

PART I

BUSINESS RETENTION AND EXPANSION
IN EMPORIA

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 survey sample of 84 business firms in Emporia was completed to find determinants of business retention and expansion of existing industries in the city.

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 Emporia, to identify the potential of Emporia 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. Over the time period of 1978 to 1986, employment growth for Lyon county was 0%. There was also no employment growth for the period 1982 to 1986. These zero growth rates were well below rates of employment growth for both the state and for the United States.
2. The small firm is a major source for economic growth in the community. The large majority of surveyed firms (75%) in Emporia have less than 20 employees.
3. Most companies are oriented to the local and state markets. The total number of surveyed firms sold a mean, or average, 61% of their goods or services in the local market, 19% in the state market, 20% in the national market, and a mean 1% in the international market.
4. The majority of firms will make location and expansion decisions within the community. Of the total number of surveyed firms, 65% stated they were single establishment companies and were not part of a larger corporation.
5. Industrial recruitment has generally not been a successful strategy for Emporia. In the past five years, only 1% of the total number of surveyed firms had moved to Emporia from another city or state.

6. Most firms are homegrown and see the city as providing the market and location they need. Of the total number of firms, 62% stated that they were located in the community because it filled a product or service need, 56% stated that Emporia was the hometown of the company as a reason for location in the city, and 42% stated that a central location was a reason for location in the city.

7. At present, relocation of firms outside of Emporia does not seem to be a problem for the community. Of the total number of surveyed firms, only 7% stated they were planning to move, and 5% are moving to locations that are within the city.

8. Emporia companies believe there are additional companies not presently located in the community that would be of benefit to existing firms. Of the total number of surveyed firms, 49% stated that an additional manufacturer or service provider would be of benefit to their respective company.

9. Expansion growth has occurred in Emporia during the past two years and there is optimism about expansion capabilities for the future. For the total number of firms, 36% stated they had increased employment the past two years and 46% stated they had increased physical plant size. In the coming year, 36% stated they will increase employment and 22% stated they will increase physical plant size.

10. There are firms in Emporia with both the potential and the desire to expand internationally. Of the total number of surveyed firms, 10% said they had the potential to expand and 10% said they had the desire to expand.

11. Financing sources for expansion in Emporia are traditional in nature. Of the total number of firms, 54% stated that a bank was a source for financing and 50% stated that internal funds were a source.

12. The majority of Emporia firms believed the attitude of the local government towards businesses was positive to very positive. Of the total number of firms, 56% stated that the attitude of the local government towards businesses in the community was positive to very positive.

13. The majority of local services were seen to be either good or adequate. Of the total number of firms, 76% rated fire protection as good, 75% rated the police protection as good, 75% rated the public school system as good, and 73% rated electric system as good. The major exceptions were air transportation and the quality of public transportation: 53% rated the availability of air transportation as poor and 32% rated the quality of public transportation as poor.

14. A major concern for surveyed Emporia firms for improving the quality of life is economic environment. Of those firms that gave suggestions for improving the quality of life, 65% suggested economic development.

15. Companies in Emporia do not require a highly-skilled work force. Of the total number of firms, 96% stated they did not need a specialized work force for employment in their company.

16. State economic development programs are not well known to firms in Emporia. Of the total number of surveyed firms, 91% had no knowledge of Certified Development Companies, 71% had no knowledge of the Kansas Industrial Training Program, 66% had no knowledge of Centers of Excellence, 38% had no knowledge of Community Development Block Grant Programs, and 38% had no knowledge of the Job Training Partnership Act. The highest percentage of actual use came from the Job Training Partnership Act and Kansas Industrial Training Program: 15% of all firms actually used the Job Training Partnership Act and 4% Used Kansas Industrial Training Program. For all other types of assistance, actual use was no higher than 2%.

SUMMARY IMPLICATIONS FOR ECONOMIC DEVELOPMENT

POLICY IN EMPORIA

1. State and local policies should be directed to encouraging local entrepreneurs 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 Emporia's economic development strategies.
2. Although the recruitment of firms from outside of Emporia and outside of the state to relocate in the community should constitute one part of Emporia's economic development strategy, the major focus should be on the establishment of new firms and the growth of existing businesses.
3. A targeted business retention program for Emporia would be beneficial to the community and should be developed in cooperation with the Kansas Department of Commerce. These programs should identify dissatisfied firms and concentrate retention efforts upon them.
4. Larger firms and branch operations, in particular, must be targeted as part of a business retention program. The loss of a major employer would have a devastating detrimental impact on a community and on suppliers to that large company. Since many larger firms are part of a larger corporation not headquartered within Emporia, the local government and the Chamber of Commerce will need to establish and maintain contacts with the parent organizations of these firms.
5. Access to nonconventional sources of financing such as seed and venture capital should be a top priority in local economic development. Emporia firms are primarily dependent on conventional sources of financing (banks and internal funds) and do not have information or access to seed and venture financing. Consideration should be given to establishing a community-based seed/venture capital firm and to providing better information and easy access to Neosho Basin Development, Inc., Certified Development Company.
6. The improvement of air transportation access to Emporia firms is an important factor that requires attention. Limited air access is perceived to be a major problem by community firms, as well as being a deterrent to successful business retention and expansion.
7. Firms in Emporia should be encouraged to participate more actively in the state, national, and international markets. Heavy reliance on the local market severely limits growth opportunities for Emporia companies. Efforts have to be made so firms realize their potential to serve a larger market area. Such efforts are the key for future economic growth and must be pursued by local leaders.

8. Assistance and information are necessary for firms to participate in international trade. Such support may include programs to make firms aware of the potential trade opportunities that are offered in the international market. Specific barriers to international trade, such as financing and knowledge of foreign demand, must be addressed. There is an unrealized opportunity to increase exports from Emporia businesses.
9. A major effort is required to assure that firms in Emporia know what kind of state economic development programs are available to assist them. Local business community leaders and the local government should make firms aware of such economic development assistance programs as the Kansas Industrial Training Program, the Job Training Partnership Act, Centers of Excellence, Certified Development Companies, and the Community Development Block Grant Program. Also, communication networks should be initiated to insure that firms in Emporia are aware of the Kansas Technology Enterprise Corporation, Kansas Inc., Kansas Venture Capital Inc., and other state economic development agencies.

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 Emporia. This was accomplished through a survey questionnaire given to a random sample of business representatives. Emporia companies were surveyed to identify factors that influence retention and expansion in existing industries in the community, to identify the potential of Emporia 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 Emporia, eight other communities (Coffeyville, Garden City, Great Bend, Hays, 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 Emporia are compared to results from the other 8 communities in Part II of this report.

A total of 84 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 Emporia, (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 Emporia 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 Lyon 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 in Lyon county stayed constant from 1978 to 1986. Employment growth for Lyon county was much lower than both the percentage for Kansas and the growth experienced by the United States for the same period (see Table A).

TABLE A
TOTAL EMPLOYMENT - COUNTIES, KANSAS, AND U.S.
1978-1986 (In 000's)

	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 Lyon county, the number of establishments has grown by 22% from 1978 to 1985. This is slightly higher than the rate for Kansas and lower than the rate for the United States, and is the third highest among the growth rates for the nine counties that were sampled for the state report. Although Lyon county has a relatively high establishment growth rate, its recent employment growth during the same period has held constant, indicating potential problems for the future (all figures are from the Kansas County Business Patterns and the United States County Business Patterns).

Personal Income Growth

Personal income growth for Lyon county was 71% for the time period 1978 to 1984. This was lower than the Kansas growth rate of 75% and almost the same as the United States rate of 72%. It was the sixth among the growth rates for the nine counties of the communities selected for the state

report (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

While establishment growth and personal income growth in Lyon county were averages of the counties that were selected for the state report, employment growth remained constant.

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 356 employees, and companies represented the mining, construction, manufacturing, transportation-communications, wholesale, finance, and services industries.

The survey focused on firms that were part of the economic base of Emporia. 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 Emporia are small: 75% of the total number of surveyed firms have less than 20 employees, implying that the small firm in Emporia is a great potential source for growth in the community. This is not industry specific data; all industries except the transportation-communication industry have a majority of firms with less than 20 employees.

industry have a majority of firms with less than 20 employees. Only 14% of the total firms have 50 or more employees. The random sampling done in this study shows that wholesale, services and manufacturing industries have an important representation in Emporia (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	0%	0%	0%	0%
Mining	100%	0%	0%	1%
Construction	67%	0%	33%	4%
Manufacturing	70%	9%	22%	17%
Transportation-Communications	44%	22%	33%	13%
Wholesale	71%	24%	6%	24%
Finance	75%	13%	13%	12%
Services	95%	0%	5%	29%
Percent of Total Firms That Are In This Size Category	75%	12%	14%	100%

n = 84

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 gave their total annual sales, 81% 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). Industry specific data, however, revealed that no finance/services firm in this survey had sales of \$20 million dollars or more. On the whole, Emporia has small, low revenue companies.

TABLE C
TOTAL ANNUAL SALES

0 To 4,999 Dollars	Annual Sales (000's)		
	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
82%	5%	11%	3%

n = 68

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 Emporia 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). This data points out that decisions concerning retention and expansion will be made within the city, not through corporate headquarters in other areas. Another implication is that, 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.

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%	11%	21%	100%

n = 84

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 products sold by firms in Emporia is relatively limited. Firms sold a mean, or average, 61% of their goods or services in the local market, 19% in the state market, 20% in the nation market, and only a mean 1% in the in the international market (see Table E). Size and industry breakdowns revealed that firms with less than 20 employees and finance/services firms used local markets more than other size companies or other industry companies. The future competitiveness of Emporia firms will depend on how well they use many markets, particularly the national and the international markets. This data suggests that firms in Emporia should be encouraged to continue and to initiate trade in markets outside of Kansas.

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
61%	18%	20%	1%

n = 84

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 Emporia firms, it is possible to make the following summary implications:

1. The small firm is a major source for potential economic growth in the community. The large majority of firms (75%) in Emporia are small, regardless of industry.

2. The majority of surveyed firms (82%) in Emporia had total annual sales that were less than \$5 million dollars.

3. The majority of firms are single establishments, with no connection to a larger corporation. Thus, most retention and expansion decisions will be made within the community, not from parent organizations in other areas.

4. Most companies are oriented to local and state markets. If these firms remain 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. There has been no major influx of firms to Emporia; 99% of all firms have not moved to Emporia from another city or state in the past five years. This points out that businesses in Emporia are locally oriented, with few companies bringing experience from other markets or regions.

Reasons for Location. Most companies in Emporia are home grown and see the city as providing the market and location they need. Of the total number of firms, 62% stated that they were located in the community because

it filled a product or service need, 56% stated that Emporia was the hometown of the company as a reason for location and 42% stated that a central location was a reason for location in the city (see Table F). Tax incentives, if available, had no impact on location decisions of Emporia firms. One positive conclusion here is that with so many small hometown firms, the atmosphere for entrepreneurship seems to be good.

TABLE F
REASONS FOR LOCATION IN THE COMMUNITY*

Home- town	Local Economy	Strong Local Govt.	More Recep- tive Local Govt.	Tax In- centives and-or Public Fin- ancing	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 Raw Mat- erials	Central 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%	3%	0%	0%	0%	14%	4%	6%	19%	0%	42%	8%	3%	62%	1%

n = 84

*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 small percentage of firms are planning to move and the majority of those firms that are moving are staying within the city. Of the total number of surveyed firms, 7% stated they were planning to move, but 5% of these firms are moving to locations that are within the city (see Table G). Only 2% of these firms are planning to leave Emporia. This implies that 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 Emporia.

TABLE G
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	5% Of Total Firms	0% Of Total Firms	2% Of Total Firms	7% Of Total Firms

n = 84

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. Many Emporia firms believe that there are certain types of companies that are not presently in Emporia that could benefit the firms already established in the community. Of the total number of surveyed firms, 49% stated that there were additional manufacturers or service providers that would be of benefit to their company if they were located in Emporia. When asked what types of firms that would be of benefit, 53% said raw materials suppliers, 29% said business services, and 22% said more customers for the products. Such companies should be targets for industrial recruitment and for targeting support for new firms or expansions. New firms in Emporia 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 Emporia (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 these firms, retention strategies that focus on the quality of the community or of the state will have little impact on retention decisions.

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
78%	22%	90%	10%	99%	1%

n = 84

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 reveal that firms with 50 or more employees have more trouble attracting and retaining management and professional personnel, which indicates a future problem for expansion. Also, firms with 20 or more employees are more likely to have negative images of rural life and Kansas. The city needs to address the concerns of larger companies or risk the possibility of losing companies 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 Emporia are predominantly homegrown and small, indicating that a good climate for future entrepreneurship from within these communities can be fostered for new expansion.

2. Very few firms are moving from their present location, and the majority of those that are moving are staying within the city limit.
3. The city's retention strategy will be most successful if aimed at the small number of firms which are dissatisfied with the city.
4. Raw materials suppliers and business services are viewed by many firms as additional companies that would be of benefit to existing firms. Location and expansion decisions will be made upon the proximity and the delivery of supporting materials and services.
5. Firms do not have negative images about rural life or the state of Kansas, suggesting that policy which exclusively stresses the quality of the community will have little or no effect on retention or expansion.
6. As companies expand and grow larger, there will be greater difficulty in attracting and maintaining management and professional personnel.

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.

Past Expansion

Employment and physical plant expansion. In the past two years, there has been employment and physical plant size growth. However, the majority of firms have remained constant in employment and size; 50% of the total number of firms stated they remained employment constant over the past two years

and 49% stated they remained physical plant size constant (see Table I). Overall, however, employment growth and physical plant size growth have occurred in the community over the past two years. Maintaining and increasing these growth rates should be a high local priority.

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	14%	50%	36%
Physical Plant Size	5%	49%	46%

n = 84

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. Lack of financing and the market for products, and space availability are major problems for expansion in Emporia. For the firms that gave problems with expansion, 32% stated that a lack of affordable financing was a problem, 23% stated that a static or declining market was a problem, and 23% said a lack of space was an expansion problem. That a static or declining market is the major problem associated with not expanding indicates that, for some firms, the locally centered scope of products is deterring expansion. The problem of finding affordable financing may indicate a need at the city level to make known additional ways to finance an expansion.

Of those firms that have experienced an expansion, 67% stated that an expanding market was a helping factor, and 29% stated the more efficient operation was also a factor. An expanding market was a reason for expansion

given by a high percentage of firms, indicating the need for many companies to broaden the scope of their products or services and to reach broader market.

Plans for Expansion

Employment and physical plant size expansion. Firms in Emporia are optimistic about their ability to retain increases in employment and plant size. Although the majority of firms will remain constant in both employment and plant size next year, 36% of the total number of surveyed firms said they will increase employment in the next year and 22% stated they will experience a plant size expansion in the next year. No surveyed firm is planning to decrease employment (see Table J). The major implication is that the city strategy must ensure assistance that will build upon this optimistic attitude towards both employment and plant size expansion.

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

	Decrease or Contraction	Remain Constant	Increase or Expansion
Employment	0%	64%	36%
Physical Plant Size	1%	76%	22%

n = 84

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 not be a problem for Emporia. Of the number of firms that stated they were planning an expansion, 94% said they would expand within the city limits and 6% said within the state. The low percentage of firms planning an

expansion out of the city limit may have resulted from the lack of space or other physical plant restrictions.

Expanding into the international market. There are firms in Emporia that can and want to expand into the international market. Although the large majority of firms do not believe they can expand, 10% of the firms that answered these questions stated they had the potential to expand, and 10% stated they had the desire to expand into the international market (see Table K). Size breakdowns revealed that the highest percentage of firms that believe they have the potential and the desire to expand internationally came from firms with 20 to 49 employees, 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 oriented.

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	90%	10%
Desire to Expand	90%	10%

n = 75

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. Sources for financing expansion in Emporia firms are traditional in nature. Of the firms that gave a financing source, 54% said a bank was a source and 50% said internal financing was a source (see Table

L). Economic development programs designed to aid the small business are apparently not used, which may be because of a lack of knowledge about such programs. A first step in assisting firms to expand would be to make sure that firms are aware of forms of financing for expansion other than traditional 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	Small Business Administration	Certified Development Companies	Industrial Revenue Bonds
54%	2%	2%	50%	2%	2%	4%

n = 81

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. Expansion growth has occurred in Emporia the past two years and there is optimism about expansion capabilities for the future. Now is an excellent time to assist and foster expansion in the community.
2. An expanding market was the major factor associated with past expansion, and a declining or static market was the greatest reason associated with past contractions. This emphasizes the importance of participating in markets outside of Emporia and outside of Kansas.
3. Most (94%) of the firms that are planning an expansion will expand within the city limit and 6% of firms outside of the city limit.
4. The majority of firms in Emporia with the potential and the desire to expand into the international market have 20 to 49

employees. Because of the importance of the international market, it is imperative that these firms be encouraged to meet their potential and desire.

5. Financing sources for expansion are traditional in nature (banks and internal funds). Alternative forms of financing must be made known to these firms to increase the opportunities and chances for expansion. Continued dependence on standard sources for financing could impede expansion growth.

BUSINESS CLIMATE

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

Local Business Climate

Attitude of the local government. The attitude of the local government towards Emporia firms is viewed by 56% of the firms to be positive to very positive (see Table M). It is important to note the high percentage (37%) of companies that stated that local government's attitude was neutral. This could be a time for the local government to actively involve itself in finding means to assist their companies with growth strategies.

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

Attitude of Local Government		
Positive To Very Positive	Neutral	Negative To Very Negative
56%	37%	7%

n = 84

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. In general, firms are satisfied with the services that are provided to them (see Table N). High good ratings were given to the fire protection (76%), police protection (75%), and the electric system (73%). High poor ratings were given to the availability of air transportation (53%) and the quality of public transportation (32%). The poor ratings given to transportation issues will be important as firms decide to expand. Firms that want to grow will look to see if they can adequately move products to and from their destination as well as the timely delivery of necessary materials. Important for the local business climate, however, is the perceived good quality of local services. These are positive signs for the city and will help in decisions of location and expansion.

TABLE N
EMPORIA FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	0%	43%	48%	9%
Quality of Railroads	30%	43%	22%	5%
Cost of Transportation	12%	35%	45%	9%
Availability of Air Transportation	26%	6%	15%	53%
Quality of Public Transportation	31%	12%	26%	32%
Freight Delivery Time	17%	59%	23%	1%
Quality of Training	12%	36%	38%	14%
Fire Protection	3%	76%	18%	4%
Police Protection	1%	75%	22%	2%
Telephone System	0%	62%	30%	8%
Electric System	0%	73%	26%	1%
Public School System	1%	75%	22%	2%

n = 84

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. Suggestions for improving the local quality of life centered mainly on the economic development. Of the respondents who suggested ways to improve the local quality of life, 65% mentioned the economic development as a way to improve the local quality of life (see Table O). Followed are more entertainment and more recreational activities as the best way to improve the local quality of life. Officials in Emporia must note the kinds of suggestions mentioned by their businesses, and find ways to improve the local quality of life. The quality of life will be an important factor in a company's decision concerning location and expansion in the Emporia community.

TABLE O
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	Clean up Town/Fix Property	Upgrade Education
65%	16%	6%	14%	10%	3%	10%

n = 43

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, 59% suggested economic development, 23% suggested that the local government be more responsive, and 20% suggested helping entrepreneurs (see Table P). Economic development as a way to improve the local business climate did receive the greatest percentage of responses from Emporia firms. There is also a desire for the

local government to be more responsive, and to help entrepreneurs. These are areas where the local government can have an impact on the future of its businesses. As seen in Table M, Emporia firms believe that their local government has a positive attitude towards businesses in the community. The local government should 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 Devel- opment	Better Cooper- ation Between State & Local	Increase and Improve Local Image	Improve Local Financing	Tax Incen- tives, Abate- ments	Local Govt. More Respon- sive	Help Entre- pre- neurs	Spend Muni- cipal Funds
59%	3%	11%	11%	16%	23%	20%	7%

n = 42

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 did not center so heavily on economic development, but included a variety of recommendations. Of the firms that gave suggestions, 39% suggested economic development, 30% suggested improving the highway system, 25% suggested improving or lowering taxes, and 19% suggested tax incentives (see Table Q). Transportation is once again a factor that is of consequence to these firms, and will gain even more importance if companies are to use more than the local market.

TABLE Q
 SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*

Economic Development	More Cooperation Between State & Local	Increase State & State Image	Better Financing Opportunities	Enter Tax Incentives	Better Commerce - muni-cation	Eliminate Sev-erance Tax	Improve Highway System	Seek High-Diversification	Change Or Lower Taxes
39%	1%	9%	5%	19%	10%	0%	30%	0%	25%

n = 58

*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. The large majority of firms believe the attitude of the local government towards businesses is positive to very positive, but a relatively high percentage of firms suggested that to improve the local business climate the local government should be more responsive to businesses in the community.
2. Local public services were seen mainly to be good or adequate. However, the availability of air transportation and the quality of public transportation were seen by many firms to be poor. The poor ratings given to transportation issues will be important as firms decide to expand.
3. Suggestions for improving the local business climate include economic development, a more responsive local government, and assistance for entrepreneurs. Emporia firms are looking for development assistance from their community officials.
4. Economic development is very much on the minds of these respondents, and better knowledge of existing state and local programs or the creation of new local assistance will be accepted as efforts to increase developmental opportunities.

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

State economic development programs are not well-known to companies in Emporia. For the total number of surveyed firms, 91% had no knowledge of Certified Development Programs, 66% had no knowledge of Centers of Excellence, 71% had no knowledge of the Kansas Industrial Training Program, 38% had no knowledge of the Job Training Partnership Act, and 38% had no knowledge of Community Development Block Grant Programs (see Table R). Local officials need to make sure information about economic development programs reaches the business community, with emphasis on what these programs were designed for and how they can be used. 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	91%	8%	1%
Centers of Excellence	66%	34%	0%
Community Development Block Grant Programs	38%	60%	2%
Kansas Industrial Training Program	71%	25%	4%
Job Training Partnership Act	38%	47%	15%

n = 84

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 Emporia do not require a highly-skilled work force. Of the total number of surveyed firms, 96% 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 firm sizes and industries. To remain competitive, companies will have to adapt. This will mean that companies in Emporia 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 Emporia have used the services of these institutions in the past two years. 59% of the total number of firms said they have used these educational institution's services in the past two years. Assistance from these schools can be extremely helpful to companies, and the innovation that can come from small firms is of great potential. Companies and state institutions should be working together more.

Employees sought from state universities, community colleges, or vocational schools. Of the firms that stated they sought employees from these institutions, 45% said they sought business or management personnel, and 20% said they sought entry level clerical workers (see Table S). Besides management personnel, the variety of employees hired reflects the relatively low-skill nature of Emporia firms, with few percentages given for technicians, engineers, or drafters. The future competitiveness of Emporia firms will depend upon the recruitment and use of these latter types of employees.

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

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	Bu- siness Manage- ment Pers- onnel	Agri- cul- tural, Vet. Pers- onnel	Heavy Equip- ment Oper- ators	General Labor
29%	17%	13%	11%	1%	2%	8%	45%	6%	5%	20%

n = 51

*Since firms could give more than one type of employee sought for their 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.

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 Emporia. The majority of firms have not heard of the programs and very few firms actually used the programs. Local officials must work in cooperation with state agencies in supplying information and means of access to Emporia firms for better use of these programs. At the present time, economic development assistance has had an impact on only a small number of firms in the community.
2. Emporia has relatively low-skill workers, making their ability to compete in the future heavily dependent on training and access to training.
3. Many firms do not use the services of a state university, community college, or vocational school, indicating possible difficulties for firms to find, make, and/or initiate contacts with these institutions.

SUMMARY

Firms in Emporia are small, low revenue companies that are oriented to local and state markets. They are predominantly homegrown and relatively pleased with their community and with their state, indicating that a good

climate for future entrepreneurship from within the city can be fostered for new expansion. The large majority of firms here have not moved to Emporia from another city or state in the past two years, and few firms are planning to move from their present location. Thus, the city's retention strategy will be most successful if aimed at small numbers of firms which are dissatisfied with the city. Sustained future growth will come from the expansion and growth of the firms presently in Emporia, not from firms recruited to relocate in the area.

It looks as if now is an excellent time to facilitate the expansion capabilities, and there are many firms that are planning employment and physical plant size increases. Financing was a major problem associated with expansion; the implication here is a need at the city level to make known additional ways to finance an expansion.

Now is also a good time for the local government to assist business in Emporia. The majority of companies here believe the local government has a positive to very positive attitude towards their businesses and many firms believe that the local business climate can be improved with a more responsive local government.

The scope of products sold by firms in Emporia is small. The majority of firms are oriented to the local or the state markets. The future competitiveness of Emporia firms depends on how well they use many markets, particularly the national and the international markets. This is strengthened by the survey results: the major reason for contractions was a static or declining market and the greatest factor helping expansion was an expanding market. There are firms in Emporia that can and want to expand into the international market. Local officials must make sure companies

have the proper information and the sources necessary for trade in markets outside of Kansas.

Firms in Emporia also do not have much knowledge about state economic development programs. The majority of firms have not heard of the programs and very few firms actually used the programs. Information about these programs should 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. Emporia 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 EMPORIA
SURVEY RESULTS

PART II

BUSINESS RETENTION AND EXPANSION
IN EMPORIA

A Research Report

prepared for

The Kansas Department of Commerce

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BUSINESS RETENTION AND EXPANSION EMPORIA
SURVEY RESULTS

PART II

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BUSINESS RETENTION AND EXPANSION IN EMPORIA

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 were 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 Emporia will be compared to the other 8 communities included in the state report (Coffeyville, Garden City, Great Bend, Hays, 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, Emporia can take the first step needed towards keeping and encouraging economic growth from their existing firms.

I.

ECONOMIC GROWTH IN KANSAS

Before discussing the survey and the results provided by the surveyed firms in Emporia, it is necessary to review several economic growth trends for Kansas. These trends and explanations will give a view of the total state, for Lyon 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 Lyon county did not increase or decrease from 1978 to 1986. This zero percentage is lower than the state percentage for the same time period and the percentage for the United States. Of the nine counties in which the state study's communities are located, only two counties (Montgomery and Reno) had lower percentages of growth for this time (see Table 1). The growth in employment for Lyon county from 1982 to 1986 was also 0%, which was 7% lower than the state percentage and 11% lower than the United States rate.

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.

There were no employment increases in Lyon county for the period of 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 was also 0% for Lyon county. When these county figures are examined, and when comparisons are made between Lyon county, Kansas, and the U.S., it is apparent that economic development strategies are needed to assist Emporia increase employment growth, and to create even more opportunities for the future.

Establishment Growth

The total number of establishments has shown a positive growth of 22% Lyon county from 1978 to 1985. This figure is barely higher than the rate for the state during the same period but less than the U.S. rate. For this 1978-1985 time period, only two counties (Douglas and Finney) had a higher percentage 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, however, establishment growth for Lyon county was higher than six 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 no growth in employment and a relatively large growth in number of establishments indicates that Emporia's 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 Emporia 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 Lyon county, and these changes have occurred in the other 8 counties as well as the state. From 1978 to 1984, personal income has increased 71%, which is equal to the United States rate and almost equal to the Kansas rate, and was higher than the rates for three counties where the other 8 comparison communities are located (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 Emporia. 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 Lyon county has been lower than employment growth in Kansas and the United States. This suggests weaknesses in the Emporia economy and the importance of designing and implementing appropriate economic development strategies that will maintain growth. Emporia is particularly important since it serves as a regional center for its part of the state. In recent years the economy of Lyon county has been under performing the Kansas economy.

II.

SURVEY METHODOLOGY FOR BUSINESS RETENTION AND EXPANSION

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

Sample

The findings for Emporia and the comparison communities are based on a disproportionate stratified probability sample of businesses in Emporia 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 Emporia, eight communities were randomly selected from these six regions. They were: Garden City, Great Bend, Coffeyville, Hays, 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 Emporia and other communities. Their inclusion would

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

Once Emporia 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, 17 percent of the businesses in Emporia 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 84 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 Emporia. At the 95 percent level of confidence, the sampling error in Emporia 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) firms in the economic base of Emporia are overwhelmingly small (most with less than 20 employees), (2) the majority of firms have less than \$5 million dollars in total annual sales, (3) that most companies are single establishments with headquarters located within the state, and (4) the majority of products are sold in the local market.

In Emporia, 84 firms participated in the survey. The companies represented the agricultural, mining, construction, manufacturing, transportation-communications, wholesale, finance, and services industries. In this report, the firms will be divided into three size categories: 1 to 19 employees, 20 to 49 employees, and 50 or more employees; and into three industry categories: manufacturing, finance and services, and other industries. Along with tables showing percentages by these breakdowns, the total percentages given by surveyed Emporia firms will be compared to the total percentages given by surveyed firms in the "other 8 communities" that were sampled for the state report on business retention and expansion. These communities were: Coffeyville, Garden City, Great Bend, Hays, Hutchinson, Lawrence, McPherson, and Salina.

Firm Size and Industry

The businesses in Emporia are small: 75% have less than 20 employees (see table 4). This is not industry specific data; all industries have a

majority of firms with less than 20 employees. Only 14% of these firms have 50 or more employees. Although it is obviously true to say that the retention and expansion of large size firms is important, it would be helpful to develop city strategy that recognizes the small firm. The small firm has a major presence in Emporia, and these companies are important for economic growth. The reader should note that no agriculture firms were represented in this random sample.

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	0%	0%	0%	0%
Mining	100%	0%	0%	1%
Construction	67%	0%	33%	4%
Manufacturing	70%	8%	22%	17%
Transportation-Communication	45%	22%	33%	13%
Wholesale	71%	24%	5%	24%
Finance	75%	13%	12%	12%
Services	95%	0%	5%	29%
Percent of Total Firms That are in This Size Category	75%	12%	13%	100%

n = 84

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 random sampling done in this study shows that wholesale, services and manufacturing industries have an important representation in Emporia. Followed are transportation-communication and finance industries. Although

agriculture industry does not have a firm included in this sample, the attention, obviously, should be given to the industry. Overall, the data suggest that for development strategies to truly have an impact in the city, policy must recognize a broader economic base for future growth.

Annual Sales

Total annual sales for surveyed Emporia firms are not large, with 81% of all firms having annual sales of less than \$5 million (see Tables 5 and 6). The distribution of sales is different by size of firm: for the most part, as one would expect, the larger the firm the larger the annual sales, but no firms with 20 to 49 employees have annual sales of larger than 10 million dollars (see Table 5). All industries had a large majority of their firms that made under \$5 million in annual sales. For every industry category, more than 70% of firms had annual sales of less than \$5 million. No finance/services firms had \$20 million or more in annual sales (see Table 6). Annual sales distribution of firms in Emporia is not much different from that for the firms surveyed in the other eight cities, except that Emporia had a higher percentage of its surveyed firms with annual sales between \$10 million and \$20 million (see Table 7).

TABLE 5
TOTAL ANNUAL SALES
BY SIZE OF FIRM

Number of Employees	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
1-19	93%	2%	5%	0%
20-49	85%	15%	0%	0%
50+	0%	16%	62%	22%
TOTAL PERCENTS	81%	5%	11%	3%

n = 68

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 (000's)			
	0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
Manufacturing	74%	11%	11%	4%
Finance/Services	86%	4%	10%	0%
Other Industries	80%	4%	12%	4%
TOTAL PERCENTS	81%	5%	11%	3%

n = 68

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 (000's)			
	0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
Emporia	81%	5%	11%	3%
Other 8 Communities	85%	5%	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.

Of all Emporia firms, 81% have annual sales that are less than \$5 million a year, and only 3% of all firms have annual sales greater than \$20 million a year. This data emphasizes the type of firm that is prevalent in Emporia as well as in communities of the same size that were sampled for this study: small, low revenue companies.

Type of establishment. The majority of companies are single establishment firms and are not part of a larger corporation. Contrary to what one would expect with so many small firms, surveyed companies with 50 or more employees had a higher percentage of single establishment firms (63%) than did companies with less than 20 to 49 employees (38%) (see Table 8). Over 60% of every industry category's firms stated they were a single establishment company (see Table 9). In Emporia, the percentage of firms that are single establishment companies is almost the same as the percentage for firms in the other 8 communities (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	70%	30%
20-49	38%	62%
50+	63%	37%
TOTAL PERCENT	65%	35%

n = 84

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	83%	17%
Finance/Services	61%	39%
Other Industries	63%	37%
TOTAL PERCENT	65%	35%

n = 84

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

	Single Company	Part of a Larger Corporation
Emporia	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 number of single establishment companies points to many implications for the city. For the majority of firms in Emporia, decisions concerning retention and expansion will be made within the city itself, not through corporate headquarters in other areas. Attention must be paid to policy that addresses the single establishment firm as well as the large corporations that have operations in Emporia. City officials should recognize that much of the community's economic future is dependent upon the small, single establishment company. To design policy that ignores these firms, or that provides little assistance for growth, may reduce retention and expansion opportunities.

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. Assistance should encompass such important issues as financing, job training, adaptations to new technologies, and access to international trade.

Location of Headquarters

The majority of firms in Emporia are headquartered in Kansas. Of the total number of firms surveyed, 83% have their headquarters in Kansas (this includes the single establishment firms) (see Table 11). This is a positive sign for the community, because parent organization decisions concerning retention and expansion will, for the most part, take place within the state. The implication here is that city officials will need to work with state officials when contacting some companies about development assistance or with providing information.

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

Kansas Headquarters	Non Kansas Headquarters	Unknown Headquarters	Single Company Firm	Total
18%	16%	1%	65%	100%

n = 84

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. The majority of firms that are part of a larger corporation are of major importance to their parent organizations. Of the firms that stated they were part of a larger corporation, 65% said they were a corporate or regional headquarters or a distributorship (see Tables 12-14). Important to note is the percentage of firms with less than 20 employees (64%) that are headquarters or a distributorship (see Table 12).

This highlights the importance of the very small firm in the community. The total percentages given by Emporia firms were almost identical to those given by firms in the other 8 communities (see Table 14).

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	36%	64%
20-99	25%	75%
100+	50%	50%

TOTAL PERCENT	35%	65%

n = 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.

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	18%	82%
Finance/Services	29%	71%
Other Industries	44%	56%

TOTAL PERCENT	35%	65%

n = 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.

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?

	NO	YES
Garden City	35%	65%
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. Surveyed Emporia firms are oriented primarily to local markets, but do sell a good proportion of products and services in the national market. Firms sold a mean, or average, 61% of their products and/or services in the local market, 18% in the state market, 20% in the nation market, and only a mean 1% in the international market (see Tables 15 and 16). That is, firms sold an approximate average of 21% of their goods or services outside of Kansas. This is a very important finding because a city's competitiveness and economic future depends upon the ability to export and to participate in many markets, especially the national and the international markets. Small firms are more locally oriented than large firms, and the finance/services industry firms sold their products/services locally than other industries. Compared to firms in the other eight cities, firms in Emporia sold a higher average percentage of products and/or services in the local market, a lower average in the state market, and a slightly higher mean percentage in the national market. Emporia firms are

locally oriented, but do participate in the national market more than firms in communities of the same relative size (see Table 17).

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	68%	18%	13%	1%
20-49	47%	15%	37%	1%
50+	34%	21%	43%	2%
GRAND MEANS	61%	18%	20%	1%

n = 84

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	58%	12%	29%	1%
Finance/Services	71%	15%	14%	1%
Other Industries	51%	26%	22%	1%
GRAND MEANS	61%	18%	20%	1%

n = 84

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
Emporia	61%	18%	20%	1%
Other 8 Communities	54%	28%	17%	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.

The focus of selling products for most firms, especially small ones, is on the local market. To expand or to increase economic growth, the scope of products must be broadened to include larger markets, particularly the national and the international markets. A positive sign for the community is the willingness of these firms to sell in the national market when compared to firms in communities of relative size (see Table 17).

Developing additional products. Developing additional products is one way for firms to participate in different and wider markets, and many Emporia firms feel they can offer additional products. For all firms, 43% stated that they could offer additional products or services to the ones presently being offered (see Tables 18 and 19). Within size categories, half of the firms with 20 to 49 employees stated they could offer additional products, while within industries, almost the same percentage of firms of all industry categories believed they could offer additional products. Community comparison data revealed that Emporia had a higher percentage of firms (43%)

that believed they could offer an additional product or service than the other 8 cities (33%) (see Table 20).

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	58%	42%
20-49	50%	50%
50+	58%	42%
TOTAL PERCENT	57%	43%

n = 84

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	59%	41%
Finance/Services	57%	43%
Other Industries	57%	43%
TOTAL PERCENT	57%	43%

n = 84

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
Emporia	57%	43%
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.

More than 40% of firms in every size and in every industry believed that there were additional products or services they could offer, indicating a broad basis for the growth in the community. In addition, a higher percentage of firms surveyed in Emporia stated that they could offer additional products when compared to surveyed firms in the other eight communities. These responses indicate that a high proportion of firms in the economic base of Emporia are optimistic about opportunities for introducing new products or services, and also imply that policies which can assist in new production can enhance opportunities for growth.

Survey Description Summary

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

1. The large majority (75%) of companies are small, regardless of industry. To concentrate assistance or specific city policy solely on the large company or corporation would be to overlook a major source for increased economic growth.

2. For the majority of firms, annual sales are less than \$5 million dollars.

3. The majority of firms are single establishments, with no connection to a larger corporation. Thus, most retention and expansion decisions will be made within the community, not from parent organizations in other areas.

4. Most companies are oriented to local markets. If these firms remain focused on local markets, growth will be slow at best.

5. Of the total number of surveyed Emporia firms, 43% stated they could offer an additional product or service. In comparison, 33% of the firms surveyed in the other eight communities stated they could offer an additional product or service. There is an opportunity in this community for this type of expansion growth.

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, the 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 in the community during the past five years, (2) the product or service need is the major reason for location, and (3) most firms are satisfied with the city and do not plan to leave. Because of the large numbers that do not plan to leave, the city's retention strategy will be most successful if aimed at the small number of firms which are dissatisfied with the city.

Location

Attraction of firms from outside the community. Regardless of size or industry, there has been no major influx of firms to Emporia; 99% of all firms have not moved to Emporia from another city or state in the past five years (see Tables 21, 22 and 23)¹. This is higher than the percentage given

¹ These statements refer only to firms previously described in the methodology section of this report, which are firms that make up the economic base. This survey did not include retail or service firms that were entirely local in their operations.

by firms in the other eight communities: 94%. Only one firm out of the total surveyed firms moved to Emporia in the past five years. That firm has less than 20 employees and is in the finance/services industry.

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	98%	2%
20-49	100%	0%
50+	100%	0%
TOTAL PERCENT	99%	1%

n = 84

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	100%	0%
Finance/Services	96%	4%
Other Industries	100%	0%
TOTAL PERCENT	99%	1%

n = 84

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
Emporia	99%	1%
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.

The major implication from these tables is that recruitment of firms from another city or state has generally not been successful for Emporia. As the data that only one surveyed firm moved to the community in the past five years point out, growth from bringing companies to the area has not happened (see Table 21). This places emphasis on the importance of fostering home grown companies, and assisting the expansion of existing firms. If recruitment of firms from outside of the community becomes the city's only focus, sustained growth from expansion and additional business start-ups will be lost.

Reasons for location. Most companies are homegrown and see Emporia as providing the market and location they need. For the total number of surveyed firms, 62% stated that they were located in the community because it filled a product or service need, 56% stated that Emporia was the hometown of the company as a reason for location and 42% stated that a central location was a reason for location (see Tables 24 and 25). Business representatives gave many explanations for locating in their hometown, including "this business has been in the family since World War I." Firms

surveyed in the other 8 communities gave highest percentages for hometown as a reason for location, while Emporia firms had a highest percentage of firms that gave filled a product or service need as a reason for location (see Table 26).

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

Number of Employees	Home-town	Strong Local Economy	More Responsive Local Govt.	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Central Location	Good Transportation Facilities	Proximity To Educ.- Tech. Facilities	Filled A Prod.- Serv. Need	Small Town, Rural Life
1-19	52%	10%	4%	14%	4%	6%	16%	39%	7%	4%	61%	2%
20-49	75%	0%	0%	13%	0%	0%	13%	31%	13%	0%	50%	0%
50+	63%	21%	0%	16%	5%	11%	37%	63%	11%	0%	79%	0%
PERCENT OF TOTAL n = 84	56%	10%	3%	14%	4%	6%	19%	42%	8%	3%	62%	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.

TABLE 25
REASONS FOR LOCATION IN THE COMMUNITY*
BY INDUSTRY

Industry	Home-town	Strong Local Economy	More Responsive Local Govt.	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Central Location	Good Transportation Facilities	Proximity To Educ.- Tech. Facilities	Filled A Prod.- Serv. Need	Small Town, Rural Life
Manufacturing	70%	0%	0%	26%	4%	0%	26%	44%	4%	0%	70%	0%
Finance/Services	54%	18%	4%	4%	4%	11%	14%	39%	4%	7%	68%	0%
Other Industries	53%	7%	3%	20%	3%	3%	20%	43%	13%	0%	53%	3%
PERCENT OF TOTAL n = 84	56%	10%	3%	14%	4%	6%	19%	42%	8%	3%	62%	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.

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

Community	Home- town	Strong Local Economy	More Recep- tive Local Govt.	Tax In- centives and-or Public lic Fin- ancing	Suit- able Zoning	Afford- able Lease, Good Pur- chase Prices	Local Labor Pool	Ade- quate Space for Expan- sion	Good Access to Market	Good Access to Raw Mat- erials	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
Emporia	56%	10%	3%	0%	0%	14%	4%	6%	19%	0%	42%	8%	3%	62%	1%
Other 8 Communities	54%	8%	2%	1%	1%	8%	7%	4%	27%	8%	44%	7%	3%	44%	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 firms are homegrown and locally oriented. The preceding tables underscore this fact: 56% stated that a reason for location was because the city was the hometown and 62% stated that they located to fill a product or service need. Reasons that one might expect to figure prominently in a firm's decision to locate, such as tax incentives, a good local labor pool, and good access to raw materials were not given high percentages. A positive sign here is that with so many small hometown firms, the atmosphere for entrepreneurship seems to be good. Any efforts to assist new entrepreneurial enterprise may foster additional business start-ups and additional expansion growth. Indeed, the economic growth of Emporia is primarily dependent on the ability to encourage entrepreneurship, rather than recruiting from outside of the community.

Retention

Retention of firms in the community. The number of companies that are going to move is very small, and the majority of those firms that are moving are staying within the city. Only 7% of firms stated that they will move,

and 5% of those firms are moving to locations that are within the city limits. The other firms are moving to a location that is out of state (see Table 27). These figures are a positive sign for Emporia, indicating company satisfaction with the community and a desire to remain where they are.

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

	Moving Within the City	Moving Within the County	Moving Out of State	Total Percent Moving
Firms That Are Planning to Move From Their Present Location In The Next Year	5% of Total Firms	0% of Total Firms	2% of Total Firms	7% of Total Firms

n = 84

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.

At present, relocation of firms outside of Emporia does not seem to be a problem for the community. Only 2% of the total number of surveyed firms are moving outside of the city. The implication here is that while Emporia should have a retention program, that program should be targeted on the very small number of firms that are dissatisfied. This data, along with the information that not many firms have moved to Emporia in the past five years (see Tables 21-23), suggest that the primary focus in Emporia should be on the expansion of its existing industries.

Advantages of the community. Firms gave several advantages for locating within the city. A central, good location was the greatest advantage, followed by the city provided a small-town, rural life; the hometown

atmosphere of the city; and the city filled a need for the company. Business representatives said "there are good customers and a service need in the city," "it is nice to live in the small town, I can go home for lunch," "there are a number of facilities to provide service to our company," and "business climate is good due to the students of Emporia state University." Only 6% of the firms that gave an advantage stated that they believe there is no advantage for locating in the city (see Tables 28 and 29). The focus of the majority of these firms is definitely local. Compared to the other eight cities, a notable difference is found concerning the quality of the work force. Only 5% of the firms that gave local advantages believed the quality of the work force is an advantage of the city while 9% of the firms that gave local advantages in the other eight cities feel quality of the work force is an advantage of their community (see Table 30).

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

Number of Em- ployees	No Ad- vantage	Home- town- Atmos- phere	Small Town- Rural Life	Qual- ity of Work Force	Central, Good Loc- ation	Filling A Need
1-19	8%	14%	33%	3%	54%	11%
20-49	6%	25%	62%	6%	38%	0%
50+	0%	41%	24%	18%	29%	35%
PERCENT OF TOTAL	7%	19%	35%	6%	48%	13%

n = 78

*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	Central, Good Loc- ation	Filling A Need
Manufacturing	8%	8%	54%	23%	38%	8%
Finance/ Services	3%	23%	23%	3%	50%	17%
Other Industries	12%	18%	38%	0%	53%	12%
PERCENT OF TOTAL	7%	19%	35%	6%	48%	13%

n = 78

*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	Central, Good Loc- ation	Filling A Need
Emporia	7%	19%	35%	6%	48%	13%
Other 8 Communities	7%	19%	25%	9%	51%	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.

The advantages given in Tables 28 and 29, along with the statements made by business representatives, again emphasize the fact that firms are homegrown and locally oriented. This is particularly so when integrating the data found in Tables 24-26: surveyed firms located because Emporia provided the product market and central location they needed. The greatest

advantage given by all companies was a good, central location. It must be remembered, however, that these firms are locally oriented, and their central location and satisfactory product/service market may only be relevant to their community. This also suggests that if the local market shrinks because of out-migration or increased competition, there could be a good chance for business contractions in the city. As Table 30 shows, few firms feel the quality of work force is an advantage of the city. This implies that the city should help firms know more about and use training assistance that is available in the community.

Reasons for relocation. In Emporia only two firms are planning to move from the city, which is insufficient to make general conclusions for the community as a whole. The reason for moving given by these firms were high cost of utilities, difficulty in serving customers and difficulty in obtaining financing. For comparison purposes, Table 31 shows reasons for relocation given by firms from the other 8 communities.

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 Facilities	Lack of Adequate Training Sources	Lack of Adequate Space to Expand	Restrictive Zoning Regs.	Unfavorable Lease Conditions	Difficulty In Finding Labor	Difficulty In Serving Customers	Inadequate City Services	Difficulty In Obtaining Financing
Emporia	0%	0%	0%	50%	0%	0%	0%	0%	0%	0%	0%	0%	50%	0%	50%
Other 8 Communities	19%	19%	14%	19%	24%	5%	10%	10%	5%	10%	5%	14%	43%	14%	10%

*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 to existing companies. Many firms feel that additional companies would be benefit to them. Of the total number of respondents, 49% stated that additional manufacturers or service providers would benefit their companies. This percentage is higher than the 35% given by firms in the other 8 cities (see Tables 32-34). When asked what those companies might be, 53% of those firms that gave additional companies that would be of benefit stated that raw materials suppliers would be of benefit, compared to the 60% response of the other 8 cities (see Tables 35-37). Firms that most often expressed a need for more raw materials suppliers were in the manufacturing industry (see Table 36).

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	53%	47%
20-49	31%	69%
50+	58%	42%
TOTAL PERCENT	51%	49%

n = 84

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	65%	35%
Finance/Services	43%	57%
Other Industries	53%	47%
TOTAL PERCENT	51%	49%

n = 84

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
Emporia	51%	49%
Other 8 Communities	65%	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.

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	26%	0%	29%	51%
20-49	0%	25%	25%	75%
50+	33%	0%	33%	33%
PERCENT OF TOTAL	22%	4%	29%	53%

n = 30

*Since firms could mention more than one additional company that would be of benefit, 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	20%	0%	0%	80%
Finance/Services	17%	0%	33%	50%
Other Industries	30%	10%	30%	50%
PERCENT OF TOTAL	22%	4%	29%	53%

n = 30

*Since firms could mention more than one additional company that would be of benefit, 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 Maint- enance	Business Services	Raw Materials Suppliers
Emporia	22%	4%	29%	53%
Other 8 Communities	28%	4%	17%	60%

*Since firms could mention more than one additional company that would be of benefit, 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 large number of companies that would benefit from additional manufacturers or service firms presents opportunities for the city. When industrial recruitment is attempted, such companies should 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 a priority in economic development programs. New firms in their area have the added benefit of strengthening existing companies and their ties to the city. As Table 34 points out, Emporia firms, in comparison to the other eight community companies, believe that the addition of more manufacturers or service providers are important for their particular firm.

Retaining and attracting management and professional personnel. There is a problem in attracting and retaining management or professional personnel to Emporia, which could affect future competitiveness and growth of these firms. For the total number of surveyed firms, 22% stated they had this trouble (see Tables 38-40), with companies with 50 or more employees having

a greater problem than smaller companies (see Table 38). Forty-seven percent of firms with 50 or more employees indicated a problem with recruiting or retention of managerial employees. This reflects the greater need for professional and managerial employees by firms of this size. Finance/services industry firms had a greater problem than other industry firms: 29% of respondents from the finance and services industries stated they had this problem (see Table 39). Of particular interest is the data in Table 40: 22% of surveyed Emporia firms have trouble retaining and attracting management and/or professionals, while a lower 16% of surveyed firms in the other 8 communities have this problem (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	84%	16%
20-49	69%	31%
50+	53%	47%
TOTAL PERCENT	78%	22%

n = 84

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	78%	22%
Finance/Services	71%	29%
Other Industries	83%	17%
TOTAL		
PERCENT	78%	22%

n = 84

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
Emporia	78%	22%
Other 8 Communities	84%	16%

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 these figures show, Emporia seems to have a slightly greater problem attracting and maintaining managers and/or professionals. That very large firms have more trouble retaining and attracting management and professional

personnel than do smaller firms (see Table 38) indicates a future problem for expansion. As smaller firms expand, they may have more difficulty keeping and hiring this type of employee. As will be made more clear in the Business Climate section later in this report, attention to quality of life issues in the city, particularly the arts, entertainment, and recreational activities, will be important in attracting professional and management employees to the city.

Perceived images of rural life and Kansas. For community companies, there does not seem to be a problem with the images that rural life and the state of Kansas project. However, Emporia firms do have a more negative view of rural life in comparison to firms in the other eight communities. For all firms, 90% stated they do not have a negative image of rural life (see Tables 41-43), compared with 95% from the other eight cities (see Table 43). Of the total number of surveyed firms, 99% stated that they did not have a negative image of Kansas (see Tables 44-46), compared with 98% given by firms in the other 8 cities (see Table 46). However, Tables 41 and 44 show that firms with more than 20 employees have a slightly more negative view of rural life and of Kansas. Tables 41 indicates that relatively high percentage of larger firms have a more negative view of rural life. There is no specific industry difference here.

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	95%	5%
20-49	81%	19%
50+	69%	31%
TOTAL PERCENT	90%	10%

n = 84

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	91%	9%
Finance/Services	89%	11%
Other Industries	90%	10%
TOTAL PERCENT	90%	10%

n = 84

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
Emporia	90%	10%
Other 8 Communities	95%	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.

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	100%	0%
20-49	88%	12%
50+	100%	0%
TOTAL PERCENT	99%	1%

n = 84

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

Industry	Do you have a negative image of Kansas?	
	NO	YES
Manufacturing	100%	0%
Finance/Services	100%	0%
Other Industries	97%	3%
TOTAL PERCENT	99%	1%

n = 84

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

Community	Do you have a negative image of Kansas?	
	NO	YES
Emporia	99%	1%
Other 8 Communities	98%	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.

It must be recognized that this data stems from the hometown nature of the firms, and the dependence upon local and statewide customers. It also points out that any city policy that stresses the quality of the city will probably not be that helpful in retaining or encouraging expansion within most firms. At present, firms are pleased with rural life and their state,

and this is another good sign to be considered when discussing retention of Emporia. However, Emporia firms had a slightly more negative view of rural life than firms in the other 8 communities, and there are indications that larger firms could be more likely to have negative images of rural life. The city needs to address the concerns of these companies or risk the possibility 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 are predominantly homegrown and small, indicating that a good climate for future entrepreneurship from within these communities can be fostered for new expansion.
2. Very few firms are moving from their present location, and the majority of those that are moving are staying within the city.
3. The city's retention strategy will be most successful if aimed at the small number of firms which are dissatisfied with the city.
4. The city policy for retention and expansion should include the development and access of the programs under which quality workers will be provided.
5. Raw materials suppliers and business services are additional companies that would be of benefit to existing firms. Of the total number of surveyed firms, 49% stated that an additional manufacturer or service provider would be of benefit to their company. In comparison, 35% of the firms surveyed in the other eight communities desired an additional manufacturer or service provider. Location and expansion decisions will be made upon the proximity and the delivery of supporting materials and services.
6. Firms do not have negative images about rural life or the state of Kansas, suggesting that policy which exclusively stresses the quality of the community will have little or no effect on retention or expansion. However, Emporia firms in general have a slightly more negative view of rural life than do firms in the other eight communities, and larger companies have more negative images of rural life than do smaller companies.
7. As companies expand and grow larger, there will be greater difficulty in attracting and maintaining management and professional personnel.

V.

DESCRIPTION AND DETERMINANTS OF BUSINESS EXPANSION

In this section firms are described in terms of their 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 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) the majority of firms are optimistic about growth in the city, (2) lack of financing, the market for products, and space availability are major problems for expansion, (3) an expanding market is a major factor helping expansion, (4) most expansion will take place within the city limit, (5) financing for expansion is mainly from traditional sources such as banks and internal financing, with little assistance coming from state programs, and (6) there are firms that have the potential and desire to expand internationally, but many factors keep them from doing so.

Past Expansion

Employment expansion. In the past two years, the majority of firms have neither increased nor decreased employment (see Tables 47-49). However, 36% of all firms increased employment during the past two years with larger firms increasing employment more than smaller firms (see Table 47). Of the firms with 20 to 49 employees, 50% increased employment in the past two

years. Yet a sizable number of surveyed firms, 14%, decreased employment during the period. Table 49 provides data that is encouraging: Emporia firms had a lower percentage of firms that stated they decreased employment the past two years and a higher percentage of firms that increased employment than surveyed firms in the other eight 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	10%	58%	32%
20-49	19%	31%	50%
50+	32%	26%	42%
TOTAL PERCENT	14%	50%	36%

n = 84

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	Decreased Employment	Employment	
		Remained Constant	Increased Employment
Manufacturing	13%	61%	26%
Finance/Services	11%	54%	36%
Other Industries	17%	43%	40%
TOTAL PERCENT	14%	50%	36%

n = 84

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	Decreased Employment	Employment Remained Constant	Increased Employment
Emporia	14%	50%	36%
Other 8 Communities	23%	45%	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.

If most smaller firms remain predominantly oriented towards the local market, their employment growth will continue to be lower than that for larger firms. This again points out the importance of expanding the markets. Table 49 shows that larger employment increases in firms in Emporia than the other 8 cities. Efforts to continue this trend should be encouraged.

Physical plant expansion. In the past two years, the majority of firms have held physical plant size constant. Only 5% decreased plant size over the last two years, and 46% increased size (see Tables 50-52). Larger firms decreased and increased physical size more than smaller firms, and there were notable contractions in the other industries (mining, construction, transportation-communications, and wholesale) category. In Emporia, more firms increased their physical size and fewer firms decreased size than in the other eight cities (see Table 52), indicating that, along with higher employment increases, surveyed Emporia firms have been growing more than the companies in the other 8 cities.

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	Size		
	Decreased Size	Remained Constant	Increased Size
1-19	3%	58%	39%
20-49	12%	13%	75%
50+	10%	32%	58%
TOTAL PERCENT	5%	49%	46%

n = 84

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	4%	52%	44%
Finance/Services	0%	57%	43%
Other Industries	10%	40%	50%
TOTAL PERCENT	5%	49%	46%

n = 84

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	Decreased Size	Size Remained Constant	Increased Size
Emporia	5%	49%	46%
Other 8 Communities	10%	57%	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.

Problems with past expansion. For the small number of firms (n = 13) whose respondents gave expansion problems, lack of financing, the market for products and space availability were mentioned as problems of expansion in Emporia. For the firms that mentioned problems, 32% stated that a lack of affordable financing was a problem, 23% stated a static or declining market was a problem and 23% said a lack of space was a problem (see Tables 53-55). Other problems included the tax laws, zoning regulations and the availability of labor. The higher percentage of firms in Emporia indicated the space availability and tax laws as the problems than that of the other 8 cities (see Table 55). Ways are needed to assist companies to obtain financing for their expansions, to obtain spaces, and to increase their markets for products. However, please note that percentages here for Emporia are based on 13 firms.

TABLE 53
SPECIFIC PROBLEMS WITH EXPANSION*
BY SIZE OF FIRM

Number of Employees	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Financing	Availability of Space	Tax Laws
1-19	18%	12%	29%	29%	18%	24%
20-49	0%	0%	0%	50%	50%	0%
50+	0%	100%	0%	0%	0%	0%
PERCENT OF TOTAL	14%	14%	23%	32%	23%	18%

n = 13

*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 Financing	Availability of Space	Tax Laws
Manufacturing	25%	25%	25%	25%	25%	0%
Finance/Services	0%	17%	33%	17%	33%	17%
Other Industries	33%	0%	0%	67%	0%	33%
PERCENT OF TOTAL	14%	14%	23%	32%	23%	18%

n = 13

*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 55
SPECIFIC PROBLEMS WITH EXPANSION*
BY COMMUNITY COMPARISON

Community	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Financing	Lack of Raw Materials	Utility Costs	Transportation Difficulties	Availability of Space	Lack of Training Resources	Tax Laws	Strong Competition	Decline in Oil Prices
Emporia	14%	14%	23%	32%	0%	0%	0%	23%	0%	18%	0%	0%
Other 8 Communities	10%	10%	43%	24%	1%	3%	1%	6%	5%	2%	9%	12%

*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.

A lack of financing is the major problem associated with not expanding, indicating that ways are needed to assist companies to obtain financing for their expansions and to help companies to know additional ways to finance an expansion. Lack of financing may come from lack of knowledge, not a lack of desire to use available programs. It should also be noted that such problems logically associated with expansion such as a space availability and tax laws were given by a relatively high percentage of firms.

Factors helping expansion. For those firms that have expanded, an expanding market played a significant role. Of those firms that have experienced an expansion, 67% stated that an expanding market was a helping factor (see Tables 56-58). More efficient operations (29%) and the availability of space (26%) were also mentioned as factors helping expansion by a relatively high percentage of firms. For small firms and finance/services industry firms especially, new customers to purchase products has been a great expansion factor (see Table 56 and 57). Information and assistance that will help firms reach new customers is very important to the future expansion of Emporia firms. In comparison to firms in the other eight cities, a notable higher percentage was given for the availability of space by Emporia firms, while a higher percentage of firms in the other eight communities mentioned the desire to expand a product/service market as a factor that helped expansion (see Table 58).

TABLE 56
FACTORS THAT HELPED EXPANSION*
BY SIZE OF FIRM

Number of Employees	Expanding Market	Availability of Public Assist.	Availability of Tech. Innovation	Availability of Space	Desire To Expand Market	Improved Internal Financing	More Efficient Operations
1-19	80%	10%	0%	27%	14%	0%	22%
20-49	49%	0%	17%	33%	25%	0%	17%
50+	34%	0%	0%	17%	25%	17%	67%
PERCENT OF TOTAL	67%	7%	3%	26%	18%	3%	29%

n = 44

*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 Public Assist.	Availability of Tech. Innovation	Availability of Space	Desire To Expand Market	Improved Internal Financing	More Efficient Operations
Manufacturing	64%	9%	0%	46%	27%	0%	27%
Finance/Services	80%	7%	0%	27%	20%	0%	27%
Other Industries	56%	6%	6%	19%	13%	6%	31%
PERCENT OF TOTAL	67%	7%	3%	26%	18%	3%	29%

n = 44

*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	Expanding Market	Availability of Tax Incentives	Availability of Public Assist.	Availability of Tech. Innovation	Availability of Space	Desire To Expand Market	Improved Internal Financing	More Efficient Operations
Emporia	67%	0%	7%	3%	26%	18%	3%	29%
Other 8 Communities	69%	1%	3%	4%	19%	27%	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.

Clearly, an expanding market is an important reason for expansion in the minds of Emporia respondents. This indicates the need for many companies in the community to broaden the scope of their products or services and to reach broader markets. A desire for more efficient operations and the availability of space also received fairly high percentages from Emporia firms. This latter factor indicates that expansion for some firms may depend on the ability to find areas where physical expansion can take place. To be more effective, city policy will have to consider a variety of assistance and problems, not single issues.

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 very small number of respondents (n = 12) that stated they had experienced a contraction, 63% gave a declining or static market as a reason for decreases (see Tables 59, 60 and 61). All firms in the finance/services industry gave this reason. Forty-seven percent of these firms that stated they had experienced a contraction gave an increase in efficiency as a reason for contraction, compared with 13% from firms in the other 8 cities. However, please note that percentages here are based on 12 firms.

TABLE 59
REASON FOR CONTRACTION*
BY SIZE OF FIRM

Number of Employees	Declining or Static Market	Rising Plant-Office Space Cost	Decline In Oil Prices	To Increase Efficiency
1-19	50%	0%	20%	30%
20-49	100%	0%	0%	0%
50+	67%	33%	0%	0%
TOTAL PERCENT	63%	11%	11%	47%

n = 12

*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 those firms that previously stated they had experienced a contraction in employment and/or plant size.

TABLE 60
REASONS GIVEN FOR CONTRACTION*
BY INDUSTRY

Industry	Declining or Static Market	Rising Plant-Office Space Cost	Decline In Oil Prices	To Increase Efficiency
Manufacturing	67%	0%	0%	33%
Finance/Services	100%	0%	0%	67%
Other Industries	40%	20%	20%	40%
TOTAL PERCENT	63%	11%	11%	47%

n = 12

*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 those firms that previously stated they had experienced a contraction in employment and/or plant size.

TABLE 61
REASONS FOR CONTRACTION*
BY COMMUNITY COMPARISON

Community	De- clining or Static Market	Con- tracting Labor Pool	Rising Labor Costs	Rising Mat- erials Costs	Rising Plant- Office Space Costs	Lack of Afford- able Fin- ancing	De- cline in Oil Prices	In- crease Effic- iency	Taxes- Regu- latory Costs
Emporia	63%	0%	0%	0%	11%	0%	11%	47%	0%
Other 8 Communities	72%	4%	2%	2%	0%	5%	21%	13%	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.

Plans for Expansion

Employment expansion. Firms are very optimistic about their ability to retain any employment gains of the past two years. None of the total number of firms stated that they would decrease employment in the next year and 36% stated that they would increase employment in the next year (see Tables 62, 63 and 64). Firms that promised relatively large increases were firms with 20 to 49 employees and firms in the finance and services industries (see Tables 62 and 63). While higher percentage of firms (3%) in the other 8 cities will decrease employment, a smaller percentage of firms in Emporia will increase employment in the next year (see Table 64). The major implication here is that the city strategy must ensure assistance that will build upon this optimistic attitude towards employment expansion.

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	0%	67%	33%
20-49	0%	44%	56%
50+	0%	63%	37%

TOTAL PERCENT	0%	64%	36%

n = 84

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%	65%	35%
Finance/Services	0%	61%	39%
Other Industries	0%	67%	33%

TOTAL PERCENT	0%	64%	36%

n = 84

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	Employment		
	Will Decrease Employment	Will Remain Constant	Will Increase Employment
Emporia	0%	64%	36%
Other 8 Communities	3%	56%	41%

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 are optimistic that they will make efforts that will increase employment expansion. The city must make sure that these companies realize their expectations for growth, enhancing the opportunity to retain local population levels and to add new jobs in the city.

There are opportunities for new employment growth in Emporia, also. Of the total number of firms, 16% decreased or remained constant in employment the past two years and will increase employment next year (see Table 65). As shown previously, not one respondent stated that her/his firm will decrease employment next year. Also of note is that 20% of the total number of firms increased employment the past two years and will increase employment 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 <u>The Last Two Years</u>	Employment In The Next Year		
	Will Decrease <u>Employment</u>	Will Remain <u>Constant</u>	Will Increase <u>Employment</u>
Decreased Employment	0%	13%	1%
Employment Remained Constant	0%	36%	15%
Increased Employment	0%	15%	20%

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.

Physical plant size expansion. As with employment, firms are optimistic about plant size expansion. While 22% of total firms stated that they would experience an expansion in physical plant size next year, only 1% of the firms stated they would experience a contraction in physical plant size next year (see Tables 66, 67 and 68). Companies with 20 to 49 employees have the highest percentage of firms that will experience a contraction (see Table 66). Comparison data (see Table 68) show percentages that are identical. Firms in Emporia feel they are in good position to expand, although the greatest percentage of firms will remain constant in physical plant size. City policy must make sure that this growth is realized to the extent possible.

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		
	Contraction	Remain Constant	Expansion
1-19	0%	79%	21%
20-49	12%	63%	25%
50+	0%	74%	26%
TOTAL PERCENT	1%	77%	22%

n = 84

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		
	Contraction	Remain Constant	Expansion
Manufacturing	0%	78%	22%
Finance/Services	0%	75%	25%
Other Industries	3%	77%	20%
TOTAL PERCENT	1%	77%	22%

n = 84

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
Emporia	1%	77%	22%
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.

Regardless of size or industry, firms are optimistic about expansion capabilities. Now is an excellent time to assist the firms through policies aimed at the expansion of physical plant size. Along with the employment expansion opportunities perceived by these firms, growth in the city can be significant and sustained.

Just as with employment, there is opportunity for plant size expansion growth. Of the total number of firms, 8% decreased plant size or kept size constant the past two years and will increase plant size next year (see Table 69). Although most firms kept size the same the past two years and will continue to do so next year, 14% of the total number of firms increased physical plant size the past two years and will increase plant 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	0%	5%	0%
Plant Size Remained Constant	0%	42%	8%
Increased Plant Size	1%	30%	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.

Location of expansion. Expansion for most firms (94%) will be within the city limit, while 6% of expansion will occur within the state (see Tables 70, 71 and 72). All firms with less than 50 employees will expand within the city limit, and all firms with 50 or more employees will expand within the state (see Table 70). All firms in manufacturing and finance/services industries will expand within the city (see table 71). The percentage of Emporia firms that will expand within the city limit is much higher than that (59%) of the other 8 cities (see Table 72).

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

Number of Em- ployees	Where Expansion Will Be			
	Within The City Limits	Within The Same County	Within The State	Out of State
1-19	100%	0%	0%	0%
20-49	100%	0%	0%	0%
50+	60%	0%	40%	0%
TOTAL PERCENT	94%	0%	6%	0%

n = 19

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	100%	0%	0%	0%
Finance/Services	100%	0%	0%	0%
Other Industries	83%	0%	17%	0%
TOTAL PERCENT	94%	0%	6%	0%

n = 19

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
Emporia	94%	0%	6%	0%
Other 8 Communities	59%	20%	14%	7%

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.

The high percentage of firms that are planning an expansion within the city limit is a positive sign for the city. What may be helpful for Emporia would be a concentrated strategy of finding out why some firms are expanding outside of the city, and the initiation of efforts to keep expansion within Emporia. The major implication here is that there does not seem to be any policies or deterrents that are encouraging community companies to expand outside of Emporia.

Advantages that influenced expansion. Only three firms gave a local advantage that influenced expansion, and that was that space was available. Firms in the other 8 cities that mentioned local advantages gave a space availability, strong local economy and good local labor as advantages. Three firms are not enough to make general conclusions for the community.

Problems that led to expansion outside of the community. No surveyed firm in Emporia mentioned problems that led to expansion outside of the community. Firms in the other 8 communities mentioned specific problems in

the community, city taxes and zoning regulations as a problem that led to expansion outside of the community.

Additional Products and Expansion. Whether it is financial, informational, or regulatory, firms need assistance in tackling problems of offering new products. Financing a new product, business complexity, low cash flow, and the state of the product market are the four major reasons firms are not offering an additional product (see Tables 73, 74 and 75). Small firms especially have these problems, as well as a lack of specific equipment or technology (see Table 73). Lack of specific equipment or technology, and restrictive laws and regulations are particular problems for the finance/services industry firms (see Table 74). One business representative stated: "Property tax on inventories is a big problem." In Emporia, compared to the other eight cities, more firms stated that they had the problem of lack of specific equipment or technology (see Table 75).

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

Number of Employees	Lack of Restrictive Laws or Regulations	Lack of Affordable Financing	Lack of Specific Knowledge	No Desire to Expand	Static or Declining Market	Low Cash Flow	Business Complexity	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
1-19	15%	6%	0%	12%	9%	21%	18%	6%	30%	12%
20-49	25%	25%	0%	0%	0%	0%	0%	0%	0%	50%
50+	0%	25%	25%	0%	0%	0%	0%	25%	0%	50%
PERCENT OF TOTAL	14%	12%	4%	8%	6%	14%	12%	8%	20%	25%

n = 30

*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	Restrictive Laws or Regulations	Lack of Financing	Lack of Specific Knowledge	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
Manufacturing	11%	22%	0%	22%	11%	11%	22%	0%	22%	22%
Finance/Services	30%	10%	10%	0%	10%	10%	10%	0%	40%	10%
Other Industries	0%	10%	0%	10%	0%	20%	10%	20%	0%	40%
PERCENT OF TOTAL	14%	12%	4%	8%	6%	14%	12%	8%	20%	25%

n = 30

*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 Financing	Lack of Specific Knowledge	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
Emporia	14%	12%	4%	8%	6%	14%	12%	8%	20%	25%
Other 8 Communities	11%	16%	6%	9%	14%	12%	14%	11%	10%	21%

*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 do not seem to have the resources or knowledge necessary to introduce a new product. Added to this are the restrictions centered upon offering a new product, which most firms cannot overcome. Financing and information which are designed to assist firms creating new products must be considered a priority, especially since new products will help companies

reach new markets and increase their chances for expansion.

Expanding into the international market. Offering new or existing products to the international market will help the city economically, and there are firms that can and want to expand into the international market. Out of the total number of firms currently not exporting, 10% stated that they had the potential and/or the desire to expand internationally (see Tables 76-81). Firms with 20 to 49 employees had the highest percentages of firms that stated they had the potential and desire to expand, and finance/ services industry had the highest percentage of firms that stated they had the potential and the desire to enter the international market. In comparison to surveyed firms in the other 8 communities, Emporia firms had lower total percentages of firms with both the expressed potential and desire to expand internationally (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	91%	9%
20-49	75%	25%
50+	100%	0%
TOTAL PERCENT	90%	10%

n = 75

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	89%	11%
Finance/Services	85%	15%
Other Industries	96%	4%
TOTAL PERCENT	90%	10%

n = 75

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
Emporia	90%	10%
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	91%	9%
20-49	83%	17%
50+	92%	8%
TOTAL PERCENT	90%	10%

n = 75

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	89%	11%
Finance/Services	89%	11%
Other Industries	92%	8%
TOTAL PERCENT	90%	10%

n = 75

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
Emporia	90%	10%
Other 8 Communities	87%	13%

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.

Considering the importance of the international market, it is imperative that these firms be encouraged to meet potential and desire. Making sure all firms know what is needed to export, where they might get assistance, and how they can initiate such a venture will encourage more companies to export their products. The ability of the 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 for many companies will remain narrow and locally oriented.

Reasons for not expanding into the international market. Only 5 firms gave reasons for not expanding into the international market, which is not sufficient to make general conclusions for the community. Table 82 shows these reasons, along with the reasons given by firms in the other 8 communities (please note that percentages given for Emporia are based on 5 firms).

TABLE 82
REASONS GIVEN FOR THE PREVENTION OF EXPORTING A PRODUCT OR SERVICE*
BY COMMUNITY COMPARISON

Community	Busi- ness Too Small	Busi- ness Spec- ific Area	Lack of Knowl- edge About Foreign Markets Exporting	Lack of Knowl- edge About Ex- porting	Lack of Federal or State Assist- ance	Unfav- orable Ex- change Rates	High Tariffs and-or Trade Barriers	Rest- ric- tive Export Regs.	Lack of Afford- able Fin- ancing	Costs Are Too High	Never Consid- ered it	Cur- rently Engaged in Ex- porting	Tough Compe- tition
Emporia	0%	0%	13%	25%	0%	25%	50%	0%	0%	13%	25%	0%	0%
Other 8 Communities	25%	22%	9%	11%	5%	2%	6%	7%	22%	11%	4%	6%	6%

*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 those firms that did not export their products or services.

Problems associated with exporting. Only 2 Emporia firms gave 2 problems associated with expansion: unfavorable exchange rates and high tariffs and/or trade barriers. This number of firms is not sufficient to make generalizations for the community. Firms in the other 8 communities also gave these problems, along with inadequate knowledge about exporting, lack of financing and restrictive state/federal regulations.

Financing for Expansion

Financing Sources. Sources for financing expansion in Emporia are traditional in nature. For the total number of firms, 54% stated that a bank was a source for financing expansion and 50% stated that internal financing was used (see Tables 83, 84 and 85). Manufacturing industry firms had high percentages that used banks for financing, while firms with 50 or more employees used banks least. Compared to firms in the other 8 cities, almost same percentage of Emporia firms used bank financing and internal financing (see Table 85).

TABLE 83
FINANCING SOURCES FOR EXPANSION*
BY SIZE OF FIRM

Number of Employees	Bank	Credit Union	Savings and Loan	Inter-nal Financing	Small	Cert-ified Development Comp.	Indus-trial Revenue Bonds
					Bus-iness Administration		
1-19	57%	2%	2%	50%	2%	0%	0%
20-49	69%	0%	0%	38%	0%	13%	0%
50+	24%	0%	0%	65%	0%	0%	30%
PERCENT OF TOTAL	54%	2%	2%	49%	2%	2%	4%

n = 81

*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 INDUSTRY

Industry	Bank	Credit Union	Savings and Loan	Inter-nal Financing	Small	Cert-ified Development Comp.	Indus-trial Revenue Bonds
					Bus-iness Administration		
Manufacturing	70%	0%	0%	48%	0%	0%	13%
Finance/Services	48%	4%	4%	48%	4%	0%	4%
Other Industries	54%	0%	0%	54%	0%	4%	0%
PERCENT OF TOTAL	54%	2%	2%	49%	2%	2%	4%

n = 81

*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 85
FINANCING SOURCES FOR EXPANSION*
BY COMMUNITY COMPARISON

Community	Bank	Credit Union	Savings and Loan	Inter-nal Financing	Small	Cert-ified Development Comp.	Indus-trial Revenue Bonds
					Private Administration Sources		
Emporia	54%	2%	2%	49%	0%	2%	4%
Other 8 Communities	54%	2%	3%	52%	7%	3%	4%

*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, or no, companies used the Small Business Administration, certified development companies, or industrial revenue bonds. Economic development programs designed to aid the small business are apparently not used, which may be because of a lack of knowledge about such programs. This point is strengthened by the very high percentage of firms that use traditional sources. A first step in assisting firms to expand would be to make sure that firms are aware of forms of financing for expansion other than traditional sources. 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 firms do not go outside of Kansas to get financing. For the total number of firms, 90% stated that in the past five years they have not gone outside the state to receive financing for expansion (see Tables 86, 87 and 88). Larger firms did go outside of the state more than smaller firms, and other industry (agriculture, mining, construction, transportation-communications, and wholesale) businesses had a relatively high percentage of firms that went to other states. Total percentages for Emporia are consistent with the total percentages from the other 8 communities (see Table 88).

TABLE 86
 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	96%	4%
20-49	75%	25%
50+	68%	32%
TOTAL PERCENT	90%	10%

n = 84

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 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	91%	9%
Finance/Services	96%	4%
Other Industries	83%	17%
TOTAL PERCENT	90%	10%

n = 84

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 88
 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
Emporia	90%	10%
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.

Table 86 shows that larger firms go outside of the state more for financing than do smaller firms; given the nature of financial sources in the state this may indicate a reliance on out of state parent companies for internal financing or an inability of state financial institutions to provide the capital needed for expansion. It must be determined whether companies are going out of state because of choice or necessity.

Foregoing expansion because of a lack of financing. Although the total percentage is relatively small, there are firms that have had to forego expansion because of lack of financing. For the total number of firms, 11% stated that they had foregone an expansion because of lack of financing (see Tables 89-91). This percentage mirrors what was given by firms in the other 8 communities. There were no great industry differences here, but firms with 20 to 49 employees in particular had this problem. The city could assist expansion 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.

TABLE 89
 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	91%	9%
20-49	75%	25%
50+	90%	10%
TOTAL PERCENT	89%	11%

n = 84

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 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	96%	4%
Finance/Services	86%	14%
Other Industries	90%	10%
TOTAL PERCENT	89%	11%

n = 84

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 91
 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
Emporia	89%	11%
Other 8 Communities	89%	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.

As previous data has shown, financing is a major problem when expansion is considered. Tables 89, 90 and 91 support this, demonstrating that there are firms that have not experienced a chance for growth because financing was unavailable. When expansion comes down to a question of obtaining financing, the city must make sure that the firms are receiving the information necessary to access and use nontraditional sources for financing expansion.

Expansion Summary

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

1. In the past two years, larger firms increased employment and physical plant size more than smaller firms. If smaller firms stay locally oriented, few small firms will experience large expansion growth.

2. In the past two years, 36% of Emporia firms increased employment and 46% increased physical plant size. In comparison, 33% of the firms surveyed in the other eight communities increased employment and 33% increased plant size.
3. Lack of financing is the major problem associated with not expanding, indicating that ways are needed to assist companies to obtain financing for their expansions and to help companies to know additional ways to finance an expansion.
4. There is an optimism about expansion opportunities in the city, and now is an excellent time to offer expansion assistance.
5. The percentage of firms that will expand within the city limit is very high (94%), indicating that there are no real problems that are forcing firms to expand outside of the community. In addition, only 59% of surveyed firms in the other eight communities that are going to expand will do so within their city limits.
6. The introduction of new products heightens the prospects for expansion. At present, companies may not have the resources or knowledge necessary to introduce a new product.
7. There are firms in the city with the potential and the desire to expand into the international market. These firms need more information on foreign markets and how to export.
8. The majority of firms use traditional forms of financing (banks and internal funds) for expansion.
9. The lack of using state-sponsored financing, such as certified development companies, may be the result of lack of knowledge, not unwillingness to use such programs.
10. Affordable financing is a major problem, and there are companies that have foregone expansion because of lack of financing. This indicates that there are firms who want to expand but have not found the right financing methods for them to make expansion possible.
11. City policy that can make known forms of financing that already exist and that can create other innovative methods of financing will further increase chances for growth through expansion.

VI.

BUSINESS CLIMATE

In this section, 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 are discussed. The major findings here include (1) the majority of companies find the attitude of their local government to be positive to very positive, (2) firms are generally satisfied with the local services provided to them, (3) city and state regulations were seen to impede business operation the most, (4) workers compensation and unemployment insurance tax were seen to impede operations the most of all taxes, and (5) the preferred way to improve the local and state business climate is through economic development.

Local And State Business Climate

Quality of life. The quality of life is perceived to be good by the majority of Emporia firms. Of the total firms, 84% stated the quality of life is good, and 16% stated the quality of life is adequate (see Tables 92-94). A positive sign for the city here is that no firms stated the quality of life is poor, compared with 2% of the surveyed firms in the other 8 communities. Firms with 50 or more employees and firms in the finance/services industry had the lowest percentage of firms that stated the quality of life was good. In Emporia, the quality of life does not seem to be a major problem, but continuing efforts to enhance the quality of life are needed because this issue may affect future decisions concerning retention and expansion.

TABLE 92
 FIRM'S PERCEPTIONS OF THE QUALITY OF LIFE
 IN THEIR COMMUNITY
 BY SIZE OF FIRM

Number of Employees	Good	Adequate	Poor
1-19	86%	14%	0%
20-49	88%	12%	0%
50+	74%	26%	0%
TOTAL PERCENT	84%	16%	0%

n = 84

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
 FIRM'S PERCEPTIONS OF THE QUALITY OF LIFE
 IN THEIR COMMUNITY
 BY INDUSTRY

Industry	Good	Adequate	Poor
Manufacturing	91%	9%	0%
Finance/Services	82%	18%	0%
Other Industries	83%	17%	0%
TOTAL PERCENT	84%	16%	0%

n = 84

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 94
 FIRM'S PERCEPTIONS OF THE QUALITY OF LIFE
 IN THEIR COMMUNITY
 BY COMMUNITY COMPARISON

Community	No Opinion	Good	Adequate	Poor
Emporia	0%	84%	16%	0%
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.

Attitude of the local government. The attitude of the local government towards Emporia firms is viewed positive to very positive by the majority of firms. Of the total number of surveyed firms, 56% stated the attitude of the local government towards Emporia firms was positive to very positive, 37% stated the attitude of the local government was neutral, and 7% stated the attitude of the local government was negative to very negative (see Tables 95-97). Firms with 20 to 49 employees had a higher percentage of respondents that thought the local government had a negative to very negative attitude, as did firms in the manufacturing industry. Emporia had a higher percentage of firms that thought the local government had a positive to very positive attitude than surveyed firms in the other 8 communities, and a lower percentage of firms that thought the local government had a negative to very negative attitude (see Table 97).

TABLE 95
 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	51%	41%	8%
20-49	69%	19%	12%
50+	74%	26%	0%
TOTAL PERCENT	56%	37%	7%

n = 84

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 INDUSTRY

Industry	Attitude of Local Government		
	Positive To Very Positive	Neutral	Negative To Very Negative
Manufacturing	44%	39%	17%
Finance/Services	47%	50%	3%
Other Industries	70%	23%	7%
TOTAL PERCENT	56%	37%	7%

n = 84

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 97
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
Emporia	56%	37%	7%
Other 8 Communities	54%	36%	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.

It is important to note the high percentage of companies in Emporia that believed the local government's attitude was neutral, indicating a belief that the local government really did not have an effect upon business practices in the city. However, there are a great deal of firms that believe the attitude of the local government towards business is positive, indicating that this could be a good time for the local government to actively involve itself in finding means to assist their companies with growth strategies.

Perception of services. In general, firms are satisfied with the services that are provided to them. High percentages of firms evaluate fire protection, the public school system, police protection, and the electric systems as good, while relatively high percentages of poor ratings are given for the availability of air transportation and the quality of public transportation (see Table 98). The availability of air transportation received the highest poor rating of 53% and only a 6% good rating. The

quality of public transportation (32% said poor while 12% said good) was also a source of dissatisfaction with Emporia respondents. Obviously, air transportation and public transportation were perceived as major problems by representatives of Emporia firms.

TABLE 98
EMPORIA FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	0%	43%	48%	9%
Quality of Railroads	30%	43%	22%	5%
Cost of Transportation	11%	35%	45%	9%
Availability of Air Transportation	26%	6%	15%	53%
Quality of Public Transportation	30%	12%	26%	32%
Freight Delivery Time	17%	59%	23%	1%
Quality of Training	12%	36%	38%	14%
Fire Protection	2%	76%	18%	4%
Police Protection	1%	75%	22%	2%
Telephone System	0%	62%	30%	8%
Electric System	0%	73%	26%	1%
Public School System	1%	75%	22%	2%
Quality of Garbage Collection	3%	70%	24%	3%

n = 84

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
OTHER 8 COMMUNITY FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	0%	36%	45%	19%
Quality of Railroads	34%	28%	27%	11%
Cost of Transportation	10%	29%	46%	15%
Availability of Air Transportation	22%	12%	29%	37%
Quality of Public Transportation	28%	13%	25%	34%
Freight Delivery Time	13%	52%	30%	5%
Quality of Training	18%	37%	31%	14%
Fire Protection	3%	76%	20%	1%
Police Protection	2%	68%	27%	3%
Telephone System	0%	64%	30%	6%
Electric System	0%	74%	22%	4%
Public School System	7%	73%	17%	3%
Quality of Garbage Collection	6%	65%	25%	4%

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.

Important to note is the percentage of firms in the other 8 communities that gave a poor rating to the availability of air transportation: 37%. This is lower than the 53% given by firms in Emporia. However, the lower percentage (9%) of firms in Emporia gave a poor rating to the quality of roads² than 19% of the other 8 communities. This is more than likely due to the fact that Emporia firms have immediate access to Interstate 35. The poor ratings given to all transportation issues will be important as firms decide to expand. Firms that want to grow will look to see if they can adequately move products to and from their destination as well as the timely delivery

² At the time when this survey was conducted, the highway system was a much debated topic in the state capitol and between Kansas citizens. Statements about the highway system made here may be different from opinions made if the survey were given in another time period, and this should be considered when reading any discussion of roads or highways.

of necessary materials. At this time the quality of some transportation issues, particularly air transportation, are in question.

Important for the local business climate, however, is the perceived good quality of local services. These are positive signs for the city and will help in decisions of location and expansion. This takes on added significance when comparing Tables 98 and 99: firms surveyed in the other eight communities had higher poor rating percentages than Emporia firms for 10 of the 13 services asked about.

Government regulations that impede business operations. Regulations that may impede the successful operation of a business were seen to be mainly city or state regulations. Of the firms that gave a government caused problem, 100% stated that hampering city and/or state regulations impede operation (see Tables 100-102). Specific regulations mentioned by business representatives were restrictive city codes for new buildings for industries, zoning and sign regulations, and local property tax. The next highest percentages of factors were zoning and EPA regulations. A lower percentage (13%) of firms giving government caused problems in Emporia mentioned government over regulation as a impeding factor than firms that gave problems in the other 8 cities (19%).

TABLE 100
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	Gvt. Over Reg-ulation
1-19	100%	7%	4%	7%	22%	7%	19%
20-49	100%	22%	44%	0%	22%	22%	0%
50+	100%	0%	25%	0%	0%	0%	0%
PERCENT OF TOTAL	100%	10%	15%	5%	20%	10%	13%

n = 24

*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 101
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	Gvt. Over Reg-ulation
Manufacturing	100%	0%	33%	0%	33%	0%	17%
Finance/Services	100%	0%	0%	11%	11%	0%	11%
Other Industries	100%	25%	25%	0%	25%	25%	13%
PERCENT OF TOTAL	100%	10%	15%	5%	20%	10%	13%

n = 24

*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 102
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY COMMUNITY COMPARISON

Community	Hamp-ering City-State Regs.	KCC Over Reg-ulation	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health	Gvt. Over Reg-ulation
Emporia	100%	10%	15%	5%	20%	10%	13%
Other 8 Communities	98%	5%	19%	4%	16%	6%	19%

*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.

Emporia firms do believe there are city regulations that are impeding operation (zoning, for example), and these will be factors in future expansion. It would be a mistake to think that operations are impeded solely by state or federal regulations. Developing a better understanding of which laws and regulations under city control are hurting businesses, and seeking to correct unnecessary restrictions to the extent possible will improve the local business climate.

Taxes that influence expansion decisions. Taxes also have a negative effect on expansion. Of the firms that stated a tax reason to forego expansion, 61% gave property tax on inventories as a reason, 47% gave workers compensation, and 46% gave the unemployment insurance tax as a reason to forego expansion (see Tables 103-105). Although the city is not in control of the majority of the taxes that inhibit expansion, city officials should be aware of the business taxes that limit expansion, and make state agencies aware of the types of burdens placed upon community businesses.

TABLE 103
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 Machinery and Equipment	Unemployment Insurance Tax	Workers Compensation
1-19	16%	19%	14%	57%	22%	65%	65%
20-49	43%	14%	29%	72%	29%	72%	72%
50+	29%	0%	0%	43%	57%	29%	72%
PERCENT OF TOTAL	22%	16%	14%	57%	28%	61%	67%

n = 31

*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 104
REASONS TO FOREGO EXPANSION*
BY INDUSTRY

Industry	Over- all State Tax Burden	Over- all City Tax Burden	Corp- orate In- come Tax	Prop- erty Inven- tories	Sales Tax on Mach- ines and Equip- ment	Unem- ploy- ment Insur- ance Tax	Work- ers Comp- ensa- tion
Manufacturing	27%	36%	9%	82%	36%	82%	91%
Finance/ Services	20%	20%	20%	50%	10%	50%	60%
Other Industries	20%	0%	10%	50%	40%	60%	60%
PERCENT OF TOTAL	22%	16%	14%	57%	28%	61%	67%

n = 31

*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 105
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 Inven- tories	Sales Tax on Mach- ines and Equip- ment	Unem- ploy- ment Insur- ance Tax	Work- ers Comp- ensa- tion	Sev- erance Tax	Gas Tax
Emporia	22%	16%	14%	57%	28%	61%	67%	0%	0%
Other 8 Communities	24%	13%	21%	61%	32%	46%	47%	8%	2%

*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.

Firms believe that a variety of taxes cause them to forego expansion. Tables 103-105 show that, regardless of size and industry, firms feel the property tax on inventory, the unemployment insurance tax and workers compensation is a major burden. Although taxes affect large as well as small firms, it is important to remember the strain certain taxes place on the small firm, and how that inhibits expansion.

Business Climate Improvements

Improving the quality of life. Suggestions for improving the local quality of life centered mainly on economic development (see Tables 106-108). Of the firms that suggested ways to improve the local quality of life, 65% mentioned economic development. Other suggestions included more entertainment and more recreational activities as ways to improve the local quality of life. The percentage (65%) of firms in Emporia that suggested economic development is higher than the percentage (56%) for firms surveyed in the other 8 communities (see Table 108).

TABLE 106
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	Improve Town, Fix Prop- erty	Up- grade Edu- cation
1-19	65%	13%	4%	17%	11%	4%	7%
20-49	54%	15%	0%	15%	0%	0%	31%
50+	75%	25%	17%	0%	17%	0%	0%
PERCENT OF TOTAL	65%	16%	6%	14%	10%	3%	10%

n = 43

*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 107
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	Improve Town, Fix Prop- erty	Up- grade Edu- cation
Manufacturing	62%	8%	15%	0%	8%	0%	8%
Finance/ Services	58%	33%	0%	33%	8%	0%	17%
Other Industries	71%	6%	6%	6%	12%	6%	6%
PERCENT OF TOTAL	65%	16%	6%	14%	10%	3%	10%

n = 43

*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
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
Emporia	65%	16%	6%	14%	10%	3%	10%
Other 8 Communities	56%	16%	8%	17%	6%	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.

Emporia firms are looking for economic development assistance from the city. It is a good time for the city to initiate assistance efforts that will be used more than in the past. Firms also seem to want more activities in the city which are unrelated to business operations. More recreational activities and entertainment are for the most part under city control, and firms feel these do play a role in the perceived quality of life. This will become increasingly important as firms expand and recruit personnel from other areas, and the quality of life will be an important factor in firms' decisions concerning expanding or staying within the community.

Improving the local business climate. Economic development was suggested the most as a way to improve the local business climate; this way was given by 59% of the firms that gave suggestions (see Tables 109-111). This percentage was consistent with the total percentage given by surveyed firms

in the other 8 communities (see Table 111). Other suggestions included that the local government needs to be more responsive, to help entrepreneurs, and to increase tax incentives/abates.

TABLE 109
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY SIZE OF FIRM

Number of Employees	Economic Development	Improve-ment Between State & Local	Increase and Im-prove Local Image	Improve Local Financing	Tax Incentives, Abate-ments	Local Gvt. More Respon-sive	Help Entre-pre-neurs	Spend Muni-cipal Funds
1-19	58%	0%	8%	9%	15%	21%	26%	6%
20-49	100%	0%	0%	0%	0%	0%	0%	0%
50+	46%	15%	31%	23%	23%	39%	0%	15%
PERCENT OF TOTAL	59%	3%	11%	11%	16%	23%	20%	7%

n = 42

*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 110
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY INDUSTRY

Industry	Economic Development	More Coop-eration Between State & Local	Increase and Im-prove Local Image	Improve Local Financing	Tax Incentives, Abate-ments	Local Gvt. More Respon-sive	Help Entre-pre-neurs	Spend Muni-cipal Funds
Manufacturing	30%	0%	0%	20%	10%	40%	20%	10%
Finance/Services	60%	0%	13%	7%	20%	13%	27%	7%
Other Industries	67%	7%	13%	13%	13%	27%	13%	7%
PERCENT OF TOTAL	59%	3%	11%	11%	16%	23%	20%	7%

n = 42

*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 LOCAL BUSINESS CLIMATE*
 BY COMMUNITY COMPARISON

Community	Economic Development	Improve-ment Between State Local	Increase and Im-prove Local Image	Improve Local Financing	Tax Incentives, Abate-ments	Local Gvt. More Respon-sive	Help Entre-neurs	Spend Muni-cipal Funds
Emporia	59%	3%	11%	11%	16%	23%	20%	7%
Other 8 Communities	60%	2%	12%	13%	15%	23%	10%	8%

*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.

Firms seem to be responsive towards local development efforts. There is also a desire for the local government to be more responsive, and more local financing and the better local image are seen as ways for improvement. This implies that now is a good time to for the city to initiate or increase efforts of assistance. Another implication is that city officials should assist the state in communicating Kansas government programs that would be of benefit to Emporia firms.

Improving the state business climate. Suggestions for improving the state business climate did not center so heavily on economic development, but included a variety of recommendations. Suggested by the highest percentage of firms was to improve economic development (39% of all firms made this suggestion), while other suggestions included to improve highway system (30%), to change or lower taxes (25%), and tax incentives (19%) (see Tables 112-114). The percentage of firms that made the suggestion of economic development was higher than the percentage (28%) given by surveyed firms in the other 8 cities (see Table 114).

TABLE 112
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	Improve Highway System	Change Or Lower Taxes
1-19	41%	0%	6%	6%	13%	9%	24%	24%
20-49	30%	10%	20%	0%	40%	20%	40%	10%
50+	33%	0%	17%	6%	28%	11%	50%	39%
PERCENT OF TOTAL	39%	1%	9%	5%	19%	10%	30%	25%

n = 58
*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 113
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	Improve Highway System	Change Or Lower Taxes
Manufacturing	42%	8%	8%	8%	17%	17%	8%	33%
Finance/Services	37%	0%	11%	5%	16%	5%	32%	6%
Other Industries	39%	0%	9%	4%	22%	13%	35%	17%
PERCENT OF TOTAL	39%	1%	9%	5%	19%	10%	30%	25%

n = 58
*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 114
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	Seek Diversification	Change Or Lower Taxes
Emporia	39%	1%	9%	5%	19%	10%	0%	30%	0%	25%
Other 8 Communities	28%	1%	16%	7%	16%	6%	4%	30%	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.

Transportation is once again a factor that is of consequence to these firms: of those Emporia firms that gave suggestions, 30% suggested improving the highway system, as high as 30% given for the same suggestion by firms in the other 8 communities. The issue of roads will gain even more importance if companies are to use more than the local market. Taxes are also very much on the mind of businesses, underlying the growth restrictions certain taxes may be making on firms.

Business Climate Summary

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

1. Surveyed Emporia firms do not have problems with the quality of life they experience in the community. Of the total number of firms, 84% rated the local quality of life as good and no firm rated the quality of life as poor.
2. A majority of firms gave transportation services adequate or poor ratings. Relatively high poor ratings were given to the availability of air transportation and the quality of public transportation. If the scope of products is to increase, the quality factors related to transportation must be improved for firms to think about expanding into other markets.
3. Regulations that are perceived to be of harm to these firms come from the city or the state. It would be a mistake to think that operations are impeded solely by federal regulations.
4. Firms stated that the economic development would be the best way to improve the local quality of life. Also many firms stated that more recreational activities and more entertainment would improve the local quality of life. These issues will become increasingly important as firms expand and it becomes necessary to recruit personnel from other parts of the state or the nation.
5. Surveyed Emporia firms consider economic development more important for the local business climate than for the state business climate, indicating that the business community will be receptive to local development efforts and to local assistance with state development programs.

VII.

ECONOMIC DEVELOPMENT PROGRAMS

In this section 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 are discussed. 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.

The major findings are (1) at the present time, there is very little knowledge about economic development programs, and an overwhelming majority of the firms in Emporia do not use the assistance available; (2) the employees in these firms are generally low-skilled; (3) many firms do not use the services of a state university, community college or vocational school; (4) the highest service used is the training of presently employed personnel; and (5) most of the employees sought from state educational institutions are business and 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 Emporia firms is Neosho Basin Development, Inc., Emporia State University, 1200 Commercial, Emporia. Only 1% of the total number of surveyed firms used CDCs, and 91% had no knowledge of the program. For the most part, larger firms did have a greater knowledge of CDCs than smaller firms (see Table 115). Only one firm in finance/services industry used this assistance (see Table 116). Emporia

firms were relatively less knowledgeable about the assistance and used CDCs less than firms in the other eight cities (see Table 117).

TABLE 115
 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	93%	7%	0%
20-49	88%	12%	0%
50+	79%	11%	10%
TOTAL PERCENT	91%	8%	1%

n = 84

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 116
 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	87%	13%	0%
Finance/Services	89%	7%	4%
Other Industries	93%	7%	0%
TOTAL PERCENT	91%	8%	1%

n = 84

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
 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
Emporia	91%	8%	1%
Other 8 Communities	87%	11%	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.

As will be a pattern when discussing most of these assistance programs, the majority of firms (91%) had no knowledge of Certified Development Companies. In comparison to surveyed firms in the other 8 communities, Emporia companies do have less knowledge about the program and do use CDCs less often. The implication is that the city is missing chances for increased growth not through the unwillingness of firms to use this program, but because most companies are simply uninformed, which is surprising since a CDC is located in Emporia. Knowledge about this assistance and how it may be used must be communicated better to the firms in the city.

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. Many firms seem to know about the Community Development Block Grant Program, with the majority of the total number of firms (62%)

stating they had knowledge of the program (see Tables 118, 119 and 120). Only 2% of these firms have actually used this program. Larger firms had more knowledge about this program. Firms in Emporia had almost the same percentage of its firms with no knowledge of the program as did surveyed firms in the other 8 communities (see Table 120).

TABLE 118
 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	38%	62%	0%
20-49	50%	50%	0%
50+	26%	58%	16%
TOTAL PERCENT	38%	60%	2%

n = 84

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 119
 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	22%	74%	4%
Finance/Services	54%	46%	0%
Other Industries	30%	67%	3%
TOTAL PERCENT	38%	60%	2%

n = 84

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 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
Emporia	38%	60%	2%
Other 8 Communities	37%	61%	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 lack of knowledge among small firms about this program indicates that a greater effort is needed to reach these companies with information and

assistance. If this does not occur, small firms will remain uninformed and growth potential from these businesses will not be realized to its fullest.

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 nearest Center to Emporia is located at Kansas State University. The majority of firms had no knowledge of this program, either, with only 34% stating that they had knowledge of the program and no firms stating they had actually used the program (see Tables 121, 122 and 123). A larger percentage of smaller firms had no knowledge of the program (see Table 121). However, a larger percentage of firms in Emporia (34%) had knowledge of this program than did firms from the other eight cities (14%).

TABLE 121
 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	69%	31%	0%
20-49	87%	13%	0%
50+	26%	74%	0%
TOTAL PERCENT	66%	34%	0%

n = 84

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 122
 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	74%	26%	0%
Finance/Services	61%	39%	0%
Other Industries	67%	33%	0%
TOTAL PERCENT	66%	34%	0%

n = 84

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 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
Emporia	66%	34%	0%
Other 8 Communities	86%	13%	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.

The high percentage of firms that do not have knowledge of this program points to added effort that must be made in communicating this program to firms. The constant proportion of larger firms that are receiving more

information about these programs and who, in turn, use them, indicates that a few firms are receiving at least some information and assistance. This should be broadened to smaller firms, however, or large growth will not occur.

The Job Training Partnership Act (JTPA). The Job Training Partnership Act is a federal job training program aimed primarily at disadvantaged and dislocated workers. For further information concerning JTPA contact the Kansas Department of Human Resources. This assistance program had the highest use, with 15% of surveyed Emporia firms stating that they had actually used the program (see Tables 124, 125 and 126). But 38% of all firms had no knowledge about JTPA. This, however, was a lower percentage than given by firms in the other 8 communities (see Table 126). Small firms had used the assistance less than larger firms. The highest percentage of industry use was in the finance/services industry.

TABLE 124
 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	35%	53%	12%
20-49	62%	19%	19%
50+	37%	37%	26%
TOTAL PERCENT	38%	47%	15%

n = 84

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 125
 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	30%	57%	13%
Finance/Services	39%	43%	18%
Other Industries	40%	47%	13%
TOTAL PERCENT	38%	47%	15%

n = 84

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 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
Emporia	38%	47%	15%
Other 8 Communities	43%	47%	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.

The Job Training Partnership Act is more well known and used more among these firms than other economic development programs asked about in this survey. Also, percentages of no knowledge are smaller in Emporia than in the

other 8 communities, and the percentage of actual use is also higher when compared to the other 8 communities. JTPA is a training program that can be of great assistance to firms that want to cut training costs and develop more highly skilled workers, and efforts to increase the knowledge and use of this program should be encouraged.

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 in Kansas. For further information concerning KIT contact the Kansas Department of Commerce. The majority of firms had no knowledge of this program, and 4% had actually used the program (see Tables 127, 128 and 129). Firms with 50 or more employees had more knowledge about the program, as did manufacturing industry firms. In comparison to firms surveyed in the other 8 communities, Emporia had a higher percentage of firms with no knowledge of the program and a slightly higher percentage of firms that had used this assistance (see Table 129).

TABLE 127
 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	74%	24%	2%
20-49	62%	19%	19%
50+	63%	37%	0%
TOTAL PERCENT	71%	25%	4%

n = 84

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 128
 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	57%	39%	4%
Finance/Services	79%	17%	4%
Other Industries	70%	27%	3%
TOTAL PERCENT	71%	25%	4%

n = 84

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 129
 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
Emporia	71%	25%	4%
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. The use of this program can

greatly assist firms in their training capabilities, and like the other assistance that has been discussed, more firms need knowledge about the program and how to access it.

TABLE 130
SUMMARY TABLE FOR
ECONOMIC DEVELOPMENT PROGRAMS

	No Knowledge	Knowledge, No Use	Used Program
Certified Development Companies	91%	8%	1%
Centers of Excellence	66%	34%	0%
Community Development Block Grant Programs	38%	60%	2%
Kansas Industrial Training Program	71%	25%	4%
Job Training Partnership Act	38%	47%	15%

n = 84

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.

It is clear that programs designed to assist economic development are not well known to firms in the city. There was a very large majority of firms that had no knowledge of the existence of some economic development programs, and a very small amount of firms actually used the programs for their benefit (see Table 130). Smaller companies had a greater proportion of firms that had no knowledge of these programs, also, suggesting that by mere lack of information the city is missing great potential for growth. Given the fact that 32% of firms stated that a lack of affordable financing was an expansion problem, a priority for the city is to make sure

information about economic development programs reaches the business community, with emphasis on what these programs were designed for and how they can be used.

Firms That Need A Specialized Skill

The overwhelming majority of surveyed firms in Emporia do not need a specialized skill for employment. Of the total number of firms, 96% stated that they did not need a specialized skill for employment in their company (see Tables 131, 132 and 133). The only firms that do need a specialized skill have less than 20 employees (see Table 131). Total percentages for Emporia firms are almost identical to percentages for firms in the other 8 communities (see Table 133).

TABLE 131
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	95%	5%
20-49	100%	0%
50+	100%	0%
TOTAL PERCENT	96%	4%

n = 84

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 132
 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	96%	4%
Finance/Services	93%	7%
Other Industries	100%	0%
TOTAL PERCENT	96%	4%

n = 84

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 NEED A
 SPECIALIZED SKILL
 BY COMMUNITY COMPARISON

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

Community	NO	YES
Emporia	96%	4%
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.

The work force in the city is not highly skilled, and this factor could keep many firms from being truly competitive in the future. 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 firm sizes and industries. To remain competitive,

companies will have to adapt. This will mean that companies will have to train a great deal of workers in the future, which will affect the resources available for expansion. Programs such as the Job Training Partnership Act and the Kansas Industrial Training Program take on added significance when this subject is discussed, and firms should be made aware of such assistance.

Using state universities, community colleges, or vocational schools.

Development and innovation that can be fostered by these state educational institutions is not being fully realized by all firms in the city. For the total number of firms, 41% have not used the services of any state university, community college, or vocational school (see Tables 134, 135 and 136). Larger firms used these institutions more than did smaller firms, and the manufacturing industries had a relatively high percentage of firms that used these schools. The percentage of Emporia firms that have used the services of a state school is higher than 37% of the other 8 cities.

TABLE 134
 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	46%	54%
20-49	12%	88%
50+	37%	63%
TOTAL PERCENT	41%	59%

n = 84

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 135
 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	39%	61%
Finance/Services	32%	68%
Other Industries	50%	50%
TOTAL PERCENT	41%	59%

n = 84

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
 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
Emporia	41%	59%
Other 8 Communities	63%	37%

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 from these schools can be extremely helpful to companies, and the innovation that can come from small firms is of great potential. A good sign for the community comes from the figures in Table 136: a much higher percentage of Emporia firms use these schools than firms in the other 8 communities. This indicates that firms are cognizant of Emporia State University and the Flint Hills Area Vocational-Technical School, two types of educational institutions that can provide business assistance. The continued access and interaction between these schools and businesses in the community should be encouraged.

Services used from state universities, community colleges, and vocational schools. For firms that do use the services of these schools, the majority use universities, community colleges, or vocational schools for the training of presently employed personnel. Of these firms, 43% mentioned training as a service, with technical courses, and consulting in business planning being other highly used services mentioned (see Tables 137, 138 and 139). The use of other services as well as these services should be continued and encouraged.

TABLE 137
 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	42%	26%	15%	4%	2%	34%	4%	4%
20-49	50%	36%	29%	14%	14%	22%	0%	0%
50+	44%	45%	11%	0%	11%	0%	22%	11%
PERCENT OF TOTAL	43%	30%	17%	5%	5%	28%	5%	4%

n = 46

*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 138
 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	36%	50%	7%	14%	14%	21%	0%	7%
Finance/Services	53%	20%	27%	0%	0%	33%	0%	0%
Other Industries	38%	31%	13%	6%	6%	25%	13%	6%
PERCENT OF TOTAL	43%	30%	17%	5%	5%	28%	5%	4%

n = 46

*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 139
 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
Emporia	43%	30%	17%	5%	5%	28%	5%	4%
Other 8 Communities	41%	24%	23%	9%	12%	23%	2%	9%

*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.

Employees sought from state universities, community colleges, and vocational schools. Employees sought from these educational institutions are mainly business and management personnel and entry level clerical workers (see Tables 140, 141 and 142). The variety of employees hired reflects the relatively low-skill nature of these firms, with few percentages given of technicians, engineers, and drafters. The future competitiveness of these firms will depend on the recruitment and use of these latter types of employees.

TABLE 140
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.	Engineers	Business Management Personnel	Agricultural, Vet. Personnel	Heavy Equipment Operators	General Labor
1-19	27%	15%	13%	5%	0%	3%	3%	48%	3%	3%	23%
20-49	43%	36%	14%	29%	0%	0%	14%	50%	0%	14%	0%
50+	20%	0%	10%	20%	10%	0%	30%	20%	30%	0%	30%
PERCENT OF TOTAL	29%	17%	13%	11%	1%	2%	8%	45%	6%	5%	20%

n = 51

*Since firms could give more than one type of employee sought for their 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 141
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY INDUSTRY

Industry	Entry-Level Clerical	Mechanics, Machinists	Data Processors	Electronics, Electrical Techs.	Drafters	Chemical Process, Lab Techs.	Engineers	Business Management Personnel	Agricultural, Vet. Personnel	Heavy Equipment Operators	General Labor
Manufacturing	0%	29%	7%	7%	7%	8%	21%	43%	7%	0%	21%
Finance/Services	31%	13%	31%	0%	0%	6%	0%	50%	0%	0%	19%
Other Industries	37%	16%	0%	21%	0%	0%	11%	42%	11%	11%	21%
PERCENT OF TOTAL	29%	17%	13%	11%	1%	2%	8%	45%	6%	5%	20%

n = 51

*Since firms could give more than one type of employee sought for their 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 142
 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
Emporia	29%	17%	13%	11%	1%	2%	8%	45%	6%	5%	20%
Other 8 Communities	25%	21%	8%	7%	4%	6%	11%	30%	9%	7%	12%

*Since firms could give more than one type of employee sought for their 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.

Economic Development Assistance Programs Summary

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

1. Economic development programs are not well known nor heavily used by firms in Emporia.
2. Efforts to bring information about economic development programs must be increased in the city. By making these programs more well known and accessible to firms, there will be greater opportunities for increased expansion and economic growth.
3. Low percentages of actual use of these economic development programs should be examined carefully; lack of use may be the result of lack of information.
4. Firms in Emporia have requirements for general, nonspecialized skills.

5. The city has relatively low-skill workers, making its ability to compete in the future heavily dependent on training and access to training programs.

6. The growth potential of these firms will be weakened if competition requires a shift to more specialized forms of employment.

7. Larger firms use the services of a state university, community college, or vocational school more than smaller firms, indicating possible difficulties for small firms to find, make, and/or afford contacts with state educational institutions.