

PART I

BUSINESS RETENTION AND EXPANSION
IN HAYS

A Research Report

prepared for

The Kansas Department of Commerce

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PREFACE

Project Background

In the summer of 1987, Southwestern Bell Telephone offered an executive-in-residence to work with the Kansas Department of Commerce. This Southwestern Bell executive was Brad Parrott. In cooperation with Kansas Governor Mike Hayden, the Department of Commerce decided to conduct a study on business retention and expansion in the state, and enlisted the assistance of the Institute for Public Policy and Business Research at the University of Kansas to assist with the project. This project was a joint effort between Southwestern Bell, the Kansas Department of Commerce, and the University of Kansas.

The project used a telephone survey to study the retention and expansion of business firms in: Coffeyville, Emporia, Garden City, Goodland, Great Bend, Hays, Hutchinson, Lawrence, McPherson, and Salina. In each community, a local committee of business representatives and community leaders were responsible for conducting personal interviews that provided additional in-depth answers to survey questions. These committees will receive a report of the community they represent, and will be responsible for local action.

Acknowledgements

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The authors alone are responsible for the contents of this report.

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EXECUTIVE REPORT

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EXECUTIVE SUMMARY

A sample survey of 95 business firms in Hays was completed to find determinants of business retention and expansion of existing industries in the Hays community.

These firms, drawn from sectors constituting the economic base (retail firms and service firms that were entirely local were not included), were surveyed to identify factors that influence the retention and expansion of existing industries in Hays, to identify the potential of Hays firms to expand within their community, to assist the establishment of local retention and expansion efforts, and to distinguish local issues that influence retention and expansion.

The major findings of the study are:

1. In recent years, Ellis County has experienced low employment growth. For the time period 1978 to 1986, Ellis County had an employment growth rate of 6%. However, from 1982 to 1986, employment growth was a negative 2%.
2. The large majority of surveyed firms in Hays are small. Of the total number of firms, 86% have fewer than 20 employees.
3. Of those firms that released information about total annual sales, 92% have annual sales that are less than \$5 million.
4. For the most part, decisions concerning retention and expansion will be made within the community. Of the total number of firms, 65% are single establishments with no connection to a larger corporation.
5. Markets where firms sell their products are narrow in scope. Surveyed Hays firms sell an approximate average of 90% of their goods or services in the local or state markets. In comparison, firms surveyed in the other eight communities for the state report on business retention and expansion sold an approximate average of 81% in the local and state markets.

6. Firms in Hays are predominantly homegrown and locally oriented. In the past five years, only 6% of the total number of surveyed firms have relocated to Hays from another city or state. Also, 58% of the total number of respondents stated that their firms were in Hays because the city filled a product or service need and 56% said they were in Hays because it was the owner's hometown.
7. Only a very small percentage of firms are leaving the community. Only 4% of the survey population stated they will move from Hays in the next year.
8. Surveyed Hays business representatives, in general, do not have negative images of rural life or of Kansas. Of the total number of respondents, 93% do not have a negative image of rural life and 97% do not have a negative image of Kansas.
9. Firms with 50 or more employees, however, do have slightly more negative images of rural life and of Kansas. Of the representatives from these very large firms, 25% said they had a negative image of rural life and 25% said they have a negative image of Kansas.
10. In the past two years, a greater percentage of surveyed firms in Hays had decreases in employment (35%) than increases (24%). In comparison, 20% of the firms surveyed in the other eight communities reported they had employment decreases the past two years.
11. The markets where products are sold have affected past expansion. For those firms that gave problems with past expansion, 38% stated that the decline in oil prices was a problem and 34% stated that a static or declining market was a problem. For those firms that gave factors which helped expansion, 71% stated that an expanding market played a significant role in their expansion efforts.
12. Surveyed firms are, however, optimistic about their ability to increase employment and increase physical plant size. Of the total number of firms, 44% expect to increase employment next year and 19% expect to increase physical plant size next year.
13. Hays may have a problem with these future expansions, however. Of those firms that stated they would expand, 38% stated they will expand outside of Ellis County. In comparison, 16% of the firms that will expand in the other eight communities will expand outside of their respective counties.
14. There are firms with the potential and the desire to export their products. Of the representatives that responded, 11% said their firm had the potential to expand internationally and 13% said their firm had the desire to expand internationally. This included small as well as large firms.

15. Financing sources for expansion are traditional in nature. Of the total number of firms, 74% stated a bank was a financing source and 44% stated internal funds were a source. In comparison, 52% of the firms in the other eight communities stated that a bank was a source for financing.
16. A high percentage of surveyed firms in Hays believe that the quality of life they experience in the community is good. For all respondents, 82% rated the quality of life as good, 15% gave an adequate rating, and 3% gave a poor rating.
17. Most firms (49%) believe the attitude towards the local government towards the business community is positive to very positive. However, a relatively high percentage of firms (22%) that suggested ways to improve the local business climate suggested that the local government needs to be more responsive to business needs.
18. Local public services were seen to be mainly good or adequate. The exceptions to this were transportation issues. Thirty-eight percent rated the quality of public transportation as poor and 36% rated the availability of air transportation as poor.
19. Hays respondents consider economic development initiatives extremely important. Of those firms that gave suggestions, 80% mentioned economic development as a way to improve the local quality of life, 52% suggested economic development as a way to improve the local business climate, and 32% suggested economic development as a way to improve the state business climate.
20. State economic development programs are not very well known to firms in Hays. Of the total number of firms, 90% had no knowledge of Certified Development Companies, 85% had no knowledge of Centers of Excellence, 67% had no knowledge of the Kansas Industrial Training Program, 45% had no knowledge of the Community Development Block Grant Program, and 28% had no knowledge of the Job Training Partnership Act.
21. The overwhelming majority of firms have requirements for general, nonspecialized skills. Of the total number of firms, 97% stated they did not require a specialized skill for employment in their company.

SUMMARY OF RECOMMENDATIONS FOR ECONOMIC DEVELOPMENT

POLICY IN HAYS

1. Local policies should be directed to encouraging entrepreneurs in Hays who are starting new businesses and to facilitating expansion of existing businesses. Examples of such efforts include incubators and small business development centers. Entrepreneurs should be actively involved in Hays' economic development strategies.
2. Although the recruitment of firms from outside of Kansas should constitute one part of Hays' economic development strategy, the major focus should be on the establishment of new firms and the growth of existing businesses.
3. Hays, in cooperation with the Kansas Department of Commerce, should have a targeted business retention program. These ongoing programs should identify dissatisfied firms and concentrate retention efforts upon them. Only a very small percentage of firms are planning to leave their community or state. The vast majority of firms are satisfied with their community and are not planning to leave.
4. Larger firms and branch operations must be targeted as part of a business retention program. The loss of a large employer would have a devastating detrimental impact on a community and other firms that are suppliers to the large company. In addition, since the majority of larger firms are part of a larger corporation, the local chamber of commerce and the local government will need to be in contact with the parent organization of these firms.
5. Improved access to nonconventional sources of financing should be a top local priority. Included would be access to seed and venture capital to a greater extent than currently exists. Firms are primarily dependent on conventional sources of financing (banks and internal funds) and do not have access to seed, medium, or high risk financing. Consideration should be given to establishing a community based seed/venture capital firm in Hays.
6. Public transportation and the availability of air transportation are the two parts of Hays' transportation system that require improvement. Regional cooperation to improve the availability of air transportation needs to be pursued.
7. Firms in Hays should be encouraged to participate more actively in national markets outside of Kansas. Efforts to help firms realize their potential in larger markets is necessary. To do otherwise would seriously limit growth opportunities. The local business community needs to be actively involved in efforts to broaden markets.

8. Efforts to assist firms to participate in international trade are necessary. Such assistance may include programs to make firms aware of the potential of international trade. Specific barriers to international trade, such as financing, must be addressed. There is an unrealized opportunity to increase exports from Kansas mid-size communities such as Hays.

9. A major effort is required to assure that firms in Hays know what state programs are available to assist them. The local business community and local governments should initiate communication programs to insure that firms in Hays know about the Kansas Technology Enterprise Corporation, Kansas Venture Capital, Inc., Kansas Inc., and other state economic development programs.

BUSINESS RETENTION AND EXPANSION

EXECUTIVE REPORT

At the request of the Kansas Department of Commerce, the Institute for Public Policy and Business Research surveyed business retention and expansion in Hays. This was accomplished through a survey questionnaire given to a random sample of business representatives. Hays companies were surveyed to identify factors that influence retention and expansion in existing industries in the community, to identify the potential of Hays firms to expand within their community, to assist the establishment of local retention and expansion efforts, and to distinguish state and local level issues that influence retention and expansion.

Along with Hays, eight other communities (Coffeyville, Emporia, Garden City, Great Bend, Hutchinson, Lawrence, McPherson, and Salina) were surveyed as part of an overall state report of retention and expansion in communities with populations of 10,000 to 100,000 persons. Survey results for Hays are compared to results from the other 8 communities in Part II of this report.

A total of 95 randomly selected firms participated in this study. These firms were drawn from the economic base of the community, and represented the agriculture, mining, construction, manufacturing, transportation-communications, wholesale, finance, and services industries (retail firms and service firms that were entirely local were not included in this sample).

This report focuses on five major areas: (1) the description of the survey population, (2) the description and determinants of business location and retention, (3) the expansion of businesses in Hays, (4) the local and

state business climate, and (5) economic development assistance. For a more detailed analysis of any subject covered in Part I, the reader is advised to study Part II of this report.

ECONOMIC GROWTH IN KANSAS

Before discussing the survey and the results provided by Hays firms, it is necessary to review several economic growth trends for Kansas. This data will provide a background for consideration when the survey results are discussed, and will provide trends and explanations that will give a view of the total state and of Ellis county, along with the counties of the other 8 communities that were part of the overall state study of retention and expansion. It is important to remember that the data collected for this project must be observed within the context of the state as a whole.

Employment Growth

Total employment growth in Ellis County was 6% from 1978 to 1986. Although this statistic is positive, it is less than the percentage for Kansas and less than half the growth experienced by the United States for the same time period. Employment growth for Ellis County was higher in this time period than for five of the nine counties that were included in the survey. However, for the time period 1982 to 1986, employment growth for the county was negative: -2%. Six comparison counties had higher rates of growth for this time period.

TABLE A
TOTAL EMPLOYMENT - COUNTIES, KANSAS, AND U.S.
1978-1986 (In Thousands)

	1978	1980	1982	1984	1985	1986	% Change	
							1978-1986	1982-1986
Barton Co.	13.5	14.4	14.9	14.9	14.6	13.5	0%	-9%
Douglas Co.	26.6	28.2	27.5	28.0	29.2	30.4	14%	11%
Ellis Co.	10.9	11.5	11.8	12.5	12.1	11.6	6%	-2%
Finney Co.	9.4	9.9	12.6	13.6	14.3	14.2	51%	13%
Lyon Co.	14.4	14.6	14.4	14.7	14.8	14.4	0%	0%
McPherson Co.	10.5	10.8	10.7	11.2	11.1	11.1	6%	4%
Montgomery Co.	17.3	17.4	15.8	14.8	14.8	14.7	-15%	-7%
Reno Co.	27.0	27.1	24.9	25.3	25.9	25.4	-6%	2%
Saline Co.	22.2	23.1	21.8	22.6	22.2	22.5	1%	3%
Kansas	912.5	944.7	921.4	960.7	967.9	983.1	8%	7%
United States	86697	90408	89566	94496	97519	99610	15%	11%

Sources: Counties and Kansas - Kansas Department of Human Resources Research and Analysis Section; United States - Bureau of Labor Statistics, Industry Employment Data Section.

Establishment Growth

For Ellis County, establishment growth from 1978 to 1985 saw a growth rate of 22%. This was slightly higher (1%) than the rate for Kansas but lower than the rate for the United States, and is higher than the growth rates for 5 of the other 8 counties. Ellis county has a positive establishment growth rate, which along with its relatively poor showing concerning employment, indicates the importance of the small firm in the area (all figures are from the Kansas County Business Patterns and the United States County Business Patterns).

Personal Income Growth

Personal income growth for Ellis County was 93% for the time period 1978 to 1984. This was much higher than the Kansas growth rate of 75% and the United States rate of 71%. Only one county that was selected for the state report (Finney) had higher percentages of personal income growth. This is a

positive sign for the community (all figures are from the Bureau of Economic Analysis, Regional Economic Information System, U.S. Bureau of Economic Analysis, and the National Income and Products Accounts of the U.S.).

Summary

Although the number of establishments and personal income have increased, employment growth in Ellis County has lagged behind employment growth in Kansas and the United States in recent years. This suggests weaknesses in the Hays economy and signifies the importance of designing and implementing appropriate economic developments strategies. Hays is particularly important for Kansas as a regional center for its part of the state. In recent years, the economy of Hays has been under performing the Kansas economy.

DESCRIPTION OF SURVEY POPULATION

In this section firms are described in terms of (1) their size, (2) industry, (3) annual sales, (4) type of establishment, (5) location of headquarters, and (6) markets for firms' products. It is crucial to understand the nature of the firms that make up the economic base in order to discuss business retention and expansion. For the total sample, the size of companies ranged from 1 employee to 399 employees, and companies represented the agriculture, mining, construction, manufacturing, transportation-communications, wholesale, finance, and services industries.

The survey focused on firms that were part of the economic base of Hays. Companies that were entirely local in their offering of goods or services were not surveyed. Because of this, retail businesses and some service organizations were not included in this study.

Company Size and Industry

Companies in Hays are small: 86% of the total number of surveyed firms have less than 20 employees. The small firm in Hays is a great potential source for growth in the community. Industry breakdowns emphasize the prevalence of small firms: not one industry has less than 50% of its firms with fewer than 20 employees. This data indicate that the small firm is of major importance to the community, and any retention or expansion strategies should not disregard the very small firms in favor of larger ones (see Table B).

TABLE B
SURVEY COMPANIES BY NUMBER OF EMPLOYEES AND BY INDUSTRY

Industry	Number of Employees			Percent of Total Firms That Are In This Industry
	1-19	20-49	50 Or More	
Agriculture	67%	33%	0%	4%
Mining	86%	14%	0%	18%
Construction	50%	0%	50%	3%
Manufacturing	93%	7%	0%	19%
Transportation-Communications	100%	0%	0%	13%
Wholesale	93%	7%	0%	19%
Finance	50%	50%	0%	5%
Services	80%	0%	20%	19%
Percent of Total Firms That Are In This Size Category	86%	9%	5%	100%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Total Annual Sales

For the firms that released information about their total annual sales, 92% stated that annual sales were under \$5 million dollars, and only 3% stated that annual sales were \$20 million dollars or more (see Table C). When comparisons were made to firms in the other eight communities it was found that 84% of those surveyed firms had sales under \$5 million a year. Industry specific data, however, revealed that 16% of all firms in the finance or services industries in this survey had sales of \$10 million dollars or more. This data suggest that Hays, in general, has small, low revenue companies.

TABLE C
TOTAL ANNUAL SALES

Annual Sales (000's)			
0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
92%	0%	5%	3%

n = 67

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Type of Establishment and Location of Headquarters

The majority of firms in Hays are single establishment companies and are not part of a larger corporation. Of the total number of firms, 65% stated they were a single establishment company (see Table D). The majority of firms in Hays also have their company headquarters in Kansas. As Table D shows, 86% of the total number of surveyed firms have headquarters in the state (65% are single establishments, 21% are part of a larger

corporation). This data points out that with so many single establishment firms, the atmosphere for entrepreneurship in the community seems to be good. Another implication is that most decisions concerning location and expansion will be made within the state, not by parent organizations outside of Kansas.

TABLE D
PERCENT OF TOTAL FIRMS THAT ARE PART OF LARGER CORPORATION,
AND LOCATION OF HEADQUARTERS

Single Company Firm	Part of a Larger Corporation		Total
	Kansas Headquarters	Non Kansas Headquarters	
65%	21%	14%	100%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Scope of Products Sold

The scope of product markets for Hays firms is relatively limited. Firms sold a mean, or average, 52% of their goods or services in the local market, while they sold an average 1% in the international market (see Table E). Firms in Hays sold an approximate average 10% of their goods or services outside of the state. In comparison, surveyed firms in the other eight communities sold an approximate average of 19% out of state. Surveyed firms in Hays are definitely focused on the local and state level. Size and industry breakdowns revealed that firms with 20 or more employees and manufacturing firms used markets outside of Kansas more than other size companies or other industry companies. The future competitiveness of Hays firms will depend on how well they use many markets, particularly the

international market. This data suggests that firms in Hays should be encouraged to continue and to initiate trade in markets outside of Kansas. To do otherwise would seriously limit growth opportunities.

TABLE E
MEAN PERCENTS OF PRODUCTS SOLD IN THE
LOCAL, STATE, NATIONAL, AND INTERNATIONAL MARKETS

Mean Percent Sold In The Local Market	Mean Percent Sold In The State Market	Mean Percent Sold In The National Market	Mean Percent Sold In The International Market
52%	38%	9%	1%

n = 93

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Survey Description Summary

After examining the descriptions of Hays firms, it is possible to make the following summary implications:

1. The large majority of firms (86%) in Hays have fewer than 20 employees. To concentrate assistance or specific local policy solely on the large company or corporation would be to overlook a major source for increased economic growth.
2. Total annual sales are less than \$5 million for the vast majority of surveyed firms (92%).
3. A large portion of Hays firms are single establishments with no connection to a larger corporation. For the most part, retention and expansion decisions will be made within the community, not from parent organizations in other areas.
4. Surveyed firms sell an approximate average 90% of their goods or services in the local and state markets. In comparison, firms surveyed in the other eight communities sold an approximate average of 81% in these same markets. If these firms remained focused on local/state markets, growth will be slow at best.

DESCRIPTION AND DETERMINANTS OF BUSINESS

LOCATION AND RETENTION

In this section, firms are described in terms of (1) their location, (2) reasons for location, (3) retention, (4) additional firms that would be of benefit, (5) retaining and maintaining management and professional personnel, and (6) perceived images of rural life and of Kansas.

Location

Attraction of firms from outside of the community. Hays has not been successful in attracting new companies to the community: of the total number of surveyed firms, only 6% have moved to the community from another city or state in the past five years. Within size category breakdowns revealed an interesting statistic: not one firm with 20 or more employees relocated to Hays in the past five years. Although industrial recruitment should constitute one part of an economic development strategy for Hays, the high percentage of single establishment firms (see Table D) and the low percentage of firms that have moved to the community suggest that the major focus should be on the establishment of new firms and the expansion of existing businesses.

Reasons for Location. Companies in Hays are home grown and see their community as providing the location and markets they need. Of the total number of firms, 56% stated a reason for location was that Hays was the owner's hometown, 58% stated that a reason for location was that the city filled a product or service need, and 46% stated that a reason for location was because Hays provided a central location (see Table F). These reasons

emphasize the local orientation of Hays firms. A positive sign is that with so many hometown firms, the climate for increased entrepreneurship seems to be good.

TABLE F
REASONS FOR LOCATION IN THE COMMUNITY*

Home- town	Local Economy	Strong Local Govt.	More Recep- tive Public Fin- ancing	Tax In- centives and-or Suit- able Zoning	Afford- able Lease, Pur- chase Prices	Good Local Labor Pool	Ade- quate Space for Expan- sion	Good Access to Market	Good Access to Mat- erials	Good Cen- tral Loc- ation	Good Trans- por- tation Fac- ilities	Proximity To Educ.- Tech. Fac- ilities	Filled A Prod.- Service Need	Small Town, Rural Life
56%	10%	1%	1%	1%	8%	10%	6%	32%	12%	46%	13%	5%	58%	1%

n = 95

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Retention

Retention of firms in the community. Only a very small percentage of firms are planning to leave Hays. Of the total number of surveyed firms, only 5% stated they were planning to leave the community in the next year (see Table G). However, 4% of these firms will be moving outside of the community. This implies that (1) reasons for moving out of the community must be found so that these do not develop into major problems for the city, and (2) retention programs should be continued but are most likely to be successful if highly focused on the small number of dissatisfied companies who are planning to relocate outside of Hays.

TABLE G
PERCENT AND LOCATION OF WHERE FIRMS ARE PLANNING TO MOVE

Firms That Are Planning To Move From Their Present Location In The Next Year	Moving Within The Community	Moving Within The State	Moving Out Of State	Total Percent Moving
	1%	2%	2%	5%
	Of Total Firms	Of Total Firms	Of Total Firms	Of Total Firms

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Additional Manufacturers or service providers that would be of benefit to existing companies. In the opinion of many firms, there are certain types of companies that are not presently in Hays that could benefit the companies already established in the community. Of the total number of surveyed firms, 61% stated that there were additional manufacturers or service providers that would be of benefit to their company if they were located in Hays. Of the respondents that stated what types of firms would be of benefit, 41% said raw materials suppliers, 13% said business services, and 9% said repair-maintenance companies. Such companies should be targets for industrial recruitment and for targeting support for new firms or expansions. New firms in Hays will have the added benefit of strengthening existing companies and their ties to the community.

Retaining and attracting management and professional personnel and perceived images of rural life and of Kansas. The large majority of firms in Hays (a) do not have trouble retaining and/or attracting managers or professionals; (b) do not have a negative image of rural life; and (c) do not have a negative image of Kansas (see Table H). For the majority of these

firms, retention strategies that focus on the quality of the community or of the state will have little impact on retention decisions. These companies already perceive community and state benefits.

TABLE H
 PERCENT OF TOTAL FIRMS THAT HAVE TROUBLE ATTRACTING OR RETAINING PROFESSIONAL AND MANAGEMENT PERSONNEL, AND PERCENT OF TOTAL FIRMS THAT HAVE A NEGATIVE IMAGE OF RURAL LIFE AND OF KANSAS

Do you have trouble attracting and/or retaining professional and management level personnel?		Do you have a negative image of rural life?		Do you have a negative image of Kansas?	
NO	YES	NO	YES	NO	YES
86%	14%	93%	7%	97%	3%

n = 95 (for each question)

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

However, closer examination of the data revealed that firms with 50 or more employees (1) have more trouble attracting and retaining management and professional personnel, and (2) have a more negative image of both rural life and of Kansas. Since the loss of a major employer would have a devastating detrimental impact on the community and on the service providers to the large firm, Hays needs to address the needs of the large firm or risk the possibility that they may become dissatisfied and leave.

Location and Retention Summary

After examining the data on location and retention, it is possible to make the following summary implications:

1. Firms in Hays are predominantly homegrown and locally oriented. In the past five years, only 6% of the total number of firms have relocated to Hays from another city or state. Also, 58% of the total number of surveyed firms stated they located in Hays to fill a product/service need and 56% stated they located in Hays because it was the owner's hometown.
2. Only a very small percentage of firms are leaving the community. Of the total number of firms, 4% stated they will move from Hays in the next year.
3. Raw materials suppliers were cited most often as additional companies that would be of benefit to existing firms in Hays. Location and expansion decisions of community firms will be based on attributes such as proximity of suppliers.
4. Surveyed firms in Hays, in general, do not have negative images about rural life or the state of Kansas. Of the total number of respondents, 93% do not have a negative image of rural life and 97% do not have a negative image of Kansas. Local policy that stresses the quality of the community or of the state will have little or no effect on retention or expansion.
5. Difficulty in attracting and retaining management and professional personnel has not been a serious problem for Hays firms. Eighty-six percent of the survey sample stated they did not have this problem.
6. Firms with 50 or more employees, however, do have more of a problem with attracting managers/professionals and have a slightly more negative view of rural life and of Kansas. Of these very large firm respondents, 25% said they had difficulty in recruiting and maintaining managers or professionals, 25% said they had a negative image of rural life, and 25% said they had a negative image of Kansas.

DESCRIPTION AND DETERMINANTS OF BUSINESS EXPANSION

In this section firms are described in terms of (1) expansion they have experienced in the past two years, (2) problems with expansion and factors that helped expansion, (3) planned expansion for the next year, (4) location

of future expansions, (5) the perceived ability to expand into the international market, and (6) their sources for expansion financing. It is important to understand why firms do or do not expand, the barriers that may inhibit growth, and where companies go for financial assistance when expansion decisions are made. A major finding is that firms in Hays have experienced great losses in employment the past two years, but these same companies are optimistic about future expansion opportunities.

Past Expansion

Employment and physical plant expansion. In the past two years, there has been some employment and physical plant size growth, but, for employment, there has been more decreases than increases. Of the total number of respondents, 24% said their firm increased employment the past two years while 35% said their firm decreased employment (see Table I). Notable employment decreases were found for firms in the finance and services industries and for firms with 50 or more employees. Employment decreases for surveyed Hays firms were much greater than percentages for firms in the other eight communities. If these employment trends continue, Hays' ability to experience a successful economic future will be in question.

TABLE I
PAST INCREASES IN EMPLOYMENT AND PHYSICAL PLANT SIZE

In the past two years, has your firm increased or decreased its employment and/or its physical plant size?

	Decreased	Remained Constant	Increased
Employment	35%	41%	24%
Physical Plant Size	17%	53%	30%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Problems with past expansion and factors that helped expansion. For the firms that gave problems with expansion, 38% stated that the decline in oil prices was a problem and 34% stated that a static or declining market was a problem. Of the firms that had experienced an expansion, 71% stated that an expanding market was a factor that helped expansion and 29% stated the desire to expand their product/service market helped expansion.

As can be seen, the market for products was a major reason for problems with expansion and with factors that helped expansion. This emphasizes the importance of increasing the scope of products to more than local and state markets. Affordable financing was also a problem with past expansion, indicating a need for local officials to supply more information to firms about alternative means of financing. The effects of the decline in the oil industry can be seen quite clearly from these firms in Hays, and demonstrates this industry's importance to the community.

Plans for Expansion

Employment and physical plant size expansion. Even though there was a great amount of employment decreases in the past two years, there is optimism in Hays concerning future employment growth and future plant size. Although the majority of firms will remain constant in both employment and plant size next year, 44% of the total number of surveyed firms stated they will increase employment in the next year and 19% stated they will experience a plant size expansion in the next year (see Table J). Closer examination revealed that larger firms will increase employment more than smaller firms and firms with 20 to 49 employees will experience contractions in physical plant size more than other sized firms. Nevertheless, with these

employment and physical plant size opportunities perceived by Hays firms, growth in the community can be significant and sustained.

TABLE J
 PERCENT OF TOTAL FIRMS THAT ARE PLANNING
 AN EXPANSION IN THE NEXT YEAR

In the next year, is your firm planning to increase or decrease your employment? Are you planning an expansion or contraction in the physical size of your plant?			
	Decrease or Contraction	Remain Constant	Increase or Expansion
Employment	4%	52%	44%
Physical Plant Size	4%	77%	19%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Location of Expansion. Where firms are planning an expansion may indicate problems for Hays. Of the firms that stated they were planning an expansion, 55% said they would expand within the city limits, 7% said within the same county, 24% said within the state, and 14% said out of state. Although the number of respondents to this question was not large (n = 18), 38% did state that they would expand outside of the city limits. Of particular interest was comparison figures: only 16% of those firms that are expanding in the other eight communities are expanding outside of the community. This implies that local officials need to discover why firms are expanding out of Hays, and design ways to make in-city expansion more attractive to firms. Problems with expansion, such as lack of financing or lack of space, should be addressed to the extent possible.

Expanding into the international market. There are firms in Hays that have the potential and the desire to expand into the international market. Although the large majority of firms do not believe they can expand, 11% of the firms that answered these questions stated they had the potential to expand, and 13% stated they had the desire to expand into the international market (see Table K). Size breakdowns revealed that there are small firms that believe they have the potential and the desire to expand internationally, so to concentrate expansion efforts solely on the large firm would be a mistake. If the potential for exports is not realized, and the desire to export not encouraged, the scope of products for many companies will remain narrow and locally orientated.

TABLE K
 PERCENT OF TOTAL FIRMS THAT BELIEVE THEY HAVE THE
 POTENTIAL OR THE DESIRE TO EXPAND INTERNATIONALLY

	Do you feel your business has the potential to expand into the international market? Does your firm have the desire to expand into the international market?	
	NO	YES
Potential to Expand	89%	11%
Desire to Expand	87%	13%

n = 90

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Financing for Expansion

Financing Sources. Expansion financing for Hays firms come from traditional sources. Of the firms that gave a financing source, 74% said a bank was a source and 44% said internal financing was a source (see Table L). Of the firms in the other eight communities that gave financing

sources, 52% gave a bank as a source. The major implication here is that firms in Hays may not have the access to, or the knowledge of, alternative sources for financing. Expansion could depend on how these firms can find alternative sources for financing, and how community officials can disseminate information about how to use other types of assistance. A first step in helping firms with expansion would be to make sure that companies know there are other forms of financing for expansion besides traditional, and where they might be able to access these sources. Continued dependence on standard sources for financing could impede expansion growth.

TABLE L
FINANCING SOURCES FOR EXPANSION*

Bank	Credit Union	Savings and Loan	Internal Financing	Private Sources	Small Business Administration
74%	4%	4%	44%	1%	4%

n = 86

*Since firms could give more than one source, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Expansion Summary

After examining the data regarding expansion, it is possible to make the following summary implications:

1. In the past two years, a greater percentage of surveyed firms in Hays had decreases in employment (35%) than increases (24%). In addition, Hays firms had a higher percentage of decreases than firms in the other eight communities (20%).

2. The markets where products are sold affected past expansion. For those firms that gave problems with past expansion, 38% stated that the decline in oil prices was a problem and 34% stated that a declining or static market was a problem. For those firms that gave factors which helped expansion, 71% stated that an expanding market played a significant role in their expansion efforts.

3. Surveyed firms in Hays are optimistic about their ability to increase employment and plant size in the future. Of the total number of firms, 44% stated they will increase employment next year and 19% stated they will increase physical plant size next year.

4. Hays may have a problem with these future expansions, however. Of those firms that said they will expand, 38% stated they will expand outside of Ellis County. In comparison, 16% of the firms in the other eight communities that are expanding will expand outside of their respective county.

5. There are firms in Hays with the potential and the desire to expand internationally. Of the firms that responded, 11% said they had the potential to expand and 13% said they had the desire to expand. This includes small as well as large firms. There is an unrealized opportunity to increase exports from Hays.

6. Financing sources for expansion are traditional in nature (banks and internal funds). Of the total number of firms, 74% stated that a bank was a source for financing and 44% stated that internal funds were a source. In comparison, 52% of the firms in the other eight communities stated that a bank was a source for financing.

BUSINESS CLIMATE

This section describes firms perceptions of (1) the local quality of life, (2) the attitude of the local government, (3) local services, (4) how to improve the quality of life, (5) how to improve the local business climate, and (6) how to improve the state business climate. For firms contemplating staying or expanding in Hays, the business climate plays an important part in the decision process.

Local Business Climate

Quality of life. The large majority of surveyed firms in Hays believe that the quality of life they experience is good. Of the total number of

firms, 82% said the local quality of life was good, 15% said the local quality of life was adequate, and 3% said the local quality of life was poor. Size and industry breakdowns showed only one difference of note: 14% of the firms with 20 to 49 employees stated that the quality of life was poor. For the community in general, the majority of business representatives are not unhappy with the quality of life they experience in Hays.

Attitude of the local government. Most respondents in Hays think the local government has a positive attitude towards businesses in the community. Of the total number of respondents, 49% stated that they thought the attitude of the local government was positive to very positive and 12% thought the attitude was negative to very negative (see Table M). However, there was a relatively large percentage of manufacturing firms and firms with 20 to 49 employees that stated the attitude was negative to very negative. It is important to develop a common positive attitude among all entities in the Hays business community.

TABLE M
FIRMS' PERCEPTIONS OF THE
ATTITUDE OF THEIR LOCAL GOVERNMENT

Attitude of Local Government		
Positive To Very Positive	Neutral	Negative To Very Negative
49%	39%	12%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Perception of services. Hays firms, in general, are satisfied with the services that are provided to them (see Table N). High good ratings were

given to the public school system (85% of all respondents), the electric system (82%), fire protection (74%), and the quality of garbage collection (72%). High poor ratings were given to the quality of public transportation (38%) and the availability of air transportation (36%). These relatively high percentages given for transportation issues need to be considered. As firms trade more in markets that are outside of Kansas, air transportation will gain in significance. Companies will need modes of transportation that will be able to move products on time to and from their destinations. If Hays is to grow, public transportation issues will become increasingly important, as residents demand better and more efficient modes of travel in and around the community.

TABLE N
HAYS FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	0%	45%	43%	12%
Quality of Railroads	26%	31%	26%	17%
Cost of Transportation	4%	31%	46%	19%
Availability of Air Transportation	16%	14%	34%	36%
Quality of Public Transportation	20%	17%	25%	38%
Freight Delivery Time	8%	60%	27%	5%
Quality of Training	15%	48%	27%	10%
Fire Protection	3%	74%	22%	1%
Police Protection	3%	66%	27%	4%
Telephone System	1%	61%	31%	7%
Electric System	0%	82%	18%	0%
Public School System	5%	85%	10%	0%
Quality of Garbage Collection	3%	72%	23%	2%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Business Climate Improvements

Improving the local quality of life. Ways to improve the local quality of life centered upon economic development. Of the respondents who suggested ways to improve the local quality of life, 80% suggested economic development and 11% suggested upgrading education for future improvement in Hays (see Table 0). In comparison, 54% of those firms in the other eight communities that gave suggestions mentioned economic development. This implies that businesses in Hays see the creation of jobs and the resulting increases in potential customers occurring as a result of economic development strategy and implementation, which in turn is seen to increase the quality of life. The quality of life will be an important factor in a company's decision concerning location and expansion in the Hays community, and the increased implementation of economic development policies is obviously seen to be part of improving this factor.

TABLE 0
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*

Economic Develop-ment	More Enter-tainment	More Act-ivities For Town	More Recre-ational Activities	Improve Public Morale	Upgrade Education
80%	4%	7%	4%	2%	11%

n = 52

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Improving the local business climate. Of the firms that gave suggestions for improving the local business climate, 52% suggested economic development, 22% suggested that the local government be more responsive, and

17% suggested helping entrepreneurs (see Table P). Once again, economic development is seen as important to the local area, along with a desire for the local government to be more responsive. These are areas where the local government can have an impact on the future of its businesses. As seen in Table L, most Hays firms believe that their local government has a positive attitude towards businesses in the community. The local government should build upon that impression and work with companies to improve the local business climate, and have a real influence on change.

TABLE P
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*

Econ-omic Development	Increase and Improve Local Image	Improve Local Financing	Tax Incentives, Abate-ments	Local Gvt. More Respon-sive	Help Entre-pre-neurs	Spend Muni-cipal Funds
52%	8%	14%	16%	22%	17%	11%

n = 44

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Improving the state business climate. Suggestions for improving the state business climate again centered on economic development. Of the firms that gave suggestions, 32% suggested economic development, 22% suggested changing or lowering taxes, and 22% suggested increasing and improving the state image (see Table Q). Clearly, economic development is seen as a way to improve both the local and the state business climates, and better knowledge of existing state programs will be accepted as efforts to increase developmental assistance.

TABLE Q
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*

Economic Development	Increase and Improve Local Image	Improve Local Financing	Tax Incentives, Abatements	Local Gvt. More Responsive	Help Entrepreneurs	Spend Municipal Funds
52%	8%	14%	16%	22%	17%	11%

n = 44

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Business Climate Summary

After examining the data regarding the local business climate, it is possible to make the following summary implications:

1. A high percentage of surveyed firms in Hays believe that the quality of life they experience in the community is good. Of the total number of respondents, 82% rated the quality of life as good, 15% gave an adequate rating, and 3% gave a poor rating.
2. Most firms (49%) believed the attitude of the local government towards businesses was positive to very positive, but a relatively high percentage of firms (22%) suggested that to improve the local business climate the local government should be more responsive to businesses in the community. Now is an excellent time for the local government to assist in retention and expansion strategies.
3. Local public services were seen mainly to be good or adequate. However, 38% rated the quality of public transportation as poor and 36% rated the availability of air transportation as poor. Transportation issues will grow in importance as firms enter larger product markets and become more competitive.
4. Hays firms consider economic development initiatives extremely important. Of those firms that gave suggestions, 80% mentioned economic development as a way to improve the local quality of life, 52% suggested economic development as a way to improve the local business climate and 32% suggested economic development as a way to improve the state business climate.

ECONOMIC DEVELOPMENT ASSISTANCE

In this section (1) economic development programs designed to assist businesses in the state; (2) firms that utilize special employment skills for their operations; and (3) employees sought from state universities, community colleges, or vocational schools will be examined.

Economic Development Programs

Most state economic development programs that were asked about in this survey are not well-known to companies in Hays. For the total number of surveyed firms, 90% had no knowledge of Certified Development Programs, 85% had no knowledge of Centers of Excellence, 67% had no knowledge of the Kansas Industrial Training Program, 28% had no knowledge of the Job Training Partnership Act, and 45% had no knowledge of Community Development Block Grant Programs (see Table R). Local officials need to assist the state in the distribution of knowledge about these programs; including who to contact, where contacts may be reached, and how these programs may help expansion efforts. Without such assistance, expansion and growth opportunities may continue to be unrealized.

TABLE R
KNOWLEDGE AND USE OF ECONOMIC DEVELOPMENT PROGRAMS

	No Knowledge	Knowledge, No Use	Used Program
Certified Development Companies	90%	9%	1%
Centers of Excellence	85%	15%	0%
Community Development Block Grant Programs	45%	50%	5%
Kansas Industrial Training Program	67%	33%	0%
Job Training Partnership Act	28%	62%	10%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Firms That Need a Specialized Skill

Companies in Hays do not require a highly-skilled work force. Of the total number of surveyed firms, 97% stated they did not need a specialized work force for employment in their company. What is important to note is that with the rapid changes in technology and technical advancement in business operations, skilled positions will become more common for all types of firms sizes and industries. To remain competitive, companies will have to adapt. This will mean that companies in Hays will have to train a great deal of workers in the future, which will affect the resources available for expansion.

Using State Universities, Community Colleges, or Vocational Schools

The majority of firms in Hays have not used the services of these institutions in the past two years. Fifty-nine percent of the total number of respondents said their firm has not used these educational institution's

services in the past two years. Using schools like Fort Hays State University and Barton County Community College or any other state educational institution, is important for firms in the community, as the services provided can greatly improve the skills of employees, the development of new products, and the implementation of new business operation processes. Local officials should determine if any major barriers, especially transportation problems relating to distances between the community and schools that can provide assistance, exist between Hays firms and these schools, and should encourage cooperation between education and business in the community.

Employees sought from state universities, community colleges, or vocational schools. Of the firms that stated they sought employees from these institutions, 22% said they sought business management personnel, 28% said they sought entry-level clerical workers, and 17% said they sought mechanics and/or machinists (see Table S). Besides management personnel, the variety of employees hired reflects the relatively low-skill nature of Hays firms, with few percentages given for technicians, engineers, or drafters (which were not mentioned by only 1% of surveyed Hays firms). The future competitiveness of Hays companies will depend upon the recruitment and use of these latter types of employees, which will make issues such as the quality of life and the activities Hays can provide more important.

TABLE S
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*

Entry-Level Clerical	Mechanics, Data Processors	Electronics, Electrical Drafters	Chemical Processors, Lab Technicians	Engineering Technicians	Business Management Personnel	Agricultural, Veterinary Personnel	Heavy Equipment Operators	General Labor	
28%	17%	11%	7%	1%	3%	8%	22%	8%	8%

n = 46

*Since firms could give more than one type of employee sought, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Economic Development Assistance Summary

After examining the data regarding economic development assistance, it is possible to make the following summary implications:

1. State economic development programs are not well-known to firms in Hays. The majority of firms have no knowledge of the programs and a small number have actually used the programs. Local officials must work in cooperation with state agencies in supplying information and means of access to Hays firms for better use of these programs. At the present time, economic development assistance has had an impact on only a marginal number of firms in the community.
2. The overwhelming majority of firms have requirements for general, nonspecialized skills. Of the total number of firms, 97% stated they did not need a specialized skill for employment in their respective company. This makes the ability to compete in the future heavily dependent on training and access to training.
3. The majority of firms (59%) do not use the services of a state university, community college, or vocational schools, indicating possible difficulties for firms to find, make, and/or initiate contacts with these institutions.
4. The type of employees recruited from state universities, community colleges, or vocational schools reflects the relatively low-skill nature of these firms. Of those respondents mentioned the types of employees sought, 28% mentioned entry-level clerical workers, 22% mentioned management and professional personnel, and 17% mentioned mechanics/machinists.

SUMMARY

Firms in Hays are basically small, low revenue companies that are pleased with their community and with their state. The majority of firms here have not moved to Hays from another city or state in the past two years, and the majority of firms are not planning to leave the community. It would be in the best interests of the community if local officials foster this hometown atmosphere and encourage the development of new firms in the community. Sustained future growth will come from the expansion and growth of the firms presently in Hays, not from firms recruited to relocate in the area.

Now is an opportune time to facilitate the expansion of firms in Hays. There is optimism about expansion capabilities, even though there has been great decreases in employment the past two years. Problems with past expansion and factors that helped past expansion centered heavily on declining or expanding markets, indicating a need to open up markets wider than the local and state regions.

Now is also a good time for the local government to assist business in Hays. Most companies believe the local government has a positive attitude towards their businesses, and respondents feel that the local business climate can be improved with a more responsive local government. The climate exists for mutual cooperation between leaders of both entities, and Hays city representatives can influence real change.

Although there are firms in Hays that sell their goods or services in the national and international markets, the majority of firms are orientated to the state and local markets. For the future growth of firms here, expanding into broader markets, particularly the international market, is a priority.

This is strengthened by the survey results: as mentioned, the greatest factor helping expansion was an expanding market. There are firms in Hays with both the potential and the desire to expand internationally, so the source for growth is there. Local officials must make sure companies have the information and the sources necessary for trade in markets outside of Kansas.

Firms in Hays also do not have much knowledge about state economic development programs. The majority of firms have never heard of most programs, and actual use of assistance was very low. Information about these programs needs to reach these firms. At the present time, many firms may be missing expansion opportunities simply from not knowing who to contact, where to go for help, or what these programs can do for their respective company. Hays should work with the state in disseminating this information, and should help companies find the type of assistance that will be beneficial.

PART II

BUSINESS RETENTION AND EXPANSION
IN HAYS
SURVEY RESULTS

PART II

BUSINESS RETENTION AND EXPANSION
IN HAYS

A Research Report

prepared for

The Kansas Department of Commerce

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BUSINESS RETENTION AND EXPANSION IN HAYS
SURVEY RESULTS

PART II

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BUSINESS RETENTION AND EXPANSION IN HAYS

Introduction

A major component of state economic development is the retention and expansion of existing firms. Identification of problems that may cause a firm to relocate or forego expansion problems is critical to local economic efforts. Knowledge of factors favoring business expansion and retention also helps authorities at the local level capitalize on development opportunities.

At the request of the Kansas Department of Commerce, the Institute of Public Policy and Business Research analyzed business retention and expansion in representative Kansas communities of 10,000 to 100,000 persons, with the goal of identifying local and state issues that could influence this type of economic growth. Data was collected through a survey questionnaire given by phone to a randomly selected sample of firms. Specifically, the purpose of the study is to identify factors that influence retention and expansion of existing industries in Kansas mid-size communities, to identify the potential of Kansas firms to expand within their existing communities, establish local efforts of retention/expansion, and distinguish state level issues that influence retention/expansion.

Throughout Part II of this report, survey findings from Hays will be compared to the other 8 communities included in the state report (Coffeyville, Emporia, Garden City, Great Bend, Hutchinson, Lawrence, McPherson, and Salina).

It is hoped that this project will be used to open communications between the business sector and local economic development specialists concerning business retention and expansion. By discussing the findings and suggestions issued in this report, Hays can take the first step needed towards keeping and encouraging economic growth from their existing firms.

ECONOMIC GROWTH IN KANSAS

Before discussing the survey and the results provided by the surveyed firms in Hays, it is necessary to review several economic growth trends for Kansas. These trends and explanations will give a view of the total state, for Ellis County, for the counties of the comparison communities also surveyed, and a background for consideration when the survey results are discussed. It is important to remember that the data collected for this project must be observed within the context of the state as a whole.

Employment Growth

Total employment in Ellis County has risen 6% from 1978 to 1986. This percentage is lower than the state percentage for the same time period and lower than the percentage for the United States. This percentage for Ellis county is higher than 5 counties in which the state study's communities are located (see Table 1). The growth in employment for Ellis County from 1982 to 1986, however, was -2%. This was much lower than the state and United States percentages for the same time period. Only three comparison counties had lower percentages for 1982-1986.

TABLE 1
TOTAL EMPLOYMENT - COUNTIES, KANSAS, AND U.S.
1978-1986 (in Thousands)

	1978	1980	1982	1984	1985	1986	% Change	
							1978-1986	1982-1986
Barton Co.	13.5	14.4	14.9	14.9	14.6	13.5	0%	-9%
Douglas Co.	26.6	28.2	27.5	28.0	29.2	30.4	14%	11%
Ellis Co.	10.9	11.5	11.8	12.5	12.1	11.6	6%	-2%
Finney Co.	9.4	9.9	12.6	13.6	14.3	14.2	51%	13%
Lyon Co.	14.4	14.6	14.4	14.7	14.8	14.4	0%	0%
McPherson Co.	10.5	10.8	10.7	11.2	11.1	11.1	6%	4%
Montgomery Co.	17.3	17.4	15.8	14.8	14.6	14.7	-15%	-7%
Reno Co.	27.0	27.1	24.9	25.3	25.9	25.4	-6%	2%
Saline Co.	22.2	23.1	21.8	22.6	22.2	22.5	1%	3%
Kansas	912.5	944.7	921.4	960.7	967.9	983.1	8%	7%
United States	86697	90406	89566	94496	97519	99610	15%	11%

Sources: Counties and Kansas - Kansas Department of Human Resources Research and Analysis Section; United States - Bureau of Labor Statistics, Industry Employment Data Section.

Employment increases in Ellis County have been lower than that for Kansas and the U.S. average from the period 1978 to 1986. It is important to maintain growth levels to counter the effects of out-migration and population losses. From 1982 to 1986, employment growth has been -2% for Ellis county. When these county figures are examined, and when comparisons are made between Ellis, Kansas, and the U.S., it is apparent that economic development strategies are needed help Hays increase employment growth and to create more opportunities for the future.

Establishment Growth

The total number of establishments has shown a positive growth of 22% for Ellis County for the years 1978 to 1985. This figure is slightly higher (1%) than the rate for Kansas during the same period, but much lower than the United States rate. For this 1978-1985 time period, only two counties (Finney and Douglas) had a higher percentages of growth. However, from 1982

to 1985, growth in number of establishments for the county is higher than the Kansas figure and the U.S. figure. For the 1982-1985 time period, establishment growth for Ellis County is higher than 5 counties in which comparison communities are located (see Table 2).

TABLE 2
TOTAL NUMBER OF ESTABLISHMENTS: COUNTIES, KANSAS, U.S.
1978-1985

	1978	1980	1982	1984	1985	% Change	
						1978-1985	1982-1985
Barton Co.	1042	1079	1117	1248	1189	14%	6%
Douglas Co.	1205	1246	1283	1574	1635	36%	27%
Ellis Co.	810	771	822	970	986	22%	20%
Finney Co.	728	744	751	900	953	31%	27%
Lyon Co.	724	725	731	901	881	22%	21%
McPherson Co.	754	731	716	825	832	10%	16%
Montgomery Co.	969	977	953	1069	1053	9%	10%
Reno Co.	1524	1489	1482	1736	1740	14%	17%
Saline Co.	1431	1458	1399	1618	1596	11%	14%
Kansas	54299	55021	55476	65015	65510	21%	18%
United States	4409223		5246737		5902453	34%	12%
		4543167		5517715			

Sources: Kansas County Business Patterns, United States County Business Patterns.

A combination of the low growth in employment and large growth in number of establishments indicates that Hays' industrial climate has turned increasingly toward development of the smaller business rather than relying on big companies to strengthen the economy. This also points to the need Hays has to establish growth in their small developing companies.

To further illustrate this point, between 1980 and 1985 in Kansas, establishments with less than 50 employees increased their number of employees by 6%, while establishments with over 50 employees decreased their employment by 1%. A total of 21,486 net new jobs were created in Kansas in companies with less than 50 employees between 1980 and 1985, not including

proprietors themselves. Small businesses are also a more important factor in the Kansas economy than in the national economy: as of 1985, firms in Kansas with less than 50 employees made up a higher percentage of companies, jobs, and payroll than they did for the nation as a whole (all figures are from the U.S. Bureau of the Census).

Personal Income Growth

Increases in personal income have been rapid in Ellis County, and these changes have occurred in the other 8 counties as well as the state. From 1978 to 1984, personal income has increased 93%, which is much higher than the Kansas and United States changes, as well as the other 8 comparison counties (see Table 3). All nine counties have increased at least 57% in personal income between 1978 and 1984.

TABLE 3
PERSONAL INCOME: COUNTIES, KANSAS, U.S.
1978-1984 (Millions of Dollars)

	1978	1980	1982	1984	% Change 1978- 1984
Barton Co.	.252	.328	.435	.483	92%
Douglas Co.	.420	.521	.604	.708	69%
Ellis Co.	.175	.224	.288	.338	93%
Finney Co.	.177	.219	.349	.383	116%
Lyon Co.	.242	.306	.374	.415	71%
McPherson Co.	.203	.255	.310	.352	73%
Montgomery Co.	.297	.384	.442	.466	57%
Reno Co.	.488	.599	.705	.804	65%
Saline Co.	.377	.482	.556	.647	72%
Kansas	18.529	23.198	28.247	32.454	75%
United States	1812.4	2258.5	2670.8	3110.2	71%

Sources: Bureau of Economic Analysis, Regional Economic Information System, U.S. Bureau of Economic Analysis, The National Income and Product Accounts of the U.S.

The rapid growth of personal income is a positive sign for Hays. It will be important to maintain these income levels, placing an emphasis on keeping and creating jobs that have provided such growth.

Summary

Employment growth in Ellis County has been lower than employment growth in Kansas and the United States. This suggests weaknesses in the Hays economy and the importance of designing and implementing appropriate economic development strategies that will maintain growth. Hays is particularly important since it serves as a regional center for its part of the state. In recent years the economy of Ellis County has been out performing the Kansas economy.

II.

SURVEY METHODOLOGY FOR BUSINESS RETENTION AND EXPANSION

The primary data used in this research was collected by a telephone survey of businesses in Hays. The questionnaire was collaboratively developed by the Institute for Public Policy and Business Research and the Department of Commerce.

Sample

The findings for Hays and the comparison communities are based on a disproportionate stratified probability sample of businesses in Hays and other small to mid-size Kansas communities. These communities were restricted to those with populations between 10,000 and 100,000 individuals. In addition, towns such as Overland Park or Prairie Village were excluded as part of the greater Kansas City metropolitan area.

To assure coverage of the entire state, these communities were then divided into six geographical regions corresponding to the Department of Commerce districts. Besides Hays, eight communities were randomly selected from these six regions. They were: Emporia, Garden City, Great Bend, Coffeyville, Hutchinson, Lawrence, McPherson, and Salina.

In addition, Goodland was added to the sample. Kansas has a number of towns with less than 10,000 residents. Although small towns have few businesses, they may have unique problems creating and retaining businesses. Goodland was included in this study to test the research methodology in a small community. Goodland was also added to increase the representation of western Kansas. Goodland data are not included when making statistical comparisons between Hays and other communities. Their inclusion would

violate proper sampling and reduce the validity of the overall results.

Once Hays was selected, individual businesses were sampled in the community. This research examines only businesses that buy or sell in a region larger than the specific community. All retail businesses are excluded unless the business is a regional headquarters, distribution center, or manufacturer. For example, a local shoe store would not be included, but a distributor for a line of shoes would be. These determinations were based on the examination of the Standard Industrial Codes (SIC) for all businesses in the community.

Manufacturing firms were over sampled. They are a primary focus of state economic policy and therefore warrant special attention. For example, 19 percent of the businesses in Hays are manufacturers. This over sampling allows greater accuracy in the analysis of manufacturing firms. Any biasing effect is eliminated from the overall findings through the use of weight factors.

Once selected for the sample, letters were sent to the highest administrative official at the local firm. These were followed by a telephone call to initiate the interview. Of those contacted, 92 percent agreed to participate in the study. This is a very high response rate.

Confidence Interval

The findings are based on 95 completed interviews. (The number of responses may vary with each question.) This large sample provides a solid basis for generalizing to all non-retail businesses in Hays. At the 95 percent level of confidence, the sampling error in Hays is plus or minus 10 percent. As in all sample surveys, other sources of error may affect the results.

The data were collected by trained and closely supervised interviewers thus reducing measurement error to a minimum. Interviews were conducted between mid-August and mid-October 1987.

III.

DESCRIPTION OF SURVEY POPULATION

In this section firms are described in terms of their size, industry, annual sales, type of establishment, and location of headquarters. It is crucial to understand the nature of the firms that make up the economic base in order to discuss business retention and expansion. The major findings are (1) the vast majority of firms in Hays are small, single establishments with annual sales of less than \$5 million, (2) companies are generally oriented toward local and state markets, and (3) other industries, such as the services and wholesale industries, are becoming significant segments of the economic base.

Firm Size and Industry

For the Hays community, 95 firms participated in the survey, ranging in size from 1 employee to 399 employees. These firms represented the industries of agriculture, mining, construction, manufacturing, transportation-communications, wholesale, finance, and services.

The vast majority of firms surveyed are small, as 86% have less than 20 employees (see Table 4). Aside from construction and finance, all industries have a majority of firms with less than 20 employees. The construction and finance industries, as well as agriculture, comprise very small portions of the survey population. As can be seen, Hays is composed to a great degree of small firms with less than 20 employees. To concentrate retention and expansion efforts and development strategies solely on large firms could have a detrimental impact on the Hays

community's economic well being. Small firms should receive relatively high priority in economic strategies due to their significant presence.

In the past, at both local and state levels, agriculture and manufacturing and for Hays in particular, mining, have generally been regarded as primary industries in the foundation of the economic base. This remains the case, but random sampling in this study has indicated that other industries, wholesale and services, had a substantial presence in the Hays sample (see Table 4). Again, economic development policy should be broadened so that these non-traditional and uprising segments of industry are recognized as economic bases and sources for potential growth.

TABLE 4
SURVEY COMPANIES BY NUMBER OF EMPLOYEES AND INDUSTRY

Industry	Number of Employees			Percent of Total Firms That are In This Industry
	1-19	20-49	50 Or More	
Agriculture	67%	33%	0%	4%
Mining	86%	14%	0%	18%
Construction	50%	0%	50%	3%
Manufacturing	93%	7%	0%	19%
Transportation-Communication	100%	0%	0%	13%
Wholesale	93%	7%	0%	19%
Finance	50%	50%	0%	5%
Services	80%	0%	20%	19%
Percent of Total Firms That are in This Size Category	86%	9%	5%	100%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Annual Sales

A large portion of firms in Hays have sales of less than \$5 million. Of the firms who responded, 92% stated that they had annual sales of less than \$5 million (see Tables 5 and 6). Firms employing 20 to 49 employees had a significantly larger proportion of sales greater than \$5 million than do firms employing 50 or more. This deviates from expected trends, as well as results from firms in other communities; larger firms generally have larger annual sales. As Table 5 shows, 30% of these 'medium' sized firms have sales greater than \$20 million. All industries had a high distribution of firms with sales of \$5 million or less (see Table 6).

On a comparison basis, Hays has a greater percentage of firms with annual sales of less than \$5 million than respondents from the other 8 communities in the survey (see Table 7).

TABLE 5
TOTAL ANNUAL SALES
BY SIZE OF FIRM

Number of Employees	Annual Sales (X 1,000)			
	0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
1-19	100%	0%	0%	0%
20-49	30%	0%	40%	30%
50+	67%	0%	33%	0%
TOTAL PERCENT	92%	0%	5%	3%

n = 67

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 6
TOTAL ANNUAL SALES
BY INDUSTRY

Industry	Annual Sales (X 1,000)			
	0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
Manufacturing	96%	0%	0%	4%
Finance/Services	84%	0%	8%	8%
Other Industries	93%	0%	7%	0%
TOTAL PERCENT	92%	0%	5%	3%

n = 67

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 7
TOTAL ANNUAL SALES
BY COMMUNITY COMPARISON

Community	Annual Sales (X 1,000)			
	0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
Hays	92%	0%	5%	3%
Other 8 Communities	84%	6%	5%	5%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

From the above discussion it can be noted the kind of firms which are prevalent in the Hays community: small, with fewer than 20 employees and sales of less than \$5 million. Further, Hays had a greater percentage of firms with sales of less than \$5 million than firms in comparison communities. Small firms are a very intricate part of the Hays community.

Type of establishment. Due to the large number of small firms in Hays, the majority of companies (65%) are single establishment firms and not part of a larger organization (see Tables 8 and 9). On an employment size breakdown, the results are different than would typically be expected. Companies employing between 20 and 49 workers have a larger portion of firms which are part of a larger corporation than either the smaller or larger employment categories. Those companies with fewer than 20 employees also have more firms which are part of a larger corporation than the large companies (see Table 8). In other communities which have undergone similar study, firms which are part of a larger corporation are generally the larger (greater number of employees) firms.

Nearly half the firms in other industries (agriculture, mining, construction, transportation-communications, and wholesale) are part of larger corporations while 79% of finance/services and 69% of manufacturing firms are single establishments (see Table 9).

In comparing Hays to results from the other 8 communities, it can be seen that the overall distribution of single establishments and firms which are part of larger corporations is nearly identical (see Table 10).

TABLE 8
 PERCENT OF TOTAL FIRMS THAT ARE A SINGLE COMPANY OR PART
 OF A LARGER CORPORATION, BY SIZE OF FIRM

Number of Em- ployees	Single Company	Part of a Larger Corpor- ation
1-19	65%	35%
20-49	57%	43%
50+	75%	25%
TOTAL PERCENT	65%	35%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 9
 PERCENT OF TOTAL FIRMS THAT ARE A SINGLE COMPANY OR PART
 OF A LARGER CORPORATION, BY INDUSTRY

Industry	Single Company	Part of a Larger Corpor- ation
Manufacturing	69%	31%
Finance/Services	79%	21%
Other Industries	58%	42%
TOTAL PERCENT	65%	35%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 10
 PERCENT OF TOTAL FIRMS THAT ARE A SINGLE COMPANY OR PART
 OF A LARGER CORPORATION
 BY COMMUNITY COMPARISON

Community	Single Company	Part of a Larger Corporation
Hays	65%	35%
Other 8 Communities	64%	36%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The large number of single establishment companies has many implications for the Hays community. Attention must be paid to policy that addresses the single establishment as well as the large corporation. This will be of even greater importance due to the relatively large number of small and medium firms which are part of larger corporations. By being part of a larger corporation, their mobility is much greater which, in turn, makes transition from one location to another much more feasible. Much of Hays' economic future is dependent upon these small firms and to design policy which ignores these firms will reduce retention and expansion capabilities.

Information about assistance must reach these companies, also. Since small, single establishment companies have less resources to obtain information, efforts should be made to ensure that these companies are receiving the knowledge necessary for expansion and growth into broader markets. A complicative factor is that most of these companies are rather distant from major population centers, which makes it more difficult to obtain timely information. Assistance would encompass information of such

issues as financing, adapting to new technologies, and access to international trade markets. The costs and efforts for contacting these will require greater attempts than those occurring at the present time.

Location of Headquarters

The percentage of firms with headquarters in Hays, in Kansas, and out of Kansas can be determined from Table 11. Obviously, all of the single company firms are headquartered in Hays, which is 66% of the total number of respondents (see Table 11). Twenty percent of the firms have headquarters in Kansas while 14% have headquarters outside of Kansas.

Decisions concerning firm retention and expansion will be made in Hays and the state for the majority of the firms. Community officials have the opportunity to work directly with the company's decision makers either by contacting business representatives in Hutchinson or through state agency mechanisms for those firms headquartered within Kansas. However, as pointed out earlier, a significant portion of the smaller firms are part of larger corporations and as a result of their importance to the community, attempts must be made to develop strong relationships with those organizations for future expansion and assured retention.

TABLE 11
LOCATION OF FIRM HEADQUARTERS BY
KANSAS/NON KANSAS LOCATION

Kansas Headquarters	Non Kansas Headquarters	Single Company Firm	Total
21%	14%	65%	100%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Regional/Corporate Headquarters. Companies which are part of a larger corporation are obviously an intricate part of their organization. For those firms that are part of a larger corporation, 59% are either a corporate/regional headquarter or a distributor (see Tables 12 and 13). Half of the manufacturing and finance/services industry firms and 63% of firms in "other" industries that are part of a larger corporation are corporate/regional headquarters or distributors (see Table 13). As indicated in Table 14, Hays has a smaller percentage of firms which are corporate/regional headquarters or distributorships than firms in the comparison communities. Since these firms are vital to their organizations, and to their community, the retention and expansion of such firms are key to sustained economic growth.

TABLE 12
 PERCENT OF TOTAL FIRMS THAT ARE CORPORATE/REGIONAL
 HEADQUARTERS OR A DISTRIBUTOR, BY SIZE OF FIRM

Is your local operation a corporate headquarters
 regional headquarters, or a distributorship?

Number of Em- ployees	NO	YES
1-19	35%	65%
20-49	66%	34%
50+	100%	0%
TOTAL PERCENT	41%	59%

n = 33

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 13
 PERCENT OF TOTAL FIRMS THAT ARE CORPORATE/REGIONAL
 HEADQUARTERS OR A DISTRIBUTOR, BY INDUSTRY

Is your local operation a corporate headquarters
 regional headquarters, or a distributorship?

Industry	NO	YES
Manufacturing	50%	50%
Finance/Services	50%	50%
Other Industries	37%	63%
TOTAL PERCENT	41%	59%

n = 33

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 14
 PERCENT OF TOTAL FIRMS THAT ARE CORPORATE/REGIONAL
 HEADQUARTERS OR A DISTRIBUTOR
 BY COMMUNITY COMPARISON

Is your local operation a corporate headquarters
 regional headquarters, or a distributorship?

Community	NO	YES
Hays	41%	59%
Other 8 Communities	36%	64%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Scope of Products Sold. Firms surveyed in the Hays community sell their products in relatively limited markets. Companies sold a mean, or average, 52% of their products and/or services in the local market, while they sold only a mean 9% in the national market and a mean 1% in the international market (see Tables 15 and 16). These findings are critical in that a

community's competitiveness and economic future depends upon the ability to export and to participate in many markets, especially the international market. Firms employing between 20 and 49 employees sold the highest percentage of products sold outside the state market (23%), a result somewhat different than results derived in comparison communities. Typically, the larger firms participated to a larger degree in markets outside Kansas than the smaller firms.

Firms in the manufacturing industry sell more goods in markets outside the state (16%) than firms in other industries (see Table 16). On a comparison basis, Hays firms sell a smaller mean percentage of products and/or services outside the state market than firms surveyed in the other 8 communities.

An approximate average of only 10% of products produced by Hays firms overall are sold in markets outside Kansas while an approximate average of 19% of products produced by firms in the comparison communities are sold outside of Kansas (see Table 17). Hays firms did sell more products in the state market than firms in the other 8 communities.

TABLE 15
 MEAN PERCENTS OF PRODUCTS SOLD IN THE
 LOCAL, STATE, NATIONAL, AND INTERNATIONAL MARKETS
 BY SIZE OF FIRM

Number of Employees	Mean Percent Sold In The Local Market	Mean Percent Sold In The State Market	Mean Percent Sold In The National Market	Mean Percent Sold In The International Market
1-19	54%	37%	8%	1%
20-49	32%	45%	22%	1%
50+	44%	46%	10%	0%
GRAND MEANS	52%	38%	9%	1%

n = 93

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 16
 MEAN PERCENTS OF PRODUCTS SOLD IN THE
 LOCAL, STATE, NATIONAL, AND INTERNATIONAL MARKETS
 BY INDUSTRY

Industry	Mean Percent Sold In The Local Market	Mean Percent Sold In The State Market	Mean Percent Sold In The National Market	Mean Percent Sold In The International Market
Manufacturing	46%	38%	15%	1%
Finance/Services	71%	24%	5%	0%
Other Industries	45%	45%	9%	1%
GRAND MEANS	52%	38%	9%	1%

n = 93

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 17
 MEAN PERCENTS OF PRODUCTS SOLD IN THE
 LOCAL, STATE, NATIONAL, AND INTERNATIONAL MARKETS
 BY COMMUNITY COMPARISON

Community	Mean Percent Sold In The Local Market	Mean Percent Sold In The State Market	Mean Percent Sold In The National Market	Mean Percent Sold In The International Market
Hays	52%	38%	9%	1%
Other 8 Communities	56%	25%	18%	1%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

For most firms, especially the small ones, the focus of selling products is on the local market. To be truly competitive and to increase economic growth, the scope of products must be broadened to include larger markets, particularly the national and international markets. To rely exclusively on a limited local market will mean a continual loss of sales, and therefore less chance for maintaining or expanding existing companies.

Developing additional products. One way for firms to participate in different and broader markets is by developing new products or services. Over a third of Hays firms (38%) stated that their company was capable of offering additional products or services to the ones that are presently being offered (see Tables 18 and 19). Large firms were most optimistic, followed by small then medium firms.

Finance/services industry firms were most optimistic about offering new products or services, while firms in the manufacturing industry had slightly less optimism (see Table 19).

TABLE 18
 PERCENT OF TOTAL FIRMS THAT CAN OFFER
 ADDITIONAL PRODUCTS OR SERVICES
 BY SIZE OF FIRM

Are there any additional products or services that
 you feel your company could offer that it is not
 now offering?

Number of Employees	NO	YES
1-19	62%	38%
20-49	67%	33%
50+	50%	50%
TOTAL PERCENT	62%	38%

n = 93

Source: Business Retention and Expansion Survey for Kansas Mid-Size
 Communities with Populations of 10,000 to 100,000, Institute for Public
 Policy and Business Research, The University of Kansas, 1987.

TABLE 19
 PERCENT OF TOTAL FIRMS THAT CAN OFFER
 ADDITIONAL PRODUCTS OR SERVICES
 BY INDUSTRY

Are there any additional products or services that
 you feel your company could offer that it is not
 now offering?

Industry	NO	YES
Manufacturing	65%	35%
Finance/Services	58%	42%
Other Industries	61%	39%
TOTAL PERCENT	62%	38%

n = 93

Source: Business Retention and Expansion Survey for Kansas Mid-Size
 Communities with Populations of 10,000 to 100,000, Institute for Public
 Policy and Business Research, The University of Kansas, 1987.

TABLE 20
 PERCENT OF TOTAL FIRMS THAT CAN OFFER
 ADDITIONAL PRODUCTS OR SERVICES
 BY COMMUNITY COMPARISON

Are there any additional products or services that
 you feel your company could offer that it is not
 now offering?

Community	NO	YES
Hays	62%	38%
Other 8 Communities	67%	33%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Hays firms had a higher degree of optimism regarding the potential to offer new product than did respondents in the comparison communities. Thirty-eight percent of Hays firms stated they had the potential to offer new products while only 33% of firms in other communities stated they had this same potential (see Table 20).

Survey Description Summary

After examining the descriptions of mid-size Kansas firms, it is possible to make the following summary implications:

1. The large majority of firms in Hays are small (86%), regardless of industry. To concentrate assistance or specific local policy solely on the large company or corporation would be to overlook a major source for increased economic growth.
2. Total annual sales are less than \$5 million for a vast majority of the surveyed firms (92%).
3. A large portion of Hays firms are single establishment (65%), with no connection to a larger corporation. For the most part, retention and expansion decisions will be made within the Hays community, not from parent organizations in other areas.

4. The market orientation of most firms in Hays is toward local and state markets. Surveyed firms sold an approximate average 90% of their goods or services in the local and state markets. In comparison, firms in the other eight communities sold an approximate average of 81% in these same markets. If these firms remain focused on local/state markets, growth will be slow at best.

5. The mining, manufacturing, and agriculture industries are vitally important to the Hays community. However, it would be a mistake to focus policy exclusively on these industries. Other industries, especially services and wholesale, are becoming increasingly important to the economic base.

IV.

DESCRIPTION AND DETERMINANTS OF BUSINESS

LOCATION AND RETENTION

In this section we describe the attraction of firms from outside of the community, the reasons for location, the retention of firms in the community, the advantages of the community, reasons for relocation, additional manufacturers or service providers that may help existing firms, retaining or attracting management and professional personnel, and the perceived images of rural life and Kansas in general. Of particular importance are factors that influence the decision to locate in the community. The major findings are (1) the vast majority of firms are located in the Hays community because they are homegrown and (2) most firms are satisfied with their home community and do not plan to leave. Hays' retention strategy will be most successful if aimed directly at the few number of dissatisfied firms, rather than at the entire business community.

Location

Attraction of firms from outside the community. Over the past five years, there has been no major influx of firms to the Hays community. Of firms responding, 94% stated they had not moved to their present location from another city of state (see Tables 21 and 22). From Table 21 it can be seen that only firms employing less than 20 employees moved into Hays from an outside location. Results obtained from Hays respondents were exactly the same as results obtained from firms in the comparison communities (see Table 23).

TABLE 21
 PERCENT OF TOTAL FIRMS THAT HAVE MOVED FROM ANOTHER
 CITY OR STATE TO THEIR PRESENT LOCATION
 BY SIZE OF FIRM

Has your firm moved to its present location from
 another city or state in the last five years?

Number of Employees	NO	YES
1-19	93%	7%
20-49	100%	0%
50+	100%	0%
TOTAL PERCENT	94%	6%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size
 Communities with Populations of 10,000 to 100,000, Institute for Public
 Policy and Business Research, The University of Kansas, 1987.

TABLE 22
 PERCENT OF TOTAL FIRMS THAT HAVE MOVED FROM ANOTHER
 CITY OR STATE TO THEIR PRESENT LOCATION
 BY INDUSTRY

Has your firm moved to its present location from
 another city or state in the last five years?

Industry	NO	YES
Manufacturing	93%	7%
Finance/Services	95%	5%
Other Industries	93%	7%
TOTAL PERCENT	94%	6%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size
 Communities with Populations of 10,000 to 100,000, Institute for Public
 Policy and Business Research, The University of Kansas, 1987.

TABLE 23
 PERCENT OF TOTAL FIRMS THAT HAVE MOVED FROM ANOTHER
 CITY OR STATE TO THEIR PRESENT LOCATION
 BY COMMUNITY COMPARISON

Has your firm moved to its present location from
 another city or state in the last five years?

Community	NO	YES
Hays	94%	6%
Other 8 Communities	94%	6%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

An implication which can be drawn from this data is that success of recruitment efforts has been moderate for Hays, relative to other communities in the survey. However, Table 21 suggests that to rely exclusively on recruitment of firms for instantaneous growth, at the expense of fostering expansion in the community, may be a mistake: not one surveyed firm with 50 or more employees moved to Hays in the past five years.

Reasons for location. Companies in Hays are home grown and see their community as providing the market and location they need. For the total number of firms, 58% stated that in Hays they were able to fill a product or service need. Fifty-six percent of the total number of firms surveyed stated that the hometown was a reason for location in the community (see Tables 24 and 25). Other reasons cited for locating in Hays include; it provided a central location, as well as good access to market.

In comparison to firms surveyed in the other 8 communities, Hays firms have very similar results. However, Hays firms feel their ability to fill a product or service need was a major factor for location more frequently than firms surveyed in other communities (see Table 26).

TABLE 24
REASONS FOR LOCATION IN THE COMMUNITY*
BY SIZE OF FIRM

Number of Employees	Home-town	Strong Local Economy	More Receptive Local Govt.	Tax Incentives and-or Public Financing	Suitable Zoning	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Proximity To Educ.- Tech. Facilities	Filled A Prod.- Service Need	Small Town, Rural Life
1-19	59%	8%	2%	2%	2%	9%	11%	7%	32%	12%	44%	12%	6%	58%	0%
20-49	57%	22%	0%	0%	0%	0%	14%	0%	36%	14%	50%	22%	0%	71%	14%
50+	25%	25%	0%	0%	0%	0%	0%	0%	25%	0%	50%	25%	0%	50%	0%
PERCENT OF TOTAL	56%	10%	1%	1%	1%	8%	10%	6%	32%	12%	46%	13%	5%	58%	1%

n = 95

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 25
REASONS FOR LOCATION IN THE COMMUNITY*
BY INDUSTRY

Industry	Home-town	Strong Local Economy	More Receptive Local Govt.	Tax Incentives and-or Public Financing	Suitable Zoning	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Proximity To Educ.- Tech. Facilities	Filled A Prod.- Service Need	Small Town, Rural Life
Manufacturing	76%	7%	0%	0%	0%	0%	14%	3%	21%	7%	35%	3%	0%	38%	0%
Finance/Services	58%	11%	0%	0%	0%	21%	5%	11%	16%	0%	37%	11%	5%	74%	0%
Other Industries	49%	11%	2%	2%	2%	4%	11%	4%	42%	18%	53%	18%	7%	58%	2%
PERCENT OF TOTAL	56%	10%	1%	1%	1%	8%	10%	6%	32%	12%	46%	13%	5%	58%	1%

n = 95

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 26
REASONS FOR LOCATION IN THE COMMUNITY*
BY COMMUNITY COMPARISON

Community	Home-town	Strong Local Economy	More Receptive Local Govt.	Tax Incentives and-or Public Financing	Suitable Zoning	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Proximity To Educ.- Tech. Facilities	Filled A Prod.- Service Need	Small Town, Rural Life
Hays	56%	10%	1%	1%	1%	8%	10%	6%	32%	12%	46%	13%	5%	58%	1%
Other 8 Communities	54%	8%	2%	1%	1%	9%	7%	4%	25%	7%	43%	7%	2%	45%	1%

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The major conclusion is that most firms are home grown and have been able to fill a product or service need in the community. One might have expected tax incentives, good local labor pool, or good access to raw materials to play a more prominent role in a firms decision to locate, but this was not the case. A positive sign here is that with so many small home town firms, the atmosphere for entrepreneurship seems to be very upbeat. Efforts made to assist new entrepreneurial enterprise may help foster additional business start-ups and expansion growth. Rather than recruiting from outside the community as a primary economic development plan, efforts might better be spent fostering and encouraging local entrepreneurship and business expansion and development.

Retention

Retention of firms in the community. A very small number of Hays companies are actually planning to move, and the majority who are moving are relocating outside the community. Only 5% of the total number of firms surveyed stated that they will move, 4% of which will move to locations outside of Hays (see Table 27). This is a somewhat discouraging sign for Hays in that when firms in the community chose to move, their choice of new location seldom included Hays.

TABLE 27
 PERCENT AND LOCATION OF WHERE FIRMS ARE PLANNING TO MOVE

	Moving Within the Community	Moving Within the State	Moving Out of State	Total Percent Moving
Firms That Are Planning to Move From Their Present Location In The Next Year	1% of Total Firms	2% of Total Firms	2% of Total Firms	5% of Total Firms

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

However, the vast majority of firms that are currently doing business in Hays are planning to stay, and no reasons or adverse conditions seem to exist which are forcing significant numbers of firms to leave. Obviously there is satisfaction among businesses regarding the community and its business climate, but those firms who are relocating may have discovered weaknesses in the community that caused them to move out.

Advantages of the community. Several reasons were given for locating within the Hays community. A central, good location was cited most often as the greatest advantage, as stated by 58% of the Hays firms surveyed (see Tables 28 and 29). Other advantages mentioned included the hometown atmosphere, small town/rural lifestyle, and the ability to fill a need in the community. A higher percentage of large firms stated central, good location as an advantage, while firms employing fewer than 20 were the only portion of the sample which cited hometown atmosphere as an advantage (see Table 28). A smaller percentage of finance/services industry firms perceived central, good location as advantageous, and nearly one-fourth of

manufacturing industry firms stated there was no advantage to the Hays community (see Table 29).

On a comparison basis, Hays firms felt central location and hometown atmosphere were advantageous more so than firms in other communities, but that small town/rural lifestyle is less important (see Table 30).

Again, it should be emphasized that the firms are generally home grown and locally oriented, and that the focus of these firms is primarily local. The greatest advantage given by all companies was a central, good location, followed by hometown atmosphere. It must be remembered, however, that most of these firms are locally oriented, and their central location may only be relevant to the Hays community. This also suggests that if the local market shrinks because of migrating residents or increased competition, there is a good chance for contractions in the community.

TABLE 28
LOCAL ADVANTAGES OF THE COMMUNITY*
BY SIZE OF FIRM

Number of Employees	No Advantage	Hometown Atmosphere	Small Town-Rural Life	Quality of Work Force	Central, Good Location	Filling A Need
1-19	6%	28%	15%	8%	56%	17%
20-49	0%	0%	33%	17%	67%	0%
50+	0%	0%	50%	25%	75%	0%
PERCENT OF TOTAL	5%	24%	18%	10%	58%	16%

n = 90

*Since firms could give more than one advantage, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 29
LOCAL ADVANTAGES OF THE COMMUNITY*
BY INDUSTRY

Industry	No Ad- vantage	Home- town Atmos- phere	Small Town- Rural Life	Qual- ity of Work Force	Gen- tral, Good Loc- ation	Filling A Need
Manufacturing	24%	29%	18%	12%	53%	6%
Finance/ Services	5%	18%	36%	18%	36%	23%
Other Industries	0%	24%	10%	4%	69%	16%
PERCENT OF TOTAL	5%	24%	18%	10%	58%	16%

n = 90

*Since firms could give more than one advantage, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 30
LOCAL ADVANTAGES OF THE COMMUNITY*
BY COMMUNITY COMPARISON

Community	No Ad- vantage	Home- town Atmos- phere	Small Town- Rural Life	Qual- ity of Work Force	Gen- tral, Good Loc- ation	Filling A Need
Hays	5%	24%	18%	10%	58%	16%
Other 8 Communities	7%	18%	27%	9%	50%	14%

*Since firms could give more than one advantage, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Reasons for relocation. Only three Hays firms responded to the "reasons for moving out of the community" question. Those firms cited several reasons which prompted their move: high state and local taxes, inadequate city services, high cost of utilities, weak access to new markets, and restrictive zoning regulations (see Table 31). Table 31 also illustrates additional reasons for leaving as expressed by 12 firms in the other 8

communities. Most frequently cited as reasons for leaving was a firms inability to properly serve the customer and high cost of utilities. Conclusions for Hays, however, cannot be based on three firms (please note that the percentages for Hays in Table 31 are based on three firms).

TABLE 31
REASONS FOR MOVING OUT OF THE COMMUNITY*
BY COMMUNITY COMPARISON

Community	High State Taxes	High Local Taxes	High Cost of Labor	High Cost of Utilities	Access To New Market	Sales Decline	Poor Transportation Facilities	Lack of Adequate Training Resources	Lack of Adequate Space to Expand	Restrictive Zoning Regs.	Unfavorable Lease Conditions	Difficult In Finding Labor	Difficult in Serving Customers	Inadequate City Services	Difficult in Obtaining Financing
Hays	60%	60%	0%	40%	40%	0%	20%	0%	0%	40%	0%	0%	20%	60%	0%
Other 8 Communities	5%	5%	15%	20%	15%	5%	5%	10%	5%	0%	5%	15%	50%	0%	20%

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: This question was answered only by firms that stated they were planning to move out of the community in the next year.

Additional manufacturers or service providers that would be of benefit existing companies. A significant portion of Hays firms believe that they are unable to purchase many of their required goods from other Hays businesses. Nearly 40% of surveyed firms stated that the existence of additional manufacturers or service providers would benefit their company (see Tables 32 and 33).

When asked what those companies might be, 41% indicated that raw materials suppliers would be of benefit, 13% stated business services and 9% stated repair and maintenance (see Tables 35 and 36). Seventy percent of the manufacturing industry firms stated that raw material suppliers would be of great benefit; 20% stated that business services would be helpful (see Table

36). Only small firms (less than 20 employees) indicated a need for other companies; 50% of their response was for raw materials vendors (see Table 35).

TABLE 32
 ADDITIONAL MANUFACTURERS OR SERVICE PROVIDERS
 THAT WOULD BE OF BENEFIT FOR FIRMS
 BY SIZE OF FIRM

Are there any manufacturers or service providers that would be of benefit to your company if they were located in your community?

Number of Employees	NO	YES
1-19	64%	36%
20-49	36%	64%
50+	50%	50%
TOTAL PERCENT	61%	39%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 33
 ADDITIONAL MANUFACTURERS OR SERVICE PROVIDERS
 THAT WOULD BE OF BENEFIT FOR FIRMS
 BY INDUSTRY

Are there any manufacturers or service providers that would be of benefit to your company if they were located in your community?

Industry	NO	YES
Manufacturing	48%	52%
Finance/Services	58%	42%
Other Industries	64%	36%
TOTAL PERCENT	61%	39%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 34
 ADDITIONAL MANUFACTURERS OR SERVICE PROVIDERS
 THAT WOULD BE OF BENEFIT FOR FIRMS
 BY COMMUNITY COMPARISON

Are there any manufacturers or service providers that
 would be of benefit to your company if they
 were located in your community?

Community	NO	YES
Hays	61%	39%
Other 8 Communities	64%	36%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

As is indicated in Table 34, no significant differences exist between response from Hays firms and firms the comparison communities. Table 37, however, indicates that Hays firms had less desire for additional raw materials suppliers and business services, and a larger need for more customers and repair and maintenance. Evidently, Hays firms are relatively well supplied but a larger constraint might be the customer base.

TABLE 35
 ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT*
 BY SIZE OF FIRM

Number of Employees	More Customers For Products	Repair Maintenance	Business Services	Raw Materials Suppliers
1-19	23%	12%	15%	50%
20-49	100%	0%	0%	0%
50+	100%	0%	0%	0%
PERCENT OF TOTAL	37%	9%	13%	41%

n = 19

*Since firms could give more than one type of company, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 36
 ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT*
 BY INDUSTRY

Industry	More Customers For Products	Repair Maintenance	Business Services	Raw Materials Suppliers
Manufacturing	0%	10%	20%	70%
Finance/Services	50%	25%	0%	25%
Other Industries	50%	0%	13%	37%
PERCENT OF TOTAL	37%	9%	13%	41%

n = 19

*Since firms could give more than one type of company, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 37
 ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT*
 BY COMMUNITY COMPARISON

Community	More Customers For Products	Repair Maintenance	Business Services	Raw Materials Suppliers
Hays	37%	9%	13%	41%
Other 8 Communities	27%	3%	19%	61%

*Since firms could give more than one type of company, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The significant number of companies that would benefit from additional manufacturers or service providers presents opportunities for the Hays community. Such companies could be targets for industrial recruitment and for targeting support for new firms or expansions. New firms, for example, that provide needed products or services for existing firms in the economic base could be given priority in economic development programs. New firms in the Hays area have the added benefit of strengthening existing companies and their ties.

However, although raw materials suppliers have been determined as a beneficial addition to the community by a substantial portion of Hays firms, levels are well below data gathered from comparison communities. Hays firms, in addition, had a larger request for more customers than comparison communities, indicating that the customer base has become unsatisfactory or below expectations. The relatively lower desire for suppliers and services may indicate that firms are moderately well supplied at present,

and that efforts should be made to broaden customer markets by encouraging sales into state, national, and international markets.

Retaining and attracting management and professional personnel. Slight problems exist in attracting and retaining management or professional personnel to the Hays community, a problem which could ultimately have an adverse effect on the growth potential of those firms seeking these skills. For the total number of firms surveyed, 14% stated they had trouble of this sort, with larger companies having much greater problems than smaller companies (see Table 38). The higher percentage of larger firms having problems is due in part to a greater need for professional and managerial employees within their companies.

An industry breakdown indicates that firms in the manufacturing industries have a greater problem attracting or retaining professional and management personnel than do firms in the other industries (see Table 39). Of manufacturing firms surveyed, 28% stated that this was a problem. Relative to firms in other 8 communities, Hays firms had slightly fewer problems attracting and retaining professionals (see Table 40).

TABLE 38
 PERCENT OF TOTAL FIRMS THAT HAVE TROUBLE ATTRACTING
 OR RETAINING PROFESSIONAL AND MANAGEMENT PERSONNEL
 BY SIZE OF FIRM

Do you have any trouble attracting and/or
 retaining professional and management level
 personnel to your business?

Number of Employees	NO	YES
1-19	86%	14%
20-49	93%	7%
50+	75%	25%

TOTAL PERCENT	86%	14%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 39
 PERCENT OF TOTAL FIRMS THAT HAVE TROUBLE ATTRACTING
 OR RETAINING PROFESSIONAL AND MANAGEMENT PERSONNEL
 BY INDUSTRY

Do you have any trouble attracting and/or
 retaining professional and management level
 personnel to your business?

Industry	NO	YES
Manufacturing	72%	28%
Finance/Services	84%	16%
Other Industries	91%	9%

TOTAL PERCENT	86%	14%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 40
 PERCENT OF TOTAL FIRMS THAT HAVE TROUBLE ATTRACTING
 OR RETAINING PROFESSIONAL AND MANAGEMENT PERSONNEL
 BY COMMUNITY COMPARISON

Do you have any trouble attracting and/or
 retaining professional and management level
 personnel to your business?

Community	NO	YES
Hays	86%	14%
Other 8 Communities	83%	17%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

As expansion of companies occurs, outside recruitment will become necessary, the problem of attraction and retention of personnel will become more pronounced. Attention to community attributes such as quality of life and quality of transportation will be important in determining success of recruiting and retention of desired personnel. Attributes such as these will be discussed and examined in the Business Climate segment of this document.

Perceived images of rural life and Kansas. There does not appear to be a significant problem with the perceived images of the rural life or Kansas among firms in the Hays community. For all firms, 93% stated they do not have a negative image of rural life (see Tables 41 and 42), and 97% stated they did not have a negative image of Kansas (see Tables 44 and 45). The mid-size and large firms seem to have more negative images of rural life, while the large firms have a more negative perception of Kansas (see Tables 41 and 44). Comparison data indicate that perception of Kansas and rural lifestyle by Hays firms interviewed is very similar to those firms in the other communities surveyed (see Tables 43 and 46).

TABLE 41
 PERCENT OF TOTAL FIRMS WITH A NEGATIVE
 IMAGE OF RURAL LIFE
 BY SIZE OF FIRM

Do you have a negative image of rural life?		
Number of Employees	NO	YES
1-19	96%	4%
20-49	79%	21%
50+	75%	25%
TOTAL PERCENT	93%	7%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 42
 PERCENT OF TOTAL FIRMS WITH A NEGATIVE
 IMAGE OF RURAL LIFE
 BY INDUSTRY

Do you have a negative image of rural life?		
Industry	NO	YES
Manufacturing	90%	10%
Finance/Services	90%	10%
Other Industries	96%	4%
TOTAL PERCENT	93%	7%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 43
 PERCENT OF TOTAL FIRMS WITH A NEGATIVE
 IMAGE OF RURAL LIFE
 BY COMMUNITY COMPARISON

Do you have a negative image of rural life?		
Community	NO	YES
Hays	93%	7%
Other 8 Communities	94%	6%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 44
 PERCENT OF TOTAL FIRMS WITH A NEGATIVE
 IMAGE OF KANSAS
 BY SIZE OF FIRM

Do you have a negative image of Kansas?		
Number of Employees	NO	YES
1-19	98%	2%
20-49	100%	0%
50+	75%	25%
TOTAL PERCENT	97%	3%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 45
 PERCENT OF TOTAL FIRMS WITH A NEGATIVE
 IMAGE OF KANSAS
 BY INDUSTRY

Do you have a negative image of Kansas?		
Industry	NO	YES
Manufacturing	97%	3%
Finance/Services	90%	10%
Other Industries	100%	0%

TOTAL PERCENT	97%	3%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 46
 PERCENT OF TOTAL FIRMS WITH A NEGATIVE
 IMAGE OF KANSAS
 BY COMMUNITY COMPARISON

Do you have a negative image of Kansas?		
Community	NO	YES
Hays	97%	3%
Other 8 Communities	99%	1%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

This data must be recognized as stemming from the hometown nature of the firms, and the dependence upon local and statewide customers. At the present time, firms in Hays are very much pleased with rural life and their state - another good sign to be considered when discussing retention issues for the Hays community. However, it appears that the larger firms tend to have a somewhat more negative image of rural life and Kansas. As a result,

Hays needs to address the concerns of these companies and others so as to lessen the risk of losing them as they succeed and grow.

Location and Retention Summary

After examining the data on location and retention, it is possible to make the following summary implications:

1. Firms in Hays are predominantly homegrown and locally oriented. In the past five years, only 6% of the total number of firms have relocated to Hays from another city or state. Also, 58% of these firms stated they located in Hays because the city filled a product or service need and 56% stated they located because it was the owner's hometown.
2. Due to the large presence of small homegrown firms in Hays, a good climate exists for generating future entrepreneurship within the community.
3. Raw materials suppliers were cited most often as additional companies that would be of benefit to existing firms in Hays. Also of significance was a need for additional customers. Location and expansion decisions of Hays firms will be based on attributes such as proximity of suppliers and pool of customers.
4. Hays firms, in general, do not have negative images about rural life or the state of Kansas, suggesting that local policy which exclusively stresses the quality of Hays' community or the state will have little or no effect on retention or expansion.
5. Difficulty in attracting and retaining management and professional personnel has not been a serious problem for Hays firms in the past. Quality of life and other attributes contributing to the communities attractiveness can have significant impact on ability to recruit successfully. Location and geographic area can also have a large effect.

V.

DESCRIPTION AND DETERMINANTS OF BUSINESS EXPANSION

In this section we examine past expansion and plans for future expansion, which include employment changes, physical plant size changes, factors that help expansion, factors that lead to contraction, location of where expansion will take place, and problems that lead to expansion out of the community and out of state. Also described are findings that focus on additional products that may be offered, the potential and desire to expand internationally, factors that assist or impede exporting a product or service, and financing for expansion.

The major findings are (1) a greater percentage of Hays firms have had decreases in employment over the past two years than increases, (2) a large majority of firms are optimistic about growth, but price conditions in the petroleum industry and a static and declining market have had adverse effects on expansion activities, (3) of Hays firms who are undergoing expansion, nearly 40% are expanding outside of the Hays community and Ellis county area, (4) many Hays firms, especially smaller ones, have the potential and desire to expand into the international market, but need assistance in doing so, and (5) financing for expansion is mainly from traditional sources such as banks and internal financing, with little assistance coming from state programs.

Past Expansion

Employment expansion. In the past two years the majority of Hays firms surveyed have held employment levels constant. However, 35% of the firms decreased employment in the last two years (see Tables 47 and 48). Half of the firms with 20 or more employees had decreases in employment, and only

those firms employing more than 50 had increases in employment (see Table 47).

Hays had a much greater percentage of firms decreasing their employment size and a significantly smaller percentage of firms increasing their employment size than respondents in the other 8 communities surveyed (see Table 49). This illustrates that contractionary economic forces are present within the Hays business climate, much more so than in comparison communities.

TABLE 47
PAST INCREASES IN EMPLOYMENT
BY SIZE OF FIRM

In the last two years, has your firm increased or decreased its employment?			
Number of Employees	Decreased Employment	Employment	
		Remained Constant	Increased Employment
1-19	32%	45%	23%
20-49	50%	29%	21%
50+	50%	0%	50%
TOTAL PERCENT	35%	41%	24%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 48
PAST INCREASES IN EMPLOYMENT
BY INDUSTRY

In the last two years, has your firm increased or decreased its employment?

Industry	Employment		
	Decreased Employment	Remained Constant	Increased Employment
Manufacturing	28%	41%	31%
Finance/Services	32%	32%	36%
Other Industries	38%	47%	15%
TOTAL PERCENT	35%	41%	24%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 49
PAST INCREASES IN EMPLOYMENT
BY COMMUNITY COMPARISON

In the last two years, has your firm increased or decreased its employment?

Community	Employment		
	Decreased Employment	Remained Constant	Increased Employment
Hays	35%	41%	24%
Other 8 Communities	20%	46%	34%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

A large portion of the firms in Hays have undergone decrease in the work force over the past two years. If trends such as these continue, Hays' ability to experience a successful economic future will be questionable. Hays firms must broaden their orientation and expand into new markets as a

means of stimulating new growth and prosperity and preventing continued decline in the work force.

Physical plant expansion. As for employment, the majority of firms have held their physical plant size constant for the past two years. Of total respondents, 30% stated they have increased and 17% indicated they have decreased plant size (see Tables 50 and 51). From Table 50 it can be seen that the vast majority of small firms maintained constant plant size and the mid-size and large firms had more increases and decreases in size. Nearly 70% of the finance and services industry firms maintained constant plant size while almost half of the manufacturing firms increased their plant sizes (see Table 51).

As with the previous section, Hays firms had more decreases in plant size and fewer increases in facility size in the past two years than firms in the other 8 communities (see Table 52).

TABLE 50
PAST INCREASES IN PHYSICAL PLANT SIZE
BY SIZE OF FIRM

In the last two years, has your firm increased or decreased the size of its physical plant?			
Number of Employees	Decreased Size	Size	
		Remained Constant	Increased Size
1-19	15%	57%	28%
20-49	36%	28%	36%
50+	25%	25%	50%
TOTAL PERCENT	17%	53%	30%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 51
PAST INCREASES IN PHYSICAL PLANT SIZE
BY INDUSTRY

In the last two years, has your firm increased or decreased the size of its physical plant?

Industry	Size		
	Decreased Size	Remained Constant	Increased Size
Manufacturing	17%	35%	48%
Finance/Services	5%	69%	26%
Other Industries	22%	53%	25%
TOTAL PERCENT	17%	53%	30%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 52
PAST INCREASES IN PHYSICAL PLANT SIZE
BY COMMUNITY COMPARISON

In the last two years, has your firm increased or decreased the size of its physical plant?

Community	Size		
	Decreased Size	Remained Constant	Increased Size
Hays	17%	53%	30%
Other 8 Communities	8%	57%	35%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Again, if negative trends such as these continue in the future, the economic success achieved in Hays will be marginal at best. Larger firms decreased plant size more often than small firms, indicating that present

markets and local orientation are no longer capable of satisfactorily fulfilling a larger businesses requirements.

Problems with past expansion. For the total number of firms interviewed in Hays, 38% stated that declining oil prices have been a major factor in preventing past expansion (see Tables 53 and 54). Static or declining market came in a close second with 34% of respondents stating this as an expansion obstacle. Others included lack of affordable financing, zoning regulations, and strong competition. From Table 53 it can be seen that declining oil prices and lack of affordable financing hit the small and mid-size companies harder than the larger companies. In addition, the small companies were the only ones to cite static or declining market as hindrance to expansion, while the large companies cited only zoning regulations and availability of labor as factors preventing expansion.

TABLE 53
SPECIFIC PROBLEMS WITH EXPANSION*
BY SIZE OF FIRM

Number of Employees	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Utility Costs	Transportation Difficulties	Availability of Space	Tax Laws	Strong Competition	Decline In Oil Prices
1-19	7%	0%	41%	20%	4%	2%	6%	6%	11%	33%
20-49	33%	0%	0%	33%	0%	0%	0%	0%	33%	67%
50+	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%
PERCENT OF TOTAL	13%	3%	34%	20%	3%	2%	5%	5%	13%	38%

n = 39

*Since firms could give more than one problem, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 54
SPECIFIC PROBLEMS WITH EXPANSION*
BY INDUSTRY

Industry	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Utility Costs	Transportation Difficulties	Availability of Space	Tax Laws	Strong Competition	Decline in Oil Prices
Manufacturing	0%	0%	43%	36%	0%	7%	21%	7%	0%	14%
Finance/Services	17%	17%	33%	17%	0%	0%	0%	0%	17%	17%
Other Industries	16%	0%	32%	16%	5%	0%	0%	5%	16%	53%
PERCENT OF TOTAL	13%	3%	34%	20%	3%	2%	5%	5%	13%	38%

n = 39

*Since firms could give more than one problem, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

In comparison to firms in other communities surveyed, Hays firms' expansion plans were affected to a much larger extent by declining oil prices (see Table 55). Hays firms did not feel a static or declining was as large a problem with expansion as firms in other communities.

TABLE 55
SPECIFIC PROBLEMS WITH EXPANSION*
BY COMMUNITY COMPARISON

Community	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Lack of Raw Materials	Utility Costs	Transportation Difficulties	Availability of Space	Lack of Training Resources	Tax Laws	Strong Competition	Decline in Oil Prices
Hays	13%	3%	34%	20%	0%	3%	2%	5%	0%	5%	13%	38%
Other 8 Communities	10%	11%	43%	25%	1%	2%	1%	7%	5%	2%	7%	7%

*Since firms could give more than one problem, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The oil industry has obviously been a very significant presence in the Hays community and Ellis County area. This has been a base for much economic prosperity in the past, but future trends are not as promising.

Much of the static or declining market has most likely resulted from depressed conditions in the petroleum industry and the impact that has had on various businesses directly associated with the industry. These industry conditions are out of local businesses control and as a result, Hays must rely more heavily on other industries to provide economic base conditions. This will mean developing new market horizons and opening new doors to opportunity.

Also cited as a hindrance to expansion efforts was lack of affordable financing. Several programs are available from the State which provide alternative sources of raising capital (see VII., Economic Development Assistance). As was discovered in the State report, the majority of firms are not aware of these. It would be to Hays' advantage to help communicate these programs to the appropriate businesses rather than depending solely on state communication channels. It is also interesting to note that problems typically associated with expansion, such as tax laws, lack of training resources, transportation costs, and utility costs, had very low percentages of respondents.

Factors helping expansion. Of the Hays firms which have undergone expansion, 71% stated that an expanding market played a significant role in enabling their expansion (see Tables 56 and 57). Desire to expand in their respective markets and greater efficiency of operations were also cited as significant factors in influencing expansion activity in the Hays community. Note, however, that these responses were given by only those firms with 50 or fewer employees. All large firms credited an expanding market as enabling expansion. The availability of tax incentives, an attribute many experts predict have great impact on ability to expand, was interestingly

enough, not a factor.

Availability of space was a factor that firms in the other 8 communities also cited as helping expansion, but that was cited very little by Hays firms (see Table 58). All other responses were very similar when comparing the two.

TABLE 56
FACTORS THAT HELPED EXPANSION*
BY SIZE OF FIRM

Number of Employees	Expanding Market	Availability of Tax Incentives	Availability of Public Assist.	Availability of Tech. Innovation	Availability of Space	Desire To Expand Market	More Efficient Operations
1-19	68%	3%	3%	5%	5%	38%	33%
20-49	60%	0%	0%	0%	40%	0%	40%
50+	100%	0%	0%	33%	0%	0%	0%
PERCENT OF TOTAL	71%	2%	2%	8%	8%	29%	29%

n = 31

*Since firms could give more than one factor, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: This question was answered only by those firms that had previously stated they had increased plant size and/or employment.

TABLE 57
FACTORS THAT HELPED EXPANSION*
BY INDUSTRY

Industry	Expanding Market	Availability of Tax Incentives	Availability of Public Assist.	Availability of Tech. Innovation	Availability of Space	Desire To Expand Market	More Efficient Operations
Manufacturing	67%	11%	11%	0%	0%	33%	11%
Finance/Services	75%	0%	0%	13%	0%	13%	50%
Other Industries	69%	0%	0%	8%	15%	39%	23%
PERCENT OF TOTAL	71%	2%	2%	8%	8%	29%	29%

n = 31

*Since firms could give more than one factor, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: This question was answered only by those firms that had previously stated they had increased plant size and/or employment.

TABLE 58
FACTORS THAT HELPED EXPANSION*
BY COMMUNITY COMPARISON

Community	Ex- panding Market	Avail- abil- ity of Tax In- centives	Avail- abil- ity of Public Assist.	Avail- abil- ity of Tech. In- novation	Avail- abil- ity of Space	Desire To Ex- pand Market	Improved In- ternal Fin- ancing	More Efficient Oper- ations
Hays	71%	2%	2%	8%	8%	29%	0%	29%
Other 8 Communities	69%	1%	4%	4%	21%	26%	4%	28%

*Since firms could give more than one factor, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: This question was answered only by those firms that had previously stated they had increased plant size and/or employment.

Reasons for contraction. Just as expansion is affected by an expanding market for products, contraction is affected by a declining or static market. Of the Hays firms who experienced a contraction, 69% cited a declining or static market as the major cause (see Tables 59 and 60). Declining oil prices came in a close second, as 52% of the Hays firms responding proclaimed this as a factor causing contraction. Mid-size firms seem to be the hardest hit by declining oil prices (see Table 59). In comparison to the other 8 communities, a much larger percentage of Hays firms cited declining oil prices as a reason for contraction (see Table 61). Responses to the other reasons listed were very similar.

TABLE 59
REASONS FOR CONTRACTION*
BY SIZE OF FIRM

Number of Employees	De-clining or Static Market	Con-tracting Labor Pool	De-cline in Oil Prices	In-crease in Oil Efficiency	Taxes, Regu-latory Costs
1-19	72%	6%	47%	4%	4%
20-49	57%	0%	86%	14%	0%
50+	50%	0%	50%	50%	0%
PERCENT OF TOTAL	69%	5%	52%	9%	3%

n = 35

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: this question was only answered by firms that previously stated they had experienced a contraction in physical plant size and/or employment.

TABLE 60
REASONS FOR CONTRACTION*
BY INDUSTRY

Industry	De-clining or Static Market	Con-tracting Labor Pool	De-cline in Oil Prices	In-crease in Oil Efficiency	Taxes, Regu-latory Costs
Manufacturing	75%	13%	50%	13%	0%
Finance/Services	50%	0%	50%	17%	0%
Other Industries	74%	5%	53%	5%	5%
PERCENT OF TOTAL	69%	5%	52%	9%	3%

n = 35

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: this question was only answered by firms that previously stated they had experienced a contraction in physical plant size and/or employment.

TABLE 61
REASONS FOR CONTRACTION*
BY COMMUNITY COMPARISON

Community	De-clining or Static Market	Con-tracting Labor Pool	Rising Labor Costs	Rising Materials Costs	Rising Plant-Space Costs	Lack of Affordable Financing	De-cline in Oil Prices	In-crease in Oil Efficiency	Taxes-Regu-latory Costs
Hays	69%	5%	0%	0%	0%	0%	52%	9%	3%
Other 8 Communities	72%	3%	2%	3%	1%	6%	13%	17%	1%

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: this question was only answered by firms that previously stated they had experienced a contraction in physical plant size and/or employment.

The continuance of centering on the local market, especially by small firms, will eventually lead to more contraction. Firms need to know how to expand from the Hays market, and how this will affect their chances for expansion. Additionally, a large blow was felt by many firms in the community as a result of weak prices in the oil patch. However, industry conditions such as these are beyond local control and thus efforts must be made to rejuvenate a positive business climate. Hays must continue to encourage a positive entrepreneurial spirit in the community and motivate business development and expansion through broadened product markets.

Plans for Expansion

Employment expansion. Firms in the Hays community are relatively optimistic about their ability to retain or increase employment. Only 4% of the total number of firms responding stated that they would decrease employment in the next year, while 44% of the respondents stated they will increase employment (see Tables 62 and 63). A greater percentage of mid-size firms are planning reduction in employment size and a fewer percent are planning to remain constant in comparison to firms in other employee size categories (see Table 62). A greater percentage of firms in the finance and services industries are planning to have increases in employment than firms in the other industry categories (see Table 63).

Hays firms are slightly more optimistic about increasing employment than firms in the other 8 communities (see Table 64). At the same time, however, a fewer percentage are planning to maintain constant employment levels and a slightly higher percentage are anticipating employment declines.

TABLE 62
 PERCENT OF TOTAL FIRMS PLANNING TO
 INCREASE EMPLOYMENT
 BY SIZE OF FIRM

In the next year, is your firm planning to increase or decrease employment?

Number of Employees	Employment		
	Will Decrease Employment	Will Remain Constant	Will Increase Employment
1-19	3%	54%	43%
20-49	14%	36%	50%
50+	0%	50%	50%
TOTAL PERCENT	4%	52%	44%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 63
 PERCENT OF TOTAL FIRMS PLANNING TO
 INCREASE EMPLOYMENT
 BY INDUSTRY

In the next year, is your firm planning to increase or decrease employment?

Industry	Employment		
	Will Decrease Employment	Will Remain Constant	Will Increase Employment
Manufacturing	0%	59%	41%
Finance/Services	5%	47%	48%
Other Industries	5%	53%	42%
TOTAL PERCENT	4%	52%	44%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 64
 PERCENT OF TOTAL FIRMS PLANNING TO
 INCREASE EMPLOYMENT
 BY COMMUNITY COMPARISON

Community	In the next year, is your firm planning to increase or decrease employment?		
	Will Decrease Employment	Employment Will Remain Constant	Will Increase Employment
Hays	4%	52%	44%
Other 8 Communities	3%	57%	40%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

New employment growth will also be seen in Hays and not just from firms that have expanded in the past: 26% of the total number of firms that will increase employment in the next year had uniform or decreased employment over the past two years (see Table 65). Only 2% of the firms surveyed who had decreases in employment over the past two years will decrease employment next year. Despite what firms have done in the past two years, the majority of the firms intend to keep employment constant over the next year.

TABLE 65
 PERCENT OF TOTAL FIRMS THAT HAVE
 INCREASED EMPLOYMENT THE LAST TWO YEARS
 AND ARE PLANNING FUTURE INCREASES IN EMPLOYMENT

Changes In Employment The Last Two Years	Employment In The Next Year		
	Will Decrease Employment	Will Remain Constant	Will Increase Employment
Decreased Employment	2%	18%	14%
Employment Remained Constant	2%	29%	12%
Increased Employment	0%	5%	18%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Much optimism exists in the Hays business district toward ability to increase employment in the upcoming year. As a result, Hays should attempt to use the present optimism and endeavor to create new expansion and employment opportunities.

Physical plant size expansion. In addition to being optimistic about employment expansion, firms in the Hays community are also optimistic about plant size expansion. Only 4% of the firms surveyed stated they were going to reduce plant size, while 19% stated they were planning an increase in the next year (see Tables 66 and 67). Of course, the majority of firms (77%) plan for no growth or reduction. The larger firms appear to be more optimistic about increasing facility size than smaller firms. Again, as was the case with employment expansion, mid-size firms are more pessimistic about expansion than firms in the other size categories (see Table 66). Manufacturing firms are most optimistic about expansion of plant size relative to firms in the other industry categories (see Table 67).

Hays firms in aggregate, however, have a lower amount of optimism toward plant expansion than firms surveyed in the other 8 communities (see Table 68).

TABLE 66
PERCENT OF TOTAL FIRMS THAT
ARE PLANNING AN EXPANSION
BY SIZE OF FIRM

In the next year, is your firm planning on an expansion or a contraction in the size of your physical plant?

Number of Employees	Size Will Remain		
	Contraction	Constant	Expansion
1-19	3%	79%	18%
20-49	14%	64%	22%
50+	0%	75%	25%
TOTAL PERCENT	4%	77%	19%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 67
PERCENT OF TOTAL FIRMS THAT
ARE PLANNING AN EXPANSION
BY INDUSTRY

In the next year, is your firm planning on an expansion or a contraction in the size of your physical plant?

Industry	Size Will Remain		
	Contraction	Constant	Expansion
Manufacturing	0%	76%	24%
Finance/Services	5%	79%	16%
Other Industries	4%	78%	18%
TOTAL PERCENT	4%	77%	19%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 68
 PERCENT OF TOTAL FIRMS THAT
 ARE PLANNING AN EXPANSION
 BY COMMUNITY COMPARISON

In the next year, is your firm planning on an expansion or a contraction in the size of your physical plant?

Community	Contraction	Size Will	
		Remain Constant	Expansion
Hays	4%	77%	19%
Other 8 Communities	1%	77%	22%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Table 69 indicates that 12% of Hays firms who experienced decreased or constant change in plant size over the past two years are planning to expand their facility over the next year. Only 1% of the firms who had a decrease in plant size during the past two years plan to have a contraction in size in the next year (see Table 69). The vast majority will remain constant in size next year.

TABLE 69
 PERCENT OF TOTAL FIRMS THAT HAVE
 INCREASED PHYSICAL PLANT SIZE THE LAST TWO YEARS
 AND ARE PLANNING FUTURE INCREASES IN PHYSICAL PLANT SIZE

Changes In Physical Plant Size The Last Two Years	Physical Plant Size In The Next Year		
	Will Have A Contraction	Will Remain Constant	Will Have An Expansion
Decreased Plant Size	1%	12%	4%
Plant Size Remained Constant	3%	44%	8%
Increased Plant Size	0%	21%	7%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Regardless of size or industry, firms in the Hays community have optimism toward expansion potential. No time is better than now to assist these firms in their expansion efforts - growth for these businesses means growth for the Hays community as a whole.

Location of expansion. Of the firms in the Hays community who are planning to expand, over half stated that expansion would take place within the city limits (see Tables 70 and 71). No mid-size firms are planning expansion activities within the city limits, while 58% of the small firms and 100% of the large firms are planning expansion within the city limits (see Table 70).

From Table 72 it can be seen that a smaller percentage of firms are planning expansion within the city limits and county relative to firms surveyed in the other 8 communities. In addition, a greater percentage of Hays firms are expanding within the state and out of state.

TABLE 70
 LOCATION OF WHERE EXPANSION WILL TAKE PLACE
 FOR FIRMS THAT ARE PLANNING EXPANSION, BY SIZE OF FIRM

Number of Employees	Where Expansion Will Be			
	Within The City Limits	Within The Same County	Within The State	Out of State
1-19	58%	4%	21%	17%
20-49	0%	34%	66%	0%
50+	100%	0%	0%	0%
TOTAL PERCENT	55%	7%	24%	14%

n = 18

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: This question was asked only to firms that previously stated they were planning an expansion.

TABLE 71
 LOCATION OF WHERE EXPANSION WILL TAKE PLACE
 FOR FIRMS THAT ARE PLANNING EXPANSION, BY INDUSTRY

Industry	Where Expansion Will Be			
	Within The City Limits	Within The Same County	Within The State	Out of State
Manufacturing	57%	29%	14%	0%
Finance/Services	67%	0%	33%	0%
Other Industries	50%	0%	25%	25%
TOTAL PERCENT	55%	7%	24%	14%

n = 18

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: This question was asked only to firms that previously stated they were planning an expansion.

TABLE 72
 LOCATION OF WHERE EXPANSION WILL TAKE PLACE
 FOR FIRMS THAT ARE PLANNING EXPANSION,
 BY COMMUNITY COMPARISON

Community	Where Expansion Will Be			
	Within The City Limits	Within The Same County	Within The State	Out of State
Hays	55%	7%	24%	14%
Other 8 Communities	64%	20%	11%	5%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: This question was asked only to firms that previously stated they were planning an expansion.

Results shown in Table 72 indicate that forces exist in the Hays community that are driving firms to expand in locations outside of Hays. This is a negative force which Hays officials must alleviate in order to generate expansion activities and continued growth within the community.

Additional Products and Expansion. Hays firms offered many reasons for not being able to offer an additional product or service, the two most frequent being lack of affordable financing and low cash flow (see Tables 73 and 74). Another important reason cited was the presence of a static or declining market. Hays firms had a much higher percentage response for each of these reasons than did firms in comparison communities (see Table 75). Only the small and mid-size firms stated affordable financing as a reason for not offering an additional product or service, and only the small firms cited static or declining market and low cash flow (see Table 73). Large firms seem to have greater problems in terms of ability to obtain skilled labor, lack of equipment and new technology, and ability to introduce a

timely product or service. A relatively high percentage of firms in the finance and services industry (38%) cited low cash flow and a relatively low percent of the same firms (13%) cited lack of affordable financing (see Table 74).

TABLE 73
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY SIZE OF FIRM

Number of Employees	Lack				Static or Declining Market	Low Cash Flow	Business Complex Enough Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
	Restrictive Laws or Regulations	Affordable Financing	Specific Knowledge	No Desire To Expand						
1-19	14%	27%	2%	6%	24%	29%	4%	8%	2%	8%
20-49	33%	33%	33%	0%	0%	0%	33%	0%	33%	33%
50+	0%	0%	0%	0%	0%	0%	0%	50%	50%	50%
PERCENT OF TOTAL	15%	25%	5%	5%	20%	24%	7%	10%	5%	14%

n = 36

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 74
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY INDUSTRY

Industry	Lack				Static or Declining Market	Low Cash Flow	Business Complex Enough Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
	Restrictive Laws or Regulations	Affordable Financing	Specific Knowledge	No Desire To Expand						
Manufacturing	9%	27%	9%	9%	0%	18%	18%	18%	9%	18%
Finance/Services	13%	13%	0%	13%	13%	38%	13%	13%	13%	25%
Other Industries	19%	31%	13%	0%	31%	18%	0%	6%	0%	6%
PERCENT OF TOTAL	15%	25%	5%	5%	20%	24%	7%	10%	5%	14%

n = 36

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 75
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY COMMUNITY COMPARISON

Community	Restrictive Laws or Regulations	Lack of Affordable Financing	Lack of Specific Knowledge How	No Desire To Expand	Static or Declining Market	Low Cash Flow	Business Complex Enough Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
Hays	15%	25%	5%	5%	20%	24%	7%	10%	5%	14%
Other 8 Communities	11%	14%	6%	9%	12%	11%	15%	10%	12%	23%

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Companies, especially small firms, may not have the resources or knowledge necessary to introduce a new product or service. In addition, one of the highest hurdles in obtaining these needs is financing. Financing vehicles and information about these opportunities are set up by the state to specifically help these kinds of firms. It should become a priority of the local government to make its area businesses aware of these tools and how they can be obtained. New products will allow companies to reach new markets and increase their chances for expansion in the Hays community.

Expanding into the international market. Offering new or existing products internationally will help the Hays community economically, and there are firms that can and want to expand into the international market. Out of the total number of firms surveyed in Hays who are not currently engaged in export activities, 11% stated that they had the potential and 13% stated they had the desire to expand internationally (see Tables 76, 77, 79, and 80). None of the large firms surveyed felt the ability nor desire to expand internationally, but a substantial percentage of mid-size and

small companies are optimistic about expansion abroad (see Tables 76 and 79). On an industry basis, firms in the manufacturing and finance/services industries are most positive about the potential to expand (see Table 77). Interestingly, firms in "other industries" have a greater desire to expand abroad than actual ability.

Relative to firms surveyed in the other 8 communities, Hays firms expressed a greater desire to expand internationally but had less potential to do so (see Tables 78 and 81).

TABLE 76
 PERCENT OF TOTAL FIRMS THAT FEEL THEY HAVE
 THE POTENTIAL TO EXPAND INTERNATIONALLY, BY SIZE OF FIRM

Do you feel your business has the potential to expand into the international market?		
Number of Employees	NO	YES
1-19	88%	12%
20-49	82%	18%
50+	100%	0%
TOTAL PERCENT	89%	11%

n = 90

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 77
 PERCENT OF TOTAL FIRMS THAT FEEL THEY HAVE
 THE POTENTIAL TO EXPAND INTERNATIONALLY, BY INDUSTRY

Do you feel your business has the potential to expand into the international market?		
Industry	NO	YES
Manufacturing	82%	18%
Finance/Services	84%	16%
Other Industries	93%	7%
TOTAL PERCENT	89%	11%

n = 90

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 78
 PERCENT OF TOTAL FIRMS THAT FEEL THEY HAVE
 THE POTENTIAL TO EXPAND INTERNATIONALLY,
 BY COMMUNITY COMPARISON

Do you feel your business has the potential to expand into the international market?		
Community	NO	YES
Hays	89%	11%
Other 8 Communities	86%	14%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 79
 PERCENT OF TOTAL FIRMS THAT HAVE THE
 DESIRE TO EXPAND INTERNATIONALLY, BY SIZE OF FIRM

Does your firm have the desire to expand into the international market?		
Number of Employees	NO	YES
1-19	86%	14%
20-49	82%	18%
50+	100%	0%
TOTAL PERCENT	87%	13%

n = 90

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 80
 PERCENT OF TOTAL FIRMS THAT HAVE THE
 DESIRE TO EXPAND INTERNATIONALLY, BY INDUSTRY

Does your firm have the desire to expand into the international market?		
Industry	NO	YES
Manufacturing	78%	22%
Finance/Services	90%	10%
Other Industries	88%	12%
TOTAL PERCENT	87%	13%

n = 90

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 81
 PERCENT OF TOTAL FIRMS THAT HAVE THE
 DESIRE TO EXPAND INTERNATIONALLY
 BY COMMUNITY COMPARISON

Does your firm have the desire to expand into the international market?		
Community	NO	YES

Hays	87%	13%
Other 8 Communities	88%	12%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

By attempting to educate all firms in what is needed to export, where they might get assistance, and how they can initiate such a venture, Hays may be able to encourage more companies to export their products. As Tables 76 and 79 indicate, it would be a mistake to disregard smaller companies as a source for exports in favor of larger companies: there are small firms with both the potential and the desire to expand internationally. The ability of Hays firms to trade internationally cannot be emphasized enough. If the potential for firms is not realized, and the desire to expand not encouraged, the scope of products will remain narrow and locally oriented.

Reasons for not expanding into the international market. Only seven firms gave reasons for not expanding into the international market. These reasons included that the business was too small, the business serves a specific area, lack of knowledge about foreign markets, lack of exporting knowledge, high tariffs and trade barriers and restrictive export regulations. Conclusions for the community cannot be based on response of seven firms.

Problems associated with exporting. Only two firms of those surveyed in Hays responded to this question, and therefore, no attempt will be made to

draw inferences from this sample size. These two firms cited restrictive state and/or federal regulations, inadequate knowledge of countries markets, and unfavorable exchange rates as problems associated with exporting.

Financing for Expansion

Financing Sources. New forms of financing for expansion are not reaching the surveyed firms in Hays, either because of an unwillingness to use them or because of lack of knowledge. Hays firms use primarily traditional means of financing. Nearly three-fourths stated that a bank was their major source of financing while 44% indicated that financing was gained through internal financing mechanisms (see Table 82 and 83). Table 82 illustrates that large firm respondents use only a bank to obtain capital, while mid-size firms have used many sources, including the small business administration. Hays firms rely much more heavily on banks for financing and less on internal financing relative to firms surveyed in the other 8 communities (see Table 84).

TABLE 82
FINANCING SOURCES FOR EXPANSION*
BY SIZE OF FIRM

Number of Employees	Bank	Credit Union	Savings and Loan	Inter-national Financing	Private Sources	Small Business Administration
1-19	72%	2%	4%	47%	2%	2%
20-49	82%	18%	0%	36%	0%	27%
50+	100%	0%	0%	0%	0%	0%
PERCENT OF TOTAL	74%	4%	4%	44%	1%	4%

n = 86

*Since firms could give more than one source, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 83
FINANCING SOURCES FOR EXPANSION*
BY INDUSTRY

Industry	Bank	Credit Union	Savings and Loan	Inter-national Financing	Private Sources	Small Business Administration
Manufacturing	75%	4%	11%	46%	7%	7%
Finance/Services	60%	0%	0%	60%	0%	0%
Other Industries	79%	5%	2%	38%	0%	5%
PERCENT OF TOTAL	74%	4%	4%	44%	1%	4%

n = 86

*Since firms could give more than one source, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 84
FINANCING SOURCES FOR EXPANSION*
BY COMMUNITY COMPARISON

Community	Bank	Credit Union	Savings and Loan	Inter-national Financing	Private Sources	Small Business Administration	Certified Development Comp.	Industrial Revenue Bonds
Hays	74%	4%	4%	44%	1%	4%	0%	0%
Other 8 Communities	52%	2%	3%	53%	7%	3%	1%	5%

*Since firms could give more than one source, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Very few companies used the small business administration and no firms used the industrial revenue bonds or the certified development companies. Economic development programs designed to aid the small business are apparently not used, which may be because of poor communication and therefore, lack of knowledge about such programs. This point is strengthened by the very high percentages of firms that use traditional

sources. A first step in assisting Hays firms to expand would be to make sure that firms know that alternative financing vehicles exist which may, in addition, include greater flexibility. Banks and internal financing may be what firms are comfortable with, but increased efforts to assist expansion will need to come from alternative sources.

Financing sources outside of Kansas. The majority of Hays firms surveyed do not go outside of Kansas to get financing. For the total number of firms surveyed, 88% stated that they had not gone out-of-state to finance for expansion in the past five years (see Tables 85 and 86). Mid-size firms used out-of-state financing to a greater extent than did firms in other size categories, while only 6% of firms surveyed in the finance and services industries have used out-of-state financing over the past five years (see Table 85 and Table 86, respectively). In comparison to firms in the other 8 communities surveyed, Hays firms used slightly more outside of state financing (see Table 87).

TABLE 85
PERCENT OF TOTAL FIRMS THAT HAVE GONE OUTSIDE OF
KANSAS TO FINANCE AN EXPANSION, BY SIZE OF FIRM

In the last five years, have you had to go outside of Kansas to finance an expansion because of a lack of affordable financing?

Number of Employees	NO	YES
1-19	89%	11%
20-49	78%	22%
50+	100%	0%
TOTAL PERCENT	88%	12%

n = 89

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 86
 PERCENT OF TOTAL FIRMS THAT HAVE GONE OUTSIDE OF
 KANSAS TO FINANCE AN EXPANSION, BY INDUSTRY

In the last five years, have you had to
 go outside of Kansas to finance an expansion
 because of a lack of affordable financing?

Industry	NO	YES
Manufacturing	83%	17%
Finance/Services	94%	6%
Other Industries	88%	12%
TOTAL PERCENT	88%	12%

n = 89

Source: Business Retention and Expansion Survey for Kansas Mid-Size
 Communities with Populations of 10,000 to 100,000, Institute for Public
 Policy and Business Research, The University of Kansas, 1987.

TABLE 87
 PERCENT OF TOTAL FIRMS THAT HAVE GONE OUTSIDE OF
 KANSAS TO FINANCE AN EXPANSION
 BY COMMUNITY COMPARISON

In the last five years, have you had to
 go outside of Kansas to finance an expansion
 because of a lack of affordable financing?

Community	NO	YES
Hays	88%	12%
Other 8 Communities	91%	9%

Source: Business Retention and Expansion Survey for Kansas Mid-Size
 Communities with Populations of 10,000 to 100,000, Institute for Public
 Policy and Business Research, The University of Kansas, 1987.

As discussed in an earlier section, Hays firms have traditionally used
 banks and internal financing as a means of raising necessary capital.
 Unsuccessful attempts for assistance at these sources may motivate financing
 out-of-state. If Hays firms are made increasingly aware of alternative

financing vehicles, those firms that have or presently go out-of-state for assistance may find what they need from the established state programs.

Foregoing expansion because of a lack of financing. Approximately 19% of the total number of Hays firms surveyed indicated that in the last five years they have been forced to forego or postpone expansion because of lack of affordable financing (see Tables 88 and 89). One-fourth of the firms employing 50 or more workers and 23% of the firms in "other industries" had to forego or postpone expansion because of lack of affordable financing. On a comparison basis, Hays firms had an approximately 10% greater percentage of firms responding "yes" to this question than firms surveyed in the other communities (see Table 90). Again, if Hays could assist expansion efforts by making sure that information about alternative methods for financing is available to firms and that these firms know how to access and implement those sources, the entire Hays community would benefit.

TABLE 88
PERCENT OF TOTAL FIRMS FORCED TO FOREGO OR POSTPONE
AN EXPANSION BECAUSE OF LACK OF FINANCING, BY SIZE

In the last five years, has your firm ever been forced to forego or postpone a planned expansion because of a lack of affordable financing?

Number of Employees	NO	YES
1-19	81%	19%
20-49	86%	14%
50+	75%	25%
TOTAL PERCENT	81%	19%

n = 91

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 89
 PERCENT OF TOTAL FIRMS FORCED TO FOREGO OR POSTPONE
 AN EXPANSION BECAUSE OF LACK OF FINANCING, BY INDUSTRY

In the last five years, has your firm ever been forced to forego or postpone a planned expansion because of a lack of affordable financing?

Industry	NO	YES
Manufacturing	83%	17%
Finance/Services	90%	10%
Other Industries	77%	23%
TOTAL PERCENT	81%	19%

n = 91

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 90
 PERCENT OF TOTAL FIRMS FORCED TO FOREGO OR POSTPONE
 AN EXPANSION BECAUSE OF LACK OF FINANCING
 BY COMMUNITY COMPARISON

In the last five years, has your firm ever been forced to forego or postpone a planned expansion because of a lack of affordable financing?

Community	NO	YES
Hays	81%	19%
Other 8 Communities	90%	10%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Expansion Summary

After examining the data regarding expansion, it is possible to make the following summary implications:

1. In the past two years, a greater percentage of Hays firms have had decreases in employment than increases. In addition, Hays firms had more decreases in plant size than firms surveyed in the other eight communities. Growth trends of this nature will continue if firms remain locally oriented.
2. The two major problems associated with not expanding are declining oil prices and the presence of a static or declining market. The interrelated problems indicate expansion is being deterred by the locally entered scope of products and services.
3. Much optimism exists about the opportunities for expansion by Hays firms, and now is an excellent time to offer expansion assistance.
4. Prospects for expansion are heightened by the potential for introduction of a new product or service. However, many companies, especially small ones, do not presently have the resources or knowledge necessary to introduce a new product or service.
5. Of the Hays firms who are expanding, nearly 40% are locating outside of both the Hays community and Ellis County.
6. To disregard smaller companies as a source for exports would be a mistake. There are small companies with the potential and the desire to export.
7. In general, Hays firms typically use traditional forms of financing for expansion.
8. Reasons for not using state sponsored financing, such as certified development companies, may be lack of knowledge or awareness, not unwillingness to use such programs.
9. Poor availability of affordable financing has forced companies to forego or postpone expansion activities. Despite this problem, evidence is present that indicates there are many firms in Hays who have strong interests in expanding but are unable given present conditions.

VI.

BUSINESS CLIMATE

In this section, we discuss firm perspectives of local government attitudes, perception of local services, laws and regulations that may impede business operation, taxes that affect business operation, and business climate improvements. The major findings here include: many firms perceive the attitude of local government toward their businesses as neutral; firms are generally satisfied with services provided to them, although transportation services are perceived as inadequate; city as well as state regulations are seen to impede business operation the most; and the preferred way to improve local quality of life and business climate is through economic development activities.

Local And State Business Climate

Quality of Life. A high percentage of firms believe the quality of life in Hays is good. Eighty-two percent of the Hays firms surveyed stated that quality of life in the community was good, 15% stated adequate, and 3% saw it as poor (see Tables 91 and 92). Medium size firms had the poorest perception of quality of life as did firms in the "other" industries category. Firms in Hays had nearly identical perceptions regarding quality of life as did firms surveyed in the other 8 communities (see Table 93).

TABLE 91
 FIRMS' PERCEPTIONS OF THE LOCAL QUALITY OF LIFE
 BY SIZE OF FIRM

Number of Employees	Good	Adequate	Poor
1-19	82%	16%	2%
20-49	72%	14%	14%
50+	100%	0%	0%
TOTAL PERCENT	82%	15%	3%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 92
 FIRMS' PERCEPTIONS OF THE LOCAL QUALITY OF LIFE
 BY INDUSTRY

Industry	Good	Adequate	Poor
Manufacturing	86%	14%	0%
Finance/Services	84%	16%	0%
Other Industries	80%	16%	4%
TOTAL PERCENT	82%	15%	3%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 93
FIRMS' PERCEPTIONS OF THE LOCAL QUALITY OF LIFE
BY COMMUNITY COMPARISON

Community	No Opinion	Good	Adequate	Poor
Hays	0%	82%	15%	3%
Other 8 Communities	1%	81%	16%	2%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

This large percentage of firms with a strong opinion about quality of life in Hays can be viewed as a positive characteristic. Although the large majority of firms perceive a good quality of life, there are still areas of improvement which can be made to further develop Hays' quality of life and achieve 100% satisfaction from the business community.

Attitude of the local government. The majority of Hays firms (49%) perceive the attitude of the local government as positive to very positive (see Tables 94 and 95). However, a substantial portion (12%) believed the local government had a negative to very negative attitude. From Table 94 it can be seen that mid-sized firms had the greatest perception of a negative attitude by the local government, while all of the large firms surveyed felt the local government had a positive attitude. A majority of the manufacturing firms had a neutral perception of the local governments attitude and of all industries, firms in the manufacturing industry had the most negative perception of the local governments attitude (see Table 95). On a comparison basis, it can be noted that firms in Hays had a more negative perception of their local governments attitude than did firms in the other communities surveyed (see Table 96).

TABLE 94
FIRMS' PERCEPTIONS OF THE
ATTITUDE OF THEIR LOCAL GOVERNMENT
BY SIZE OF FIRM

Number of Employees	Attitude of Local Government		
	Positive To Very Positive	Neutral	Negative To Very Negative
1-19	44%	44%	12%
20-49	63%	14%	23%
50+	100%	0%	0%
TOTAL PERCENT	49%	39%	12%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 95
FIRMS' PERCEPTIONS OF THE
ATTITUDE OF THEIR LOCAL GOVERNMENT
BY INDUSTRY

Industry	Attitude of Local Government		
	Positive To Very Positive	Neutral	Negative To Very Negative
Manufacturing	33%	48%	19%
Finance/Services	57%	37%	6%
Other Industries	52%	36%	12%
TOTAL PERCENT	49%	39%	12%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 96
 FIRMS' PERCEPTIONS OF THE
 ATTITUDE OF THEIR LOCAL GOVERNMENT
 BY COMMUNITY COMPARISON

Community	Attitude of Local Government		
	Positive To Very Positive	Neutral	Negative To Very Negative
Hays	49%	39%	12%
Other 8 Communities	55%	35%	10%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

In addition to the citings above, it is also important to note the relatively high percentage of firms in Hays who perceived the local governments attitude as neutral. This might indicate a belief that the local government really did not have an effect upon business practices in the Hays community. Additionally, it can be noted in Table 94 that 100% of large firms perceive a positive attitude by the local government. This could possibly indicate that the local governments past development efforts and concern have been too narrowly focused on the large firms and have somewhat ignored the smaller firms. It is important to develop a positive attitude among all entities in the Hays business arena.

Perception of services. Hays firms, in general, are satisfied with the services that are provided to them. A relatively high percentage of firms gave quality of public transportation and availability of air transportation a poor rating (see Table 97). Quality of roads and cost of transportation received relatively high "adequate" marks, while freight delivery time, fire protection, police protection, telephone service, electric service, public school system, and quality of garbage collection all received "good"

ratings. Firms perception of road quality is split between good and adequate.

TABLE 97
HAYS FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	0%	45%	43%	12%
Quality of Railroads	26%	31%	26%	17%
Cost of Transportation	4%	31%	46%	19%
Availability of Air Transportation	16%	14%	34%	36%
Quality of Public Transportation	20%	17%	25%	38%
Freight Delivery Time	8%	60%	27%	5%
Quality of Training	15%	48%	27%	10%
Fire Protection	3%	74%	22%	1%
Police Protection	3%	66%	27%	4%
Telephone System	1%	61%	31%	7%
Electric System	0%	82%	18%	0%
Public School System	5%	85%	10%	0%
Quality of Garbage Coll.	3%	72%	23%	2%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The poor ratings given to transportation related attributes of Hays will be very important issues for firms who are considering expansion or locating in Hays. Many firms who operate in or are considering operating in Hays rely heavily on the quality of transportation and how well their product or service can be transported to and from a destination. At present, it appears that quality of such attributes in the Hays community are in question. This will become increasingly important if firms are to broaden their markets and try to increase the scope their products. However, not to be overlooked is the perceived "good" quality of the previously cited local services. These are positive attributes for the community and will help in decisions of location and expansion.

Government regulations that impede business operations. Regulations that have the potential to impede the successful operation of a business were stated as being predominantly city or state regulations, as 100% of the firms responding cited hampering city and/or state regulations as impeding business (see Tables 98 and 99). Interestingly, all responses given (15) were given by firms employing fewer than 50 workers (see Table 99). Also receiving significant mention were EPA regulations, Kansas Department of Health regulations, and over-regulation by the KCC.

TABLE 98
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY SIZE OF FIRM

Number of Employees	Hamp-ering City-State Regs.	KCC Over-Reg-ulation	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health
1-19	100%	20%	15%	5%	10%	30%
20-49	100%	0%	100%	0%	0%	0%
50+	0%	0%	0%	0%	0%	0%
PERCENT OF TOTAL	100%	17%	29%	4%	8%	25%

n = 15

*Since firms could give more than one regulation, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 99
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY INDUSTRY

Industry	Hamp-ering City-State Regs.	KCC Over-Reg-ulation	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health
Manufacturing	100%	0%	17%	17%	0%	0%
Finance/Services	100%	0%	50%	0%	0%	0%
Other Industries	100%	29%	29%	0%	14%	43%
PERCENT OF TOTAL	100%	17%	29%	4%	8%	25%

n = 15

*Since firms could give more than one regulation, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 100
 GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
 BY COMMUNITY COMPARISON

Community	Hamp- ering City- State Regs.	KCC Over Reg- ula- tion	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health	Gvt. Over Reg- ula- tion
Hays	100%	17%	29%	4%	8%	25%	0%
Other 8 Communities	98%	5%	18%	5%	17%	5%	20%

*Since firms could give more than one regulation, total percentages may not add to 100%.
 Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Relative to firms surveyed in comparison communities, Hays firms felt that Kansas Department of Health regulations had a greater impact on impeding operations and a lesser impact was felt as a result of government over-regulation (see Table 100). Hays firms expressed similar opinion toward the negative impact hampering city and/or state regulations have on operations.

Many regulations that impede business operations are controllable only at the state level, and may indeed be factors that significantly influence future business activities in Hays. However, it would be a mistake to think that operations are impeded only by state or federal regulation. Hays must be aware of the impacts local regulation can have on business activities in the area, and strive to correct and amend those that create unfavorable business conditions.

Taxes that influence expansion decisions. Decisions regarding company expansion can also be negatively influenced by burdensome taxes. Tables 101 and 102 illustrate the various taxes which have been cited as potential reasons to forego expansion. Property tax on inventory was cited most

often, as 75% of the respondents recognized it as a deterrent to expansion (see Table 101). Others mentioned often were unemployment insurance tax and workers compensation. Again no firms employing greater than 50 employees responded to this question.

A large percentage of the manufacturing industry firms (88%) indicated that inventory taxes had significant impact on expansion decisions (see Table 102). Firms in Hays responded to overall state tax burden, property tax on inventories, and unemployment insurance tax more frequently as reasons to forego expansion than firms surveyed in the other 8 communities (see Table 103).

TABLE 101
REASONS TO FOREGO EXPANSION*
BY SIZE OF FIRM

Number of Employees	Over-all State Tax Burden	Over-all City Tax Burden	Corporate Income Tax	Property Tax on Inventories	Sales Tax on Machines and Equipment	Unemployment Insurance Tax	Workers Compensation	Severance Tax	Gas Tax
1-19	41%	21%	29%	75%	30%	60%	59%	14%	2%
20-49	25%	25%	25%	75%	50%	100%	50%	25%	25%
50+	0%	0%	0%	0%	0%	0%	0%	0%	0%
PERCENT OF TOTAL	38%	21%	27%	75%	32%	63%	56%	15%	4%

n = 44

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 102
REASONS TO FOREGO EXPANSION*
BY INDUSTRY

Industry	Over-all State Tax Burden	Over-all City Tax Burden	Corporate Income Tax	Property Tax on Inventories	Sales Tax on Machines and Equipment	Unemployment Insurance Tax	Workers Compensation	Severance Tax	Gas Tax
Manufacturing	47%	29%	35%	88%	41%	47%	53%	6%	6%
Finance/Services	20%	20%	40%	60%	40%	80%	60%	0%	0%
Other Industries	39%	17%	22%	74%	26%	65%	57%	22%	4%
PERCENT OF TOTAL	38%	21%	27%	75%	32%	63%	56%	15%	4%

n = 44

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 103
REASONS TO FOREGO EXPANSION*
BY COMMUNITY COMPARISON

Community	Over- all State Tax Burden	Over- all City Tax Burden	Corp- orate In- come Tax	Prop- erty Tax Inven- tories	Sales Tax on Mach- ines and Equip- ment	Unem- ploy- ment Insur- ance Tax	Work- ers Compen- sation	Sev- er- ance Tax	Gas Tax
Hays	38%	21%	27%	75%	32%	63%	56%	15%	4%
Other 8 Communities	22%	12%	19%	59%	31%	44%	45%	7%	1%

*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Business Climate Improvements

Improving the local quality of life. Numerous ways exist for a community to improve its quality of life. A vast majority of Hays firms (80%) stated that economic development efforts were the best way to accomplish quality of life improvements (see Tables 104 and 105). Creation of jobs and a resulting increase in potential customers are obvious spin-offs occurring as a result of economic development strategy and implementation, which in turn increases the quality of life. On a comparison basis to respondents in the other 8 communities, Hays firms have a much higher degree of concern about economic development efforts (see Table 106). This indicates the magnitude of concern firms in Hays have about the economic well being of the community and the essential need for development activities.

TABLE 104
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY SIZE OF FIRM

Number of Employees	Ec- onomic Dev- elop- ment	More Enter- tain- ment	More Activ- ities For Town	More Recre- ational Activ- ities	Improve Public Morale	Up- grade Edu- cation
1-19	82%	4%	8%	4%	3%	7%
20-49	72%	0%	0%	0%	0%	29%
50+	50%	0%	0%	0%	0%	50%
PERCENT OF TOTAL n = 52	80%	4%	7%	4%	2%	11%

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 105
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY INDUSTRY

Industry	Ec- onomic Dev- elop- ment	More Enter- tain- ment	More Activ- ities For Town	More Recre- ational Activ- ities	Improve Public Morale	Up- grade Edu- cation
Manufacturing	84%	5%	21%	5%	11%	5%
Finance/ Services	85%	0%	0%	0%	0%	15%
Other Industries	75%	5%	5%	5%	0%	10%
PERCENT OF TOTAL n = 52	80%	4%	7%	4%	2%	11%

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 106
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY COMMUNITY COMPARISON

Community	Ec- onomic Dev- elop- ment	More Enter- tain- ment	More Activ- ities For Town	More Recre- ational Activ- ities	Improve Public Morale	Improve Town, Fix Prop- erty	Up- grade Edu- cation
Hays	80%	4%	7%	4%	2%	0%	11%
Other 8 Communities	54%	18%	8%	18%	7%	6%	11%

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Hays firms are obviously highly concerned with the present economic environment and are urging for development of economic assistance programs, both at the local and state level. Hays must realize this concern and begin initiation of programs which will help develop the local quality of life and harness the vast growth potential the Hays community has.

Improving the local business climate. Economic development activities were also cited most frequently as a method of improving Hays' local business climate (see Tables 107 and 108). As with the quality of life issue, economic development is seen as a means of increasing employment and thus creating a larger number of customers for Hays firms. Another suggestion commonly stated was the need for greater responsiveness by the local government. Mid-size firms were especially concerned with this issue as 57% cited a need for increased responsiveness by the local government (see Table 107).

TABLE 107
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY SIZE OF FIRM

Number of Employees	Economic Development	Increase and Improve Local Image	Improve Local Financing	Tax Incentives, Abate-ments	Local Govt. More Respon-sive	Help Entre-preneurs	Spend Muni-cipal Funds
1-19	53%	9%	15%	18%	18%	18%	12%
20-49	43%	0%	0%	0%	57%	0%	0%
50+	0%	0%	0%	0%	0%	0%	0%
PERCENT OF TOTAL	52%	8%	14%	16%	22%	17%	11%

n = 44

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 108
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY INDUSTRY

Industry	Econ-omic Development	Increase and Improve Local Image	Improve Local Financing	Tax Incentives, Abate-ments	Local Gvt. More Responsive	Help Entre-neurs	Spend Muni-cipal Funds
Manufacturing	53%	13%	27%	13%	27%	27%	13%
Finance/Services	50%	17%	0%	0%	0%	0%	33%
Other Industries	52%	4%	13%	22%	26%	17%	4%
PERCENT OF TOTAL	52%	8%	14%	16%	22%	17%	11%

n = 44

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 109
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY COMMUNITY COMPARISON

Community	Econ-omic Development	Im-prove-ment Between State Local	Increase and Im-prove Local Image	Improve Local Financing	Tax Incentives, Abate-ments	Local Gvt. More Responsive	Help Entre-neurs	Spend Muni-cipal Funds
Hays	52%	0%	8%	14%	16%	22%	17%	11%
Other 8 Communities	61%	2%	12%	12%	14%	23%	11%	7%

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

From Table 109 it can be seen that Hays firms cited economic development as a method for improving the local business climate slightly less than firms surveyed in the comparison communities. Despite this, the large majority who did cite economic development further illustrates that Hays firms are apparently very aware of the idea of economic development, and see this as a way to enhance growth in the community.

Improving the state business climate. Suggestions given for improving the state business encompassed several topics. Economic development was again mentioned, along with increasing and improving the state image, change or lowering taxes, improving the highway system, and use of tax incentives (see Tables 110 and 111).

TABLE 110
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*
BY SIZE OF FIRM

Number of Employees	Economic Development	More Cooperation Between State & Local	Increase and Improve State & State Image	Better Financing Opportunities	Tax Incentives	Better Competition	Eliminate Severance Tax	Improve Highway System	Highway Or Lower Taxes	Change
1-19	33%	3%	24%	9%	18%	0%	7%	16%	24%	
20-49	13%	13%	0%	0%	0%	25%	25%	38%	0%	
50+	50%	0%	0%	0%	0%	50%	0%	0%	0%	
PERCENT OF TOTAL	32%	4%	22%	8%	16%	4%	8%	17%	22%	

n = 62

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 111
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*
BY INDUSTRY

Industry	Economic Development	More Cooperation Between State & Local	Increase and Improve State & State Image	Better Financing Opportunities	Tax Incentives	Better Competition	Eliminate Severance Tax	Improve Highway System	Highway Or Lower Taxes	Change
Manufacturing	28%	11%	11%	0%	22%	0%	0%	28%	22%	
Finance/Services	39%	8%	39%	8%	23%	8%	0%	8%	15%	
Other Industries	31%	0%	17%	10%	10%	3%	14%	17%	24%	
PERCENT OF TOTAL	32%	4%	22%	8%	16%	4%	8%	17%	22%	

n = 62

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 112
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*
BY COMMUNITY COMPARISON

Community	Economic Development	More Cooperation Between State & Local	Increase and Improve State & State Image	Better Financing Opportunities	Tax Incentives	Better Competition	Eliminate Severance Tax	Improve Highway System	Highway Or Lower Taxes	Seek Diversification	Change
Hays	32%	4%	22%	8%	16%	4%	8%	17%	0%	22%	
Other 8 Communities	29%	1%	14%	7%	17%	7%	4%	32%	3%	26%	

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

In comparing suggestions made by Hays firms and those made by firms in the other 8 communities, it can be seen that responses in general are very similar, but surveyed firms in Hays suggested improvement of state image slightly more and improvement of highway system less frequently (see Table 112).

Business Climate Summary

After examining the data regarding the local and state business climates, it is possible to make the following summary implications:

1. Despite a general satisfaction with the local government, many Hays firms feel local officials have a neutral attitude toward their businesses.
2. Transportation services in Hays received adequate or poor rating by a majority of respondents. In an attempt to increase the scope of products and services, quality of transportation attributes must be high so that firms are able to expand into other markets.
3. Hays firms perceive many regulations that may be harmful to business operations and identify them as coming from both city and state programs. It would be a mistake to think that operations are impeded solely by state regulations.
4. Economic development is very much on the mind of Hays firms. Creation of new assistance programs and employing better knowledge of existing programs are the types of efforts needed to increase development opportunities.

VII.

ECONOMIC DEVELOPMENT PROGRAMS

In this section we examine economic development programs designed to assist businesses in the state, firms that utilize special employment skills for their operations, services from state schools that are used by firms, and employees sought from these state schools. It is imperative that policy makers know whether programs designed for firms are being used, and whether the state is assisting companies to be more competitive.

Firms in Hays currently have very little knowledge about economic development programs, and a very large majority of the firms who are aware of the assistance programs fail to use them. Other findings include (1) firms generally require low or non-specified skill employees, (2) few firms use the services of state educational institutions, (3) the most frequently used service of state schools is training of presently employed personnel, (4) most employees sought through state educational institutions are management personnel.

Economic Development Assistance

Certified Development Companies (CDCs). Certified Development Companies assist small businesses with long term financing through the Small Business Administration 503 loan program. The nearest CDC to Hays community firms is Pioneer Country Development, Inc., 317 North Pomeroy Avenue, P.O. Box 248, Hill City, Kansas. Only 1% of the respondents in Hays have used CDC's and, in fact, 90% of the firms had no knowledge of the program (see Tables 113 and 114). Firms with fewer than 20 employees were the only group who had any awareness of CDC's. Firms surveyed in the other 8 communities had

similarly weak knowledge of CDC's, although slightly higher than firms in Hays (see Table 115).

TABLE 113
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 CERTIFIED DEVELOPMENT COMPANIES
 BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	88%	11%	1%
20-49	100%	0%	0%
50+	100%	0%	0%
TOTAL PERCENT	90%	9%	1%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 114
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 CERTIFIED DEVELOPMENT COMPANIES
 BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	93%	3%	4%
Finance/Services	90%	10%	0%
Other Industries	89%	11%	0%
TOTAL PERCENT	90%	9%	1%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 115
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 CERTIFIED DEVELOPMENT COMPANIES
 BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Hays	90%	9%	1%
Other 8 Communities	88%	10%	2%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Assistance programs such as the Certified Development companies are set up to assist firms in further business development and in turn, enhance the respective communities business climate and environment. However, as is the case in Hays, firms not only don't use the program, they are unaware of the program (90% of Hays firms surveyed). Obviously, communication from the state level is inadequate at the present time, and as a result, Hays' local government should supplement state efforts by setting up their own information/communication network.

The Community Development Block Grant Program. The Community Development Block Grant Program is a federal grant program administered by the state government to assist communities in providing additional services to low and moderate income persons. Grants are given for such projects as infrastructure improvement, business financing, and comprehensive planning for communities. Hays firms are moderately aware of the Community Development Block Grant Program, as 50% stated they had knowledge of it (see Tables 116 and 117). However, only 5% of the firms in Hays indicated they

had actually used the program. Table 118 indicates that Hays firms actually had lower awareness of the program but at the same time, a greater percentage of firms have used it.

TABLE 116
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	49%	47%	4%
20-49	22%	64%	14%
50+	25%	75%	0%
TOTAL PERCENT	45%	50%	5%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 117
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	48%	45%	7%
Finance/Services	37%	53%	10%
Other Industries	47%	51%	2%
TOTAL PERCENT	45%	50%	5%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 118
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Hays	45%	50%	5%
Other 8 Communities	36%	62%	2%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Hays firms have a relatively low awareness of the Community Development Block Grant Program as noted in Table 118. Further, the actual percentage of firms using the program is very low. This implies that the local government should attempt to further educate local businesses and encourage the use of these state programs. Successful implementation of these programs will be beneficial for both businesses and Hays' economy.

Centers of Excellence Programs. Centers of Excellence, located at state universities, offer state-of-the-art research capabilities, fit within the long range objectives of the universities, and offer long-term potential for economic development. Commercialization of new technologies and attracting nationally recognized scientists are important goals of the Centers. The two closest Centers of Excellence to Hays are at Wichita State University and Kansas State University. Only 15% of firms in Hays stated they knew about Centers of Excellence Programs (see Tables 119 and 120). In fact, no firm in Hays has used the program. Only those firms employing fewer than 50 employees had any knowledge of the program. Overall awareness of this

program by Hays firms was nearly identical to that of firms in the other 8 communities (see Table 121).

TABLE 119
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE CENTERS OF EXCELLENCE PROGRAMS
 BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	85%	15%	0%
20-49	79%	21%	0%
50+	100%	0%	0%
TOTAL PERCENT	85%	15%	0%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 120
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE CENTERS OF EXCELLENCE PROGRAMS
 BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	83%	17%	0%
Finance/Services	90%	10%	0%
Other Industries	84%	16%	0%
TOTAL PERCENT	85%	15%	0%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 121
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE CENTERS OF EXCELLENCE PROGRAMS
 BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Hays	85%	15%	0%
Other 8 Communities	84%	15%	1%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Again, a very high percentage of surveyed Hays firms exist which are unaware of this particular program. Added efforts must be made on the part of Hays' local government to further communicate and promote the existence of such programs and encourage their use.

The Job Training Partnership Act (JTPA). The Job Training Partnership Act is a federal job training program aimed primarily at disadvantaged and dislocated workers. Information about JTPA may be obtained by contacting the Kansas State Department of Human Resources. Of all assistance programs mentioned in this study, JTPA had the highest degree of use, as 10% of the Hays firms surveyed stated they had used the program (see Tables 122 and 123). Despite this, nearly one-third of the Hays firms surveyed indicated they had no knowledge of this program and 62% stated they had knowledge but had not used it. Only those firms employing fewer than 20 workers had not heard of JTPA (see Table 122). Comparison data shows that Hays firms used JTPA slightly less than firms surveyed in the other 8 communities, but have a much better overall awareness of the program (see Table 124).

TABLE 122
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE JOB TRAINING PARTNERSHIP ACT
 BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	33%	60%	7%
20-49	0%	86%	14%
50+	0%	50%	50%
TOTAL PERCENT	28%	62%	10%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 123
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE JOB TRAINING PARTNERSHIP ACT
 BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	35%	62%	3%
Finance/Services	26%	63%	11%
Other Industries	27%	62%	11%
TOTAL PERCENT	28%	62%	10%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 124
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE JOB TRAINING PARTNERSHIP ACT
 BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Hays	28%	62%	10%
Other 8 Communities	44%	45%	11%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The Job Training Partnership Act is a training program that can be of great assistance to firms that want to cut training costs and develop more highly skilled workers. By far, knowledge of this program has been greater than that of any other. Efforts should be made to further encourage its use by firms presently aware of it, and educate the remaining percentage unaware of its existence.

The Kansas Industrial Training Program (KIT). The Kansas Industrial Training Program provides job training grants to firms that are new to the state or to existing firms that are expanding within Kansas. Information about KIT may be obtained through the Kansas State Department of Commerce. Of all Hays firms interviewed, 67% stated they had no knowledge of KIT and no firms had used the program (see Tables 125 and 126). More firms in the finance and services industries had heard of the program than firms in other industries (see Table 126). No firms employing greater than 50 employees had knowledge of KIT (see Table 125). In comparison to firms in the other 8 communities, Hays firms had very similar awareness and use (see Table 127).

TABLE 125
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE KANSAS INDUSTRIAL TRAINING PROGRAM
 BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	67%	33%	0%
20-49	71%	29%	0%
50+	100%	0%	0%
TOTAL PERCENT	67%	33%	0%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 126
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE KANSAS INDUSTRIAL TRAINING PROGRAM
 BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	72%	28%	0%
Finance/Services	53%	47%	0%
Other Industries	71%	29%	0%
TOTAL PERCENT	67%	33%	0%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 127
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE KANSAS INDUSTRIAL TRAINING PROGRAM
 BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Hays	67%	33%	0%
Other 8 Communities	64%	34%	2%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The Kansas Industrial Training Program is a special program designed to aid new expansion that employs new personnel by assisting firms in upgrading their training capabilities. Again, however, a large percentage of firms are unaware of the program and of those who are, none are actually using it. Efforts to increase knowledge of KIT and enhance its use are greatly needed.

TABLE 128
 SUMMARY TABLE FOR
 ECONOMIC DEVELOPMENT PROGRAMS

	No Knowledge	Knowledge, No Use	Used Program
Certified Development Companies	90%	9%	1%
Centers of Excellence	85%	15%	0%
Community Development Block Grant Programs	45%	50%	5%
Kansas Industrial Training Program	67%	33%	0%
Job Training Partnership Act	28%	62%	10%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Note: Percentages are of the total number of firms.

Very evident is the fact that state programs designed to assist economic development efforts of firms in Hays and other communities are for the most part not very well known. A large percentage of firms had absolutely no knowledge of some of the programs and a very small percentage of firms are participating in these programs (see Summary Table 128). Of great importance to Hays' local government should be to attempt to further communicate and educate firms in the community of the various programs that are available and encourage firms to implement these into their development efforts.

Firms That Need A Specialized Skill

Of the total number of firms surveyed in Hays, 97% stated they did not need a specialized skill for employment in their company (see Tables 129 and 130). Incidentally, only small firms and firms in "other" industries stated a need for specialized employees. From Table 130 it can be seen that firms in Hays had an identical response to this question as firms surveyed in the other 8 communities.

TABLE 129
 PERCENT OF TOTAL FIRMS THAT NEED A
 SPECIALIZED SKILL, BY FIRM SIZE

Does your firm need a specialized skill for
 employment in your company?

Number of Employees	NO	YES
1-19	97%	3%
20-49	100%	0%
50+	100%	0%
TOTAL PERCENT	97%	3%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size
 Communities with Populations of 10,000 to 100,000, Institute for Public
 Policy and Business Research, The University of Kansas, 1987.

TABLE 130
 PERCENT OF TOTAL FIRMS THAT NEED A
 SPECIALIZED SKILL, BY INDUSTRY

Does your firm need a specialized skill for
 employment in your company?

Industry	NO	YES
Manufacturing	100%	0%
Finance/Services	100%	0%
Other Industries	96%	4%
TOTAL PERCENT	97%	3%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size
 Communities with Populations of 10,000 to 100,000, Institute for Public
 Policy and Business Research, The University of Kansas, 1987.

TABLE 131
 PERCENT OF TOTAL FIRMS THAT NEED A
 SPECIALIZED SKILL
 BY COMMUNITY COMPARISON

Does your firm need a specialized skill for
 employment in your company?

Community	NO	YES
Hays	97%	3%
Other 8 Communities	97%	3%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

In general, the work force in Hays and other communities is not highly skilled, and this factor could be a limiting condition for future expansion by firms in the Hays community. As changes in technology and technological advancement become more evident and essential in business operations, skilled positions will become increasingly common for all types of firm sizes and industries. To remain competitive, firms will have to adapt, and as a result, will have to train a great deal of workers in the future. This type of undertaking will require large amounts of resources. Programs such as the Job Training Partnership Act and the Kansas Industrial Training Program take on added significance when this issue is discussed. Hays' local administrative unit must make appropriate efforts to make firms sufficiently aware of such assistance programs.

Using state universities, community colleges, or vocational schools.

Nearly 60% of the firms surveyed in Hays stated that in the past two years they have never used the services of any state university, community college, or vocational school (see Tables 132 and 133). Finance and services firms used these institutions more often than firms in other

industries (see Table 133). Hays firms use the service of a state university, community college, or vocational school slightly more than firms in other communities (see Table 134).

TABLE 132
PERCENT OF TOTAL FIRMS THAT HAVE USED THE
SERVICES OF A STATE SCHOOL
BY SIZE OF FIRM

In the past two years, has your company ever used the services of any state university, community college, or vocational school?

Number of Employees	NO	YES
1-19	59%	41%
20-49	64%	36%
50+	50%	50%
TOTAL PERCENT	59%	41%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 133
PERCENT OF TOTAL FIRMS THAT HAVE USED THE
SERVICES OF A STATE SCHOOL
BY INDUSTRY

In the past two years, has your company ever used the services of any state university, community college, or vocational school?

Industry	NO	YES
Manufacturing	69%	31%
Finance/Services	42%	58%
Other Industries	62%	38%
TOTAL PERCENT	59%	41%

n = 95

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 134
 PERCENT OF TOTAL FIRMS THAT HAVE USED THE
 SERVICES OF A STATE SCHOOL
 BY COMMUNITY COMPARISON

In the past two years, has your company ever used the
 services of any state university, community
 college, or vocational school?

Community	NO	YES
Hays	59%	41%
Other 8 Communities	61%	39%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Development, innovation, and assistance which is available from these various institutions can be very helpful to companies in the Hays community. Companies and state educational institutions, such as Fort Hays State University, should attempt to work together more, and attempts to bridge the present gaps should be given attention in the Hays community.

Services used from state universities, community colleges, and vocational schools. Of those firms in Hays who do use the resources available by state schools, 44% use them for training of presently employed personnel, 38% for consulting in business planning, and 36% for enrollment in business courses (see Tables 135 and 136). Over two-thirds of the firms in the manufacturing industry stated they used the institutions for consulting in business planning activities, and 100% of the mid-size firms had used the institution for business courses.

TABLE 135
SERVICES USED FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY SIZE OF FIRM

Number of Employees	Training of Presently Employed Personnel	Technical Courses	Business Courses	Consulting In Product Development	Consulting In Process Innovation	Consulting In Business Planning	Consulting In Construction	Agriculture-Vet. Services
1-19	45%	20%	36%	3%	11%	36%	8%	3%
20-49	60%	20%	100%	0%	40%	0%	0%	0%
50+	33%	0%	0%	0%	0%	67%	0%	0%
PERCENT OF TOTAL	44%	18%	36%	3%	12%	38%	7%	3%

n = 47

*Since firms could give more than one service used, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 136
SERVICES USED FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY INDUSTRY

Industry	Training of Presently Employed Personnel	Technical Courses	Business Courses	Consulting In Product Development	Consulting In Process Innovation	Consulting In Business Planning	Consulting In Construction	Agriculture-Vet. Services
Manufacturing	31%	31%	46%	15%	8%	69%	8%	0%
Finance/Services	39%	8%	39%	0%	8%	39%	8%	0%
Other Industries	53%	21%	32%	0%	16%	26%	5%	5%
PERCENT OF TOTAL	44%	18%	36%	3%	12%	38%	7%	3%

n = 47

*Since firms could give more than one service used, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 137
SERVICES USED FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY COMMUNITY COMPARISON

Community	Training of Presently Employed Personnel	Technical Courses	Business Courses	Consulting In Product Development	Consulting In Process Innovation	Consulting In Business Planning	Consulting In Construction	Agriculture-Vet. Services
Hays	44%	18%	36%	3%	12%	38%	7%	3%
Other 8 Communities	41%	26%	20%	10%	11%	21%	2%	10%

*Since firms could give more than one service used, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Firms in Hays used the educational facilities for consulting and business course enrollment to a greater extent than firms surveyed in the other 8 communities (see Table 137). Firms in the Hays community should take greater advantage of the various services available at state schools.

Employees sought from state universities, community colleges, and vocational schools. Employees most commonly sought by businesses in Hays include entry level clerical and business management personnel (see Tables 138 and 140). Half of the employees sought from state institutions by finance and services industry firms are business management personnel. Overall, firms in Hays seek employees from the institutions for very similar purposes as firms in other communities (see Table 140). Hays firms do, however, seek business management personnel less than firms in comparison communities.

TABLE 138
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY SIZE OF FIRM

Number of Employees	Entry-Level Clerical	Mechanics, Machinists	Data Processors	Electronics, Electrical Techs.	Drafters	Chemical Process, Lab Techs.	Engineering	Business Management Personnel	Agricultural, Vet. Personnel	Heavy Equipment Operators	General Labor
1-19	28%	17%	12%	8%	2%	3%	3%	21%	9%	9%	9%
20-49	29%	29%	0%	0%	0%	0%	29%	43%	0%	0%	0%
50+	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%
PERCENT OF TOTAL	28%	17%	11%	7%	1%	3%	8%	22%	8%	8%	8%

n = 46

*Since firms could give more than one type of employee sought, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 139
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY INDUSTRY

Industry	Entry- Level Clerical	Mech- anics, Mach- inists	Data Proc- essors	Elec- tronics, Elec- trical Techs.	Draf- ters	Chem- ical Pro- cess, Lab Techs.	Engi- neers	Bus- iness Manage- ment Pers- onnel	Agri- cul- tural, Vet. Pers- onnel	Heavy Equip- ment Oper- ators	General Labor
Manufacturing	36%	36%	14%	7%	7%	0%	0%	21%	0%	0%	14%
Finance/ Services	13%	0%	13%	0%	0%	13%	0%	50%	13%	0%	0%
Other Industries	30%	17%	9%	9%	0%	0%	13%	13%	9%	13%	9%
PERCENT OF TOTAL	28%	17%	11%	7%	1%	3%	8%	22%	8%	8%	8%

n = 46

*Since firms could give more than one type of employee sought,
total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size
Communities with Populations of 10,000 to 100,000, Institute for Public
Policy and Business Research, The University of Kansas, 1987.

TABLE 140
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY COMMUNITY COMPARISON

Community	Entry- Level Clerical	Mech- anics, Mach- inists	Data Proc- essors	Elec- tronics, Elec- trical Techs.	Draf- ters	Chem- ical Pro- cess, Lab Techs.	Engi- neers	Bus- iness Manage- ment Pers- onnel	Agri- cul- tural, Vet. Pers- onnel	Heavy Equip- ment Oper- ators	General Labor
Hays	28%	17%	11%	7%	1%	3%	8%	22%	8%	8%	8%
Other 8 Communities	25%	21%	8%	8%	3%	6%	11%	32%	9%	6%	13%

*Since firms could give more than one type of employee sought,
total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size
Communities with Populations of 10,000 to 100,000, Institute for Public
Policy and Business Research, The University of Kansas, 1987.

Mid-size communities, including Hays, generally have firms which do not require a large number of employees with technical backgrounds. In light of this, attention should be directed toward (given the present employee demands by local companies) assuring that the quality of local and area institutions is sufficiently meeting expectations and needs of local firms.

Economic Development Assistance Programs Summary

After examining the data regarding economic development programs, it is possible to make the following summary implications:

1. State economic development programs are not well known nor heavily used by Hays firms.
2. Accessibility and knowledge of these various economic development programs must be increased so that firms can take advantage of expansion and economic growth opportunities.
3. In general, Hays firms have requirements for relatively general, nonspecified skills. As a result, their ability to compete in the future will be dependent upon training and access to training programs.
4. If competition requires a transition to more specialized forms of employment, growth potential of Hays firms will be weakened.
5. It is essential that assistance programs such as JTPA and KIT be communicated to businesses in the Hays community to greater facilitate expansion and upgrading activities.