Community Development (TNECD). It is an excellent way for communities to formulate and maintain a strategic community economic development program, due to the certification requiring TNECD to evaluate communities on documented local activities annually, and a biennial local stakeholder goal setting and activity planning session.

Participating counties (and cities in these counties) are eligible for discounts (for eligible projects) on both the business development and community development ability-to-pay calculations (Community Development Block Grants and FastTrack) each year the county fulfills the requirements of the ThreeStar program. Additionally, only cities and counties that are active participants in the ThreeStar program are eligible to participate in other select TNECD Rural and Community Development programs.¹⁰

⁹ See G. Swinburn et al. "Local Economic Development."

¹⁰ See Tennessee Department of Economic and Community Development. "About ThreeStar."

In closing, it is vital for community growth leaders understand these key concepts:¹¹

- Development is an ongoing process that will progress at different rates over time; however, it is continuous.
- Development in its wildest context simultaneously involve social, environmental and economic change to enhance quality of life.
- Development involves transformation, not just change.
- Transformations are changes in outlooks, attitudes and behaviors.
- Transformations take time and involve long-term prospects.

As communities begin to engage in economic development, it is vital that business, industrial, governmental and political leaders do not focus solely on landing large (5,000+ employees) manufacturing firms. Although those types of projects are what communities desire, they are hard to predict due to the many variables that must align for them to be landed. Although county economic matters are determined partially by regional and national conditions, it is the local elected officials, public agencies, business and industrial entities, and residents that influence the specific circumstances of a community.

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¹¹See R. Shaffer et al. *Community Economics: Linking Theory and Practice*.



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