

# The Center for Local, State, and Urban Policy

Gerald R. Ford School of Public Policy >> University of Michigan



Michigan Public  
Policy Survey **November 2010**

## Local government leaders say economic gardening can help grow their economies

Economic gardening is a new economic development strategy used to grow local economies by cultivating existing businesses, rather than, or in addition to, hunting for new businesses to relocate from the outside. This report presents findings about economic gardening and related activities in communities across Michigan, as well as the opinions of Michigan's local government leaders about whether or not the strategy can succeed in their communities. The report is based on statewide surveys of local government officials conducted in the Spring 2010 wave of the Michigan Public Policy Survey (MPPS).

---

>> The Michigan Public Policy Survey (MPPS) is conducted by the Center for Local, State, and Urban Policy (CLOSUP) at the University of Michigan in partnership with the Michigan Association of Counties, Michigan Municipal League, and Michigan Townships Association. The MPPS takes place twice each year and investigates local officials' opinions and perspectives on a variety of important public policy issues. Respondents for the MPPS include county administrators and board chairs, city mayors and managers, village presidents and managers, and township supervisors, clerks, and managers from over 1,300 jurisdictions across the state.

For more information, please contact: [closup-mpps@umich.edu](mailto:closup-mpps@umich.edu) / (734) 647-4091.

## Key Findings

- Overall, only one in four (26%) Michigan local governments statewide are currently engaged in economic development activities that they consider economic gardening. However, this relatively low percentage reflects the fact that most of the state's smallest jurisdictions conduct few economic development activities of any kind. When looking at the state's larger communities, the MPPS finds that two-thirds (67%) of these jurisdictions are currently engaged in economic gardening activities.
- The most frequently used economic development approaches targeted at existing businesses reported by local governments include granting of tax abatements or deferments to existing companies, fostering networking among local businesses and other organizations, and developing traditional infrastructure to support existing local businesses.
- More than half of all Michigan local officials surveyed (55%) agree that economic gardening can be an effective economic development strategy for their communities, with 88% of officials from the largest jurisdictions responding this way. Even in those jurisdictions that are least likely to engage in economic gardening today, 45% of officials agree the strategy can work, and only 7% disagree.

# CLOSUP

Center for Local, State, and Urban Policy  
University of Michigan | Gerald R. Ford School of Public Policy

Gerald R. Ford  
School of Public Policy  
UNIVERSITY OF MICHIGAN

## Economic gardening efforts most likely to be found in larger Michigan jurisdictions

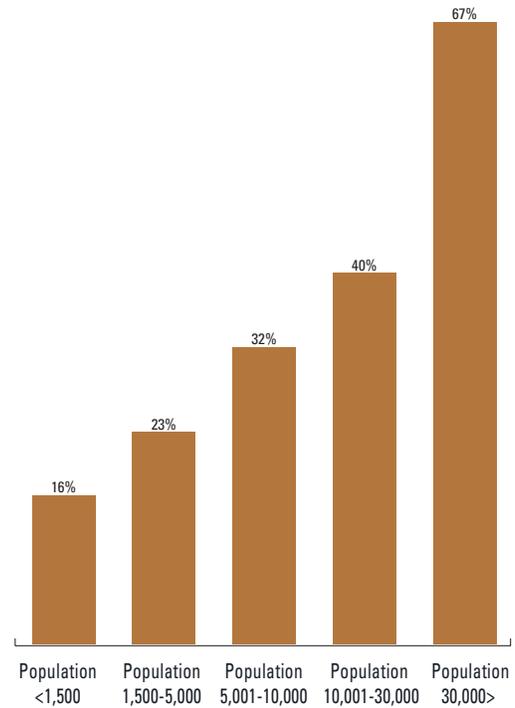
“Economic gardening” is an economic development strategy focused on helping existing businesses in a local community in order to encourage job growth, rather than (or in addition to) recruiting or “hunting” for new businesses to relocate from outside of the jurisdiction. This particular economic development approach originated in the city of Littleton, Colorado in the late 1980s and 90s.<sup>1</sup> Since then the strategy has spread to other locations and has evolved somewhat in the process.<sup>2</sup> Recently, a number of organizations in Michigan have begun promoting economic gardening as a preferred approach for Michigan communities. For example, the Small Business Association of Michigan (SBAM) recently released a detailed policy paper describing its support for economic gardening.<sup>3</sup> The Cassopolis-based Edward Lowe Foundation is also working to create a nurturing environment by promoting economic gardening, with a special focus on “second-stage entrepreneurs” in Michigan communities.<sup>4</sup>

To get a better understanding of how local officials across Michigan view economic gardening, and more generally the idea of supporting existing local businesses, the Spring 2010 MPPS asked a series of questions on the topic. Statewide, just over one in four (26%) Michigan local jurisdictions report currently having policies or practices to support economic gardening. However, this overall percentage reflects the fact that most of Michigan’s smallest jurisdictions perform few economic development activities of any kind. When looking in more detail, the MPPS data show a strong correlation with jurisdiction size: the larger the community size, the more likely it is to be conducting some kind of economic gardening activities. In fact, over two-thirds of the state’s largest communities (those with more than 30,000 residents) report existing policies or practices that they consider to be economic gardening to support existing local businesses. In comparison, only 16% of the state’s smallest jurisdictions (those with less than 1,500 residents) report conducting economic gardening activities (see Figure 1).

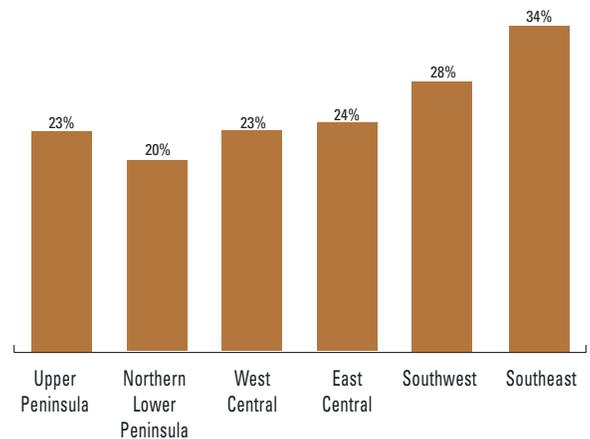
When looking at the economic gardening activities in different areas of Michigan, the MPPS finds relatively consistent levels of activity across regions, though there are some slight differences (see Figure 2). Local jurisdictions in Southeast Michigan are the most likely (34%) to be conducting economic gardening activities, followed by those in Southwest Michigan (28%). Jurisdictions in the Northern Lower Peninsula are the least likely to report engaging in economic gardening activities (20%).

Note: although regional economic development organizations now play an increasingly important role in economic development efforts, this report focuses only on the views of, and survey responses by, local government leaders who responded to the Spring 2010 MPPS survey.

**Figure 1**  
Percentage of jurisdictions that report engaging in economic gardening, by population size



**Figure 2**  
Percentage of jurisdictions that report engaging in economic gardening, by region





## What kinds of economic gardening and related activities are Michigan's local governments conducting?

**Table 1**  
Percentage of jurisdictions (among those who report engaging in economic gardening) conducting various types of activities, by population size

Strategy	Population <1,500	Population 1,500-5,000	Population 5,001-10,000	Population 10,001-30,000	Population >30,000	Total*
Granting tax abatements or deferments to existing local companies	30%	52%	74%	62%	70%	53%
Fostering networking among local businesses and other organizations	28%	42%	56%	67%	72%	48%
Developing traditional infrastructure specifically to meet the goal of supporting current local businesses	41%	32%	31%	48%	52%	40%
Conducting workforce development or training programs specifically to support current local businesses	11%	12%	18%	31%	61%	23%
Providing or fostering access to capital	22%	16%	15%	24%	45%	23%
Providing or fostering access to information on markets, customers, or competitors	12%	15%	16%	28%	49%	22%
Providing or assisting in helping local businesses develop their social networking online	13%	16%	13%	26%	30%	19%
Developing IT infrastructure specifically to support current local businesses	17%	12%	23%	19%	32%	18%
Developing a local currency and/or other "buy local" initiatives	22%	15%	10%	28%	17%	18%

Note: all table percentages calculated from among those officials who answered "yes" or "don't know" to whether their jurisdiction was engaged in economic gardening activities (n=371).

Those officials who reported that their governments are currently engaged in economic gardening activities were also asked about the specific types of policies or activities they have in place to support existing local businesses, as displayed in *Table 1*. Overall, the most frequent strategy Michigan local governments currently employ to support existing local businesses is the granting of tax abatements or deferments (53%). This particular strategy is not often considered a core economic gardening strategy, but nonetheless it reflects local government efforts to support existing local businesses. Other common strategies used in Michigan that are often considered core components of economic gardening include fostering networking— such as hosting meetings or sponsoring events— among local businesses and other organizations (48%) and developing infrastructure to support current local businesses (40%).

By comparison, few local jurisdictions report developing information technology infrastructure to support existing local businesses (18%). In addition, only 19% of these jurisdictions help existing businesses develop "social networking" online (such as Facebook, Twitter, etc.), only 22% provide or foster access to information on markets, customers or competitors— which is generally considered one of the core strategies for economic gardening— and 23% provide capital or assist in securing capital.

In most of these cases, the general pattern remains wherein the state’s larger jurisdictions are more likely to report engaging in these various types of economic gardening activities, compared to the smaller communities.

And when looking at different regions of the state, a number of significant differences stand out (see Table 2). For instance, while 28% of jurisdictions that are engaged in economic gardening in the Southeast and in the Northern Lower Peninsula regions report developing IT infrastructure to support existing local businesses, only 6% of Upper Peninsula jurisdictions and 7% of jurisdictions in the East Central Lower Peninsula report this activity. Meanwhile, fostering networking opportunities is least common in the East and West Central regions of Michigan, and most common in Southeast Michigan. In terms of fostering *social* networking, jurisdictions in Southeast Michigan are significantly more likely to provide this support than are jurisdictions in the Upper Peninsula (29% compared to 10%). Interestingly, jurisdictions in the Upper Peninsula are more likely to report that they provide or foster access to capital than are those in the Southeast region (30% compared to 21%).

**Table 2**  
Percentage of jurisdictions (among those who report engaging in economic gardening) conducting various types of activities, by region

Strategy	Upper Peninsula	Northern Lower Peninsula	West Central Lower Peninsula	East Central Lower Peninsula	Southwest Lower Peninsula	Southeast Lower Peninsula	Total*
Granting tax abatements or deferments to existing local companies	55%	36%	64 %	47%	61%	53%	53%
Fostering networking among local businesses and other organizations	52%	43%	35%	35%	51%	67%	48%
Developing traditional infrastructure specifically to meet the goal of supporting current local businesses	38%	26%	36%	43%	42%	47%	40%
Conducting workforce development or training programs specifically to support current local businesses	25%	18%	22%	22%	21%	27%	23%
Providing or fostering access to capital	30%	27%	14%	25%	29%	21%	23%
Providing or fostering access to information on markets, customers, or competitors	23%	17%	19%	17%	19%	33%	22%
Providing or assisting in helping local businesses develop their social networking online	10%	18%	21%	12%	15%	29%	19%
Developing IT infrastructure specifically to support current local businesses	6%	28%	16%	7%	18%	28%	18%
Developing a local currency and/or other “buy local” initiatives	25%	18%	23%	17%	14%	18%	18%

Note: all table percentages calculated from among those officials who answered “yes” or “don’t know” to whether their jurisdiction was engaged in economic gardening activities (n=371).



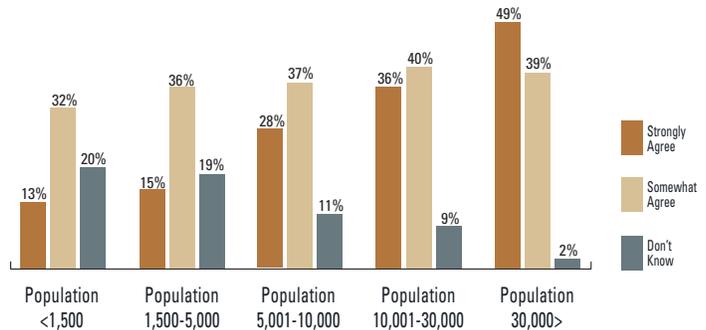
## Who thinks economic gardening can be effective in their communities?

Regardless of whether or not their jurisdictions are currently engaged in economic gardening, the MPPS asked local officials if they agree or disagree that the strategy can be effective for their communities. Across communities of all sizes, the MPPS finds substantial support for economic gardening as an effective tool for economic development and growth, even in places that don't currently engage in the practice. Overall, more than half of all local officials (55%) either somewhat or strongly agree that the strategy can help their communities. As shown in *Figure 3*, the larger the jurisdiction, the greater the percentage of local officials who believe economic gardening can be effective for their communities. For instance, 88% of officials from the largest jurisdictions agree that economic gardening can help their local economies. Still, even in the state's smallest jurisdictions, 45% of local leaders somewhat agree or strongly agree that economic gardening can be an effective local economic development strategy. Meanwhile, officials from the smaller jurisdictions were also much more likely to say they aren't sure if economic gardening can work in their locations (20% in the smallest jurisdictions vs. 2% in the largest). This may represent an opportunity to help inform and train local officials in small jurisdictions about the best ways to employ economic gardening activities in their economic landscape.

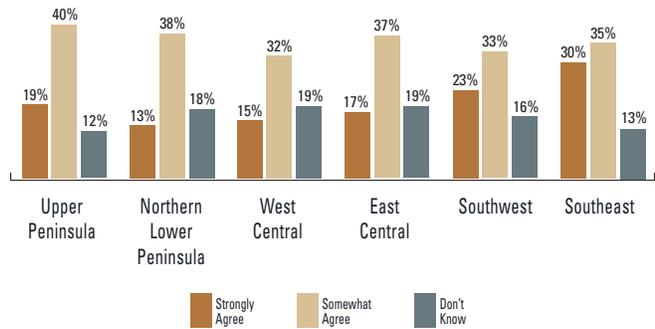
Finally, optimism about the effectiveness of economic gardening can be found throughout all regions of the state, with officials in the Upper Peninsula (59%) and in Southeast Michigan (65%) being most likely to predict that economic gardening efforts can be effective in their communities (see *Figure 4*).

Though not displayed in the graphs, only 6% of local officials overall say they think economic gardening cannot be effective in their communities. This includes 7% of officials from the smallest communities but only 1% of those from the state's largest communities. Thus, local government officials across almost all community sizes and all regions of Michigan appear open to the idea of employing economic gardening strategies in their locations.

**Figure 3**  
Percentage of local officials who think economic gardening can be an effective strategy for their jurisdictions, by population size



**Figure 4**  
Percentage of local officials who think economic gardening can be an effective strategy for their jurisdictions, by region



## Comparing new economic development strategies: support for placemaking and economic gardening

Another new economic development strategy gaining attention is “placemaking,” which was examined in an earlier MPPS report.<sup>5</sup> As an economic development strategy, placemaking is an effort to capitalize on and develop a community’s local assets in order to create appealing public spaces that will attract residents and businesses. In the Spring 2009 survey, the MPPS asked local officials a series of questions about placemaking, allowing us to compare placemaking and economic gardening as local strategies.

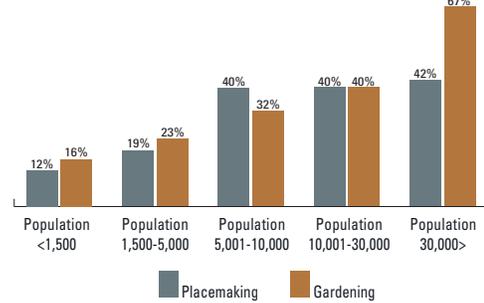
It should be noted that the two strategies are not mutually exclusive. Some economic development projects— for example, downtown streetscape and infrastructure improvements— could potentially be considered both placemaking and economic gardening activities.

In many cases, the frequency with which Michigan’s local governments employ placemaking strategies is fairly similar to that for economic gardening (see Figure 5). For instance, 12% of Michigan’s smallest communities employ placemaking strategies while 16% engage in economic gardening. In only one case— for communities with population sizes with 5,001-10,000 residents— is placemaking more common than economic gardening (40% compared to 32%). And only in the state’s largest communities is there a particularly large difference: while 42% of the largest communities report employing placemaking, 67% report engaging in economic gardening. Figure 6 shows that the two strategies are also fairly similar in terms of their use across Michigan’s various regions, with the largest difference being in Southeast Michigan, where 27% of jurisdictions employ placemaking compared to the 34% engaged in economic gardening.

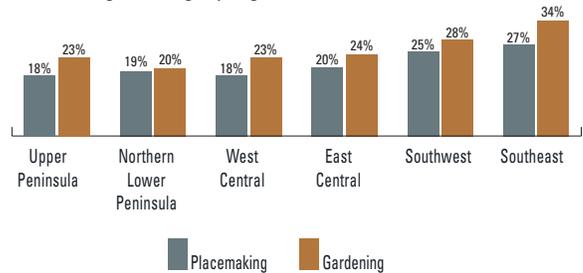
More significant differences appear when looking at confidence levels among Michigan’s local officials toward placemaking and economic gardening (see Figure 7). For instance, in Michigan’s smallest communities, 28% of officials are confident that placemaking can be an effective economic development strategy in their community, while 45% agree that economic gardening can be effective. Meanwhile, in the largest communities 60% believe placemaking can work, while 88% believe economic gardening can succeed locally. While not shown in the figure, it is also the case that local officials express higher levels of confidence in economic gardening than in placemaking in every region of Michigan.

These higher levels of confidence in economic gardening may reflect the fact that placemaking is truly a new concept, representing a paradigm shift in economic development strategies. While economic gardening can include some fairly new concepts, such as fostering social networking opportunities for existing businesses, it can also include some activities that have long been carried out by local jurisdictions, such as providing infrastructure upgrades for existing businesses. Placemaking, on the other hand, deals in non-traditional or indirect economic development strategies which can include, among other things, developing arts and cultural assets, parks and open spaces, and so on. Given the shorter history of placemaking and its less traditional approach, perhaps the most surprising finding is the relatively high level of confidence so many local leaders express in it, including more than 50% of officials from communities with more than 5,000 residents.

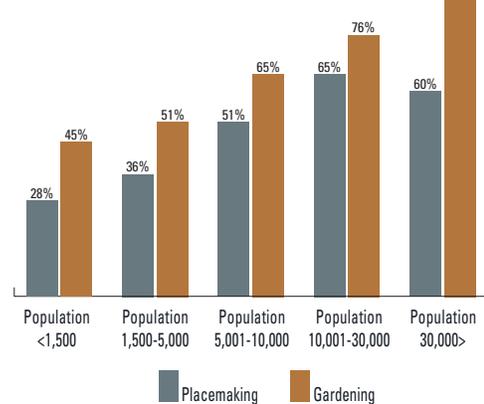
**Figure 5**  
Percentages of jurisdictions that engage in placemaking and in economic gardening, by population size



**Figure 6**  
Percentages of jurisdictions that engage in placemaking and in economic gardening, by region



**Figure 7**  
Percentages of local officials with confidence in placemaking and in economic gardening, by population size





## Conclusion

As Michigan continues to experience large-scale economic transformation, economic developers and local government leaders are working diligently to help strengthen local and regional economies across the state. While state officials have provided incentives to attract specific new industries to Michigan (including the film industry, life sciences, energy, etc.), the Spring 2009 MPPS survey found that relatively few local governments target their economic development efforts in these ways, resulting in a state-local disconnect.<sup>6</sup> Although this report does not argue against these state-level efforts to diversify the economy, it does find that economic gardening may provide a new opportunity to reconnect state and local efforts in a more coordinated strategy. While the Spring 2010 MPPS survey shows that economic gardening is most prevalent currently in Michigan's larger jurisdictions, there appears to be relatively high levels of support for the strategy among local officials in communities of all sizes and in all regions of the state. State-level economic development officials should consider whether new strategies to support local economic gardening activities could improve state-local cooperative efforts.

### Notes

<sup>1</sup> City of Littleton. "Business/Industry Affairs: Economic Gardening." 02 June, 2006. <http://www.littletongov.org/bia/economicgardening>.

<sup>2</sup> U.S. Small Business Association. "Economic Gardening: Next Generation Applications for a Balanced Portfolio Approach to Economic Growth." 2006. *The Small Business Economy: 2006*. pp. 157-193. [http://www.sba.gov/advo/research/sbe\\_06\\_ch06.pdf](http://www.sba.gov/advo/research/sbe_06_ch06.pdf)

<sup>3</sup> Small Business Association of Michigan (SBAM). "Propelling a New Economic Direction for Michigan." [White Paper] July 2010. <https://www.sbam.org/Portals/0/docs/Propelling%20a%20New%20Economic%20Direction%20White%20Paper.pdf>

<sup>4</sup> Edward Lowe Foundation. "Second-stage entrepreneurs: Economic Gardening." 2010. <http://www.edwardlowe.org/index.elf?page=ss&function=eg>

<sup>5</sup> Center for Local, State, and Urban Policy (CLOSUP). "Michigan Public Policy Survey Spring 2009 Key Findings Report." October 2009. <http://closup.umich.edu/michigan-public-policy-survey/1/october-2009-local-government-fiscal-and-economic-development-issues>.

<sup>6</sup> Center for Local, State, and Urban Policy (CLOSUP). "Michigan Public Policy Survey Spring 2009 Key Findings Report." October 2009. <http://closup.umich.edu/michigan-public-policy-survey/1/october-2009-local-government-fiscal-and-economic-development-issues>.

## Survey Background and Methodology

The MPPS is a biannual survey of each of Michigan's 1,856 units of general purpose local government. Surveys were sent via the internet and hardcopy to top elected and appointed officials in all 83 counties, 274 cities, 259 villages, and 1,240 townships. A total of 1,305 jurisdictions in the Spring 2010 wave returned valid surveys, resulting a 70% response rate by unit. The key relationships discussed in the above report are statistically significant at the  $p > .05$  level or above, unless otherwise specified.

Missing responses are not included in the tabulations, unless otherwise specified. Data are weighted to account for non-response.

*The MPPS is funded in part by a grant from the W.K. Kellogg Foundation. The views reported herein are those of local Michigan officials and do not necessarily reflect the views of the University of Michigan or the W.K. Kellogg Foundation.*

University of Michigan  
**Center for Local, State, and Urban Policy**  
**Gerald R. Ford School of Public Policy**  
Joan and Sanford Weill Hall  
735 S. State Street, Suite 5310  
Ann Arbor, MI 48109-3091

The **Center for Local, State, and Urban Policy (CLOSUP)**, housed at the University of Michigan's Gerald R. Ford School of Public Policy, conducts and supports applied policy research designed to inform state, local, and urban policy issues. Through integrated research, teaching, and outreach involving academic researchers, students, policymakers and practitioners, CLOSUP seeks to foster understanding of today's state and local policy problems, and to find effective solutions to those problems.

[www.closup.umich.edu](http://www.closup.umich.edu) >> 734-647-4091



**Regents of the University of Michigan**

**Julia Donovan Darlow**  
Ann Arbor

**Laurence B. Deitch**  
Bingham Farms

**Denise Ilitch**  
Bingham Farms

**Olivia P. Maynard**  
Goodrich

**Andrea Fischer Newman**  
Ann Arbor

**Andrew C. Richner**  
Grosse Pointe Park

**S. Martin Taylor**  
Grosse Pointe Farms

**Katherine E. White**  
Ann Arbor

**Mary Sue Coleman**  
(ex officio)