

If you have trouble viewing this email, you can read it [online](#).

MACDEP^E NEWS

MONTANA ASSOCIATION OF COMMUNITY DEVELOPMENT EXTENSION PROFESSIONALS

September 2011

Reports & Resources

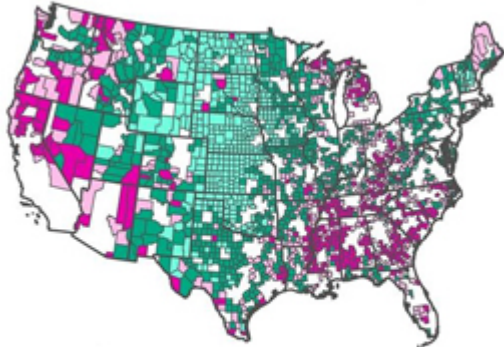
Rural Unemployment Rises





[The Daily Yonder](#) | [READ STORY](#)

The rural unemployment rate increased in early summer but remains lower than the national average.

Rural Unemployment in June 2011

Most counties in rural America (those in green) have unemployment rates below the national average of 9.3%



	Low unemployment (below 6%) (448 counties)
	Below average (6% to 9.3%) (758 counties)
	Above average (9.3% to 12%) (468 counties)
	High rates (above 12%) (353 counties)

President's Corner

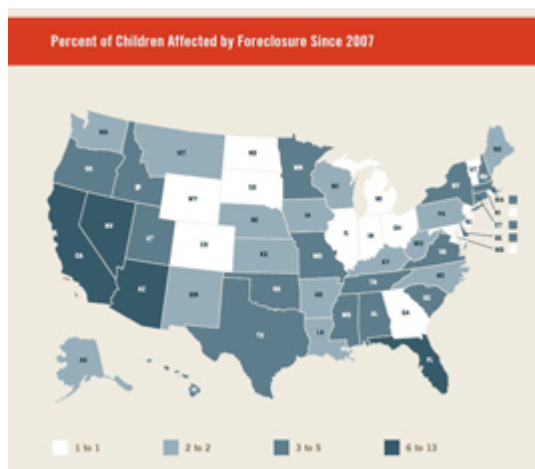
Lots of exciting news to report: First, MSU Extension and the Local Government Center are excited to announce the fall issue of the [Montana Policy Review](#) titled *Community Resiliency and the Built Environment: Innovations and Policy Issues in Montana* focusing on how the built environment influences quality of life and economic prosperity across Montana. Second, the [Community Development Society](#) has announced the submission deadline of October 31, 2011 for abstracts to the 2012 CDS Conference in Cincinnati. Last, [NACDEP](#) needs volunteers to serve on committees for the upcoming 2012 conference in Park City, Utah; more info [here](#).

-Paul Lachapelle
MACDEP President

Children's Welfare By State

Annie E. Casey Foundation | [READ STORY](#)

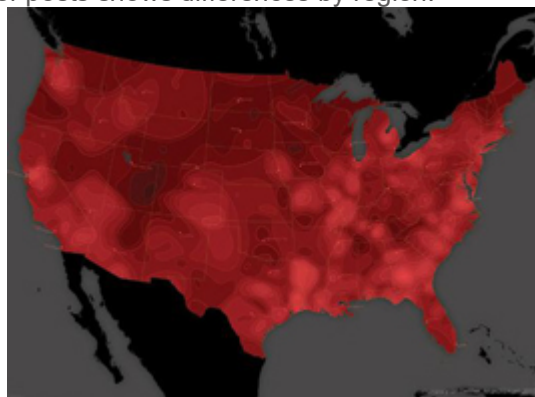
A new report measures children's levels of well-being in each state.



Foul Tweets By Region

On Wisconsin Magazine | [READ STORY](#)

A recent analysis of the prevalence of foul language in Twitter posts shows differences by region.



Renewable Energy Usage and Cost

Daily Good | [READ STORY](#)

This infographic examines the usage and cost of renewable energy in the United States.

Upcoming Events

Extension Entrepreneurs and Their Communities Webinar Series

September 8, October 13, November 10; all events begin at 12pm MST.

Sponsor: Iowa State University Extension and Outreach

To attend, go to the above link 10 minutes before webinar and select "Enter As Guest" option, then enter full name and click "Enter Room."

Building Financial Assets for Rural Communities Leadership Summit

September 13, Great Falls
Sponsor: IDA Resources
Part of the Mobilizing Rural Communities Conference

What Works! 2011 Conference

September 18-20, Philadelphia, PA
Sponsor: The Northeast Regional Center for Rural Development

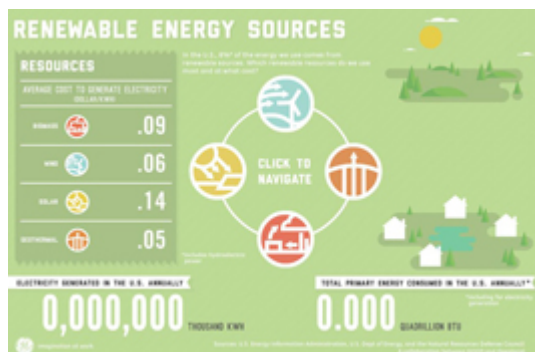
Local Economies Series Conference Calls

September 22 & October 27
Sponsor: Community Matters

Grants, Awards & Jobs

Community Challenge Planning Grant

Deadline: September 9, 2011



Funder: Department of Housing and Urban Development

Green Thumb Challenge Grant

Deadline: September 30, 2011
Funder: Green Education Foundation & Gardener's Supply Company

Artist's Innovation Awards

Deadline: September 30, 2011
Funder: Montana Arts Council

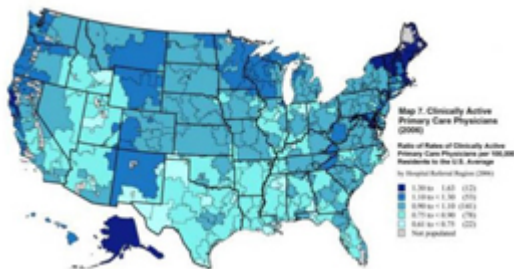
Awesome Food Grants

Deadline: Rolling
Funder: Awesome Foundation

Health Care Cuts and Rural Communities

The Daily Yonder | [READ STORY](#)

Health care spending cuts may disproportionately affect rural communities, where primary care physicians provide more services than in rural areas.



Are Facebook Users More Trusting?

Daily Good | [READ STORY](#)

This infographic, based on new research from Pew Research Center, shows that social network site users are more likely to make connections with others.

National/International News

Farmland Trust Saves Organic Agriculture

Seattle Times; Aug 27

UN Chief Vows to Support Colorado Lab's Renewable Energy Work

Denver Post; Aug 24

Arctic Sea Drilling Proposal Prompts Environmental Concerns

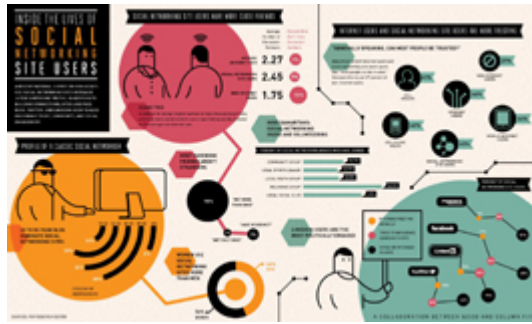
Washington Post; Aug 22

Utility Companies Consider Options for Meeting Renewable Energy Mandates

Denver Post; Aug 21

Species Move North to Escape Warming Climate

Seattle Times; Aug 18



Report: Local Businesses Grow Incomes

The Daily Yonder | [READ STORY](#)

A new report finds that communities with small, locally-owned businesses experience stronger economic growth than those with larger businesses owned by outside interests.

Research Note

Does Local Firm Ownership Matter?

David A. Fleming^{1,2} and Stephan J. Goetz^{1,2}

Economic Development Quarterly
 Volume 1, 6
 © The Authors, 2011
 License and permission: <http://dx.doi.org/10.1080/08954646.2011.581046>
<http://www.tandf.co.uk>

Abstract

A data set for U.S. counties that includes residence status of firm owners is used to assess whether per capita density of locally owned businesses affects local economic growth, compared with nonlocal ownership. The database also permits stratification of firms across different employment size categories. Economic growth models that control for other relevant factors reveal a positive relationship between density of locally owned firms and per capita income growth but only for small (0-99 employees) firms, whereas the density of large (more than 500 workers) firms not owned locally has a negative effect. These results provide strong evidence that local ownership matters for economic growth but only in the small size category. Results are robust across rural and urban counties.

Keywords

firm size, firm ownership, local, economic growth

Private businesses and entrepreneurs are widely regarded as essential to regional economic growth, and small firms have been viewed as important generators of new jobs since the seminal although not uncontroverted work of Birch (1987), also Acs & Amittang, 2006). Owners of businesses who also reside in the community may have the best interests of the community in mind (Korke & Neumark, 2010). To us, the question of whether the place of residence of a firm's owner matters for economic growth has been not been investigated systematically. This study examines the effect of firm ownership, controlling for firm size, on U.S. county-level economic well-being, including counties that are urban and nonurban.

The study uses the National Establishment Time-Series (NETS) database provided by the Edward Elmer Foundation (see the appendix for details, www.youareconomy.org). This unique data set describes ownership type and firm size across U.S. counties but it has not been widely explored previously, and to our knowledge has not been used in the context of economic growth modeling.¹ Results of this study are relevant for academics and policy makers, especially in light of current discussions surrounding stimulus spending.

The Importance of Firm Size and Ownership in Economic Development

Several authors have examined the role of firm size in the economic growth of regions (e.g., Lovett & Nulton, 2007). Empirical evidence generally suggests that the presence of smaller firms is correlated positively with subsequent economic growth (Chen, Rosenbath, & Strage, 2010; Rosenbath & Strage, 2005). Small firms may benefit local economies because

of higher marginal productivity of workers and greater flexibility to adapt to external shocks. In contrast, larger firms are presumed to enhance economic development through economies of scale, agglomeration effects, volume-related specialization, and greater capacity for innovation through dedicated R&D. Some authors also emphasize the distracting effects of large firms on smaller firms and local jobs, which are detrimental in the short run but may represent creative destruction in the long run. Larger firms also may exercise monopsony power over labor leading to reduced economic growth (e.g., Bonanno & Lupo, 2009).

Although locally owned companies are argued to promote local economic development, there is no clear evidence of this relationship. Rosenbath and Strage (2005) find no consistent effect of local (nonindustrial) firms on growth, whereas Korke and Neumark (2010) detect a positive effect of local firm ownership on employment stability only for corporate headquarters or commercial chains. Melchiorri and Silva (2007) suggest that local entrepreneurs are more successful because they have been able to build up stronger business networks over time. Nonlocal firms may provide an economic boost given that they provide new employment sources and activity; however, they may also be less flexible or less innovative at the local level and have little local impact because of vertical and horizontal integration with other nonlocal (industrial) firms (Gause et al., 2010). Non-resident-owned large (big-box) stores such as

¹ Pennsylvania State University, University Park, PA, USA
² The Northeast Regional Center for Rural Development, The Pennsylvania State University, PA, USA

Corresponding Author:
 Stephan J. Goetz, Pennsylvania State University (S. J. Goetz),
 University Park, PA 16802, USA
 Email: sjgoetz@psu.edu

Canadian Researcher Makes Plastic from Animal Carcasses

Edmonton Journal; Aug 17

Driving Down in US Cities

New Scientist; Aug 16

Urban Forest Reclaims Public Space

Next American City; Aug 15

Ancient Glass May Help Contain Nuclear Waste

Tri-City Herald; Aug 12

Montana News

[Tester Discusses Importance of Public Lands for Montana Towns](#)

Bozeman Daily Chronicle; Aug 27

[Whitefish Company Adopts European Green Building Techniques](#)

Flathead Beacon; Aug 25

[Native American Made in Montana Campaign Launched](#)

Char-Koosta News; Aug 25

[State to Partner with Federal Government in Insurance Exchange](#)

Helena Independent Record; Aug 24

[Montana Hay Heads to Texas](#)

Billings Gazette; Aug 22

[Local Entrepreneur Speaks at White House](#)

Helena Independent Record;
Aug 19

**[Montana Ranked Lowest in
Children's Welfare in Region](#)**

Ravalli Republic; Aug 18

[Reservoirs Full Across State](#)

Great Falls Tribune; Aug 17

**[State's Wind Industry Lacks
Transmission Capability](#)**

Missoula Independent; Aug 11



MSU Extension Community Development | Wilson Hall 2-117 P.O. Box 172240 | Bozeman, MT 59717-2240

Tel: (406) 994-3620

Back issues of the MACDEP E-news are available [here](#)

To subscribe to the Montana CD E-Newsletter, send a request to: commdev@montana.edu