A moving target: rethinking industrial recruitment in an era of growing economic uncertainty

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Abstract. Industrial recruitment is often portrayed by economic development scholars as an inferior or 'second-best' strategy to those that promote 'home-grown' enterprise. But this characterization overlooks improvements to industry recruitment that state and local agencies have adopted in recent decades and the underlying factors that contribute to this effort. Drawing on two case studies of strategic industrial recruitment in the U.S. South, this paper makes the case for industrial recruitment as embedded practice—rooted in place-specific contexts, adaptive and open to change, and governed by a range of institutional actors. The result is both a more strategic approach to local industrial recruitment, and also one designed to complement—not undermine—other local economic development practices.

Keywords: economic development, industrial recruitment, U.S. South, biotechnology

Contemporary studies of economic development in the United States often recognize improvements in state and local policy development, thereby reinforcing the message that changing economic circumstances require continuous policy adaption and tinkering (Block, 2008; Glasmeier, 2000; Schrank and Whitford, 2009). These studies have not only helped to reinvigorate an earlier debate over the appropriate economic role of governments, but also demonstrate why state and local government interventions remain crucial for economic adjustment and resilience.

But closer examination of research on innovations in state and local economic development also reveals uneven treatment across specific forms of intervention, especially in the U.S. context. Policy improvements involving small business assistance, entrepreneurship and technological upgrading are well-documented and receive significant scholarly praise (Bagchi-Sen and Scully, 2007; Block, 2008; Glasmeier and Farrigan, 2007; Hart, 2003; Malecki and Nijkamp, 1988; Porter, 2000). Yet, many scholars of U.S. economic development have seemingly neglected the changing nature of industrial recruitment—defined as the use of public money, including tax breaks and cash-giveaways, to incentivize outside businesses, domestic and foreign-alike, to establish a new facility in a community. As a result, we have limited knowledge of how U.S. practitioners go about recruiting new business investment and establishments to a region, nor especially how they have improved that practice overtime. Instead, recruitment is presented as an inferior or ‘second-best’ use of scarce policy resources in relation to strategies that promote ‘home-grown’ enterprise and technologies (Glasmeier, 2000; Markusen and Nesse, 2007; Porter, 2000; Rubin, 1988). Cast in this light, local policy innovation is suggestive of a move away from recruitment practice altogether, rather than an attempt to improve upon it.

This characterization of recruitment as an unchanged and inferior practice is somewhat puzzling given that it is the oldest form of state-sanctioned local economic development in the United States, dating back to the early 1930s when the state of Mississippi first created the Balance Agriculture with Industry Program (Cobb, 1993).
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had a long time horizon during which to gestate and mature. Additionally, it remains one of the most widely utilized economic development strategies (Morgan, 2009; Warner and Zheng, 2013), suggesting a high likelihood for experimentation and variation in local use. Yet despite this persistence, scant scholarly attention is given to its development trajectory, its transformation over time, and most significantly, its varying local application across U.S. communities.

This paper seeks to fill this gap by illustrating local innovations in industrial recruitment in the U.S. context. Still ours is not an outright defense of all forms, uses, or applications of industrial recruitment. As with any policy intervention, there are numerous cases one can point to as evidence of ill-conceived, poorly executed, or even abusive recruitment efforts (Leroy, 1997; Rodríguez-Pose and Arbix, 2001; Schunk and Woodward, 2003)—including examples from the very jurisdictions where our case studies are based (Lowe, 2014). In light of this, our goal is to offer constructive counter examples involving innovative approaches to recruitment and to contrast the institutional features of industrial recruitment that improve economic development standards and outcomes with those that reinforce the negative features so often criticized by scholars.

We focus on two case studies of industrial recruitment in the U.S. South—the birthplace of this development strategy in the United States. The first case entails active involvement by agencies at the state level in recruiting global biopharmaceutical manufacturing firms to North Carolina, and most notably to the Research Triangle metropolitan region. The second involves recruitment activities by regional actors in Northeast Mississippi, involving multiple counties and a range of target industries. Recruitment efforts for each case study, including evidence of positive labor market impacts, have been documented in considerable detail elsewhere (Freyer, 2010; Lester et al., 2014; Lowe, 1999, 2014), thereby allowing us to concentrate on overlapping institutional features that contribute to higher-order recruitment practice. Three institutional features, which we categorize as embedded practice, are highlighted: first, the presence of a central agency that coordinates economic and workforce development activities and that acts as a gatekeeper for engaging and motivating firms and local community actors; second, emphasis on pre-recruitment planning, which enables practitioners to identify and target prospective firms that not only offer the best fit given the region’s existing industrial mix, but that match well with existing development goals and priorities. For our cases, this includes improved access to quality employment opportunities for displaced workers and less educated job seekers; and third, strong emphasis on practitioner mentoring and monitoring at multiple scales in order to increase awareness of unique regional assets, including transferable workforce skills, a process which, places limits on excessive incentive use.

Combined, these features contribute to a more strategic and tempered approach to local industrial recruitment. By this we mean that in both cases recruitment is neither practiced in isolation, nor treated as a development panacea. Rather, it is organized around a motivating or guiding principal, which in recent decades and in light of emergent economic challenges entails efforts to extend quality employment opportunities to less privileged workers within the regional labor market. It is also designed to complement and buttress, rather than substitute for or undermine other elements of local economic development planning. Before turning to the details of each case, we first provide an overview of the changing nature of local economic development practice and situate industrial recruitment within the framework of embedded practice.

Economic development as embedded practice

Scholars of economic development continue to debate the usefulness of policy interventions within the local and regional economy. Still, there is general agreement that today’s economic development practitioners face considerable uncertainty in their daily jobs compared to those working in the field 20 or 30 years ago. In light of contemporary economic and labor market
challenges, skeptics sometimes question how much actual influence local practitioners can actually have over economic actors and processes and often recommend leaving the fate of the local economy to market forces (Rubin, 1988). Such ‘laissez-faire’ recommendations are often coupled with related suggestions to outsource business support services to the private sector and restrict government interventions to indirect, though admittedly essential market-supporting activities, such as education, local policing and infrastructure development (Peters and Fisher, 2004; Porter, 2000; Reese and Ye, 2011).

In recent years, this hands-off approach has been counterbalanced with more textured analyses, which recognize the continued importance of local and regional policy interventions within the economy and more specifically, the need for these interventions to be flexible, creative and coordinated (Harrison and Glasmeier, 1997; Reese and Rosenfeld, 2001; Schrank and Whitford, 2009). What is often stressed on the pro-government side is the importance of varied policy interventions that reflect specific local ‘contexts’ and circumstances, and related to this, the need for local practitioners to be cognizant of multiple, potentially competing development goals and logics (Clark and Christopherson, 2009; Pike et al., 2007).

Features of embedded practice
This raises an important question: how to inspire and guide good practice in light of rapidly changing economic and labor market conditions? The literature on local economic development practice highlights three related contributors. First, the importance of acting on ‘local knowledge’—in other words experimenting with strategies that reflect and build from local economic and institutional circumstances (Amin, 1999; Asheim et al., 2007; Valler and Wood, 2010). This entails moving beyond cookie cutter approaches which simply emulate the actions of ‘successful’ economies elsewhere to instead design policies that reflect the particular industrial and institutional legacies within a given place (Gertler, 2001). This is not to say that elements from elsewhere should not be replicated and borrowed, nor that mistakes made elsewhere can’t provide important lessons for what to avoid (Blakely and Leigh, 2009). Rather, what is critical is identifying elements of a particular policy intervention that contribute to success in one place and time to consider what might be most relevant to another context or moment in time.

In many respects this emphasis on local knowledge and local context mirrors contemporary understandings of dynamic local economies. Economic geographers, for example, often point to sources of ‘uneven’ economic development that can reflect place-specific conditions and historical legacies (Amin, 1999; Glasmeier, 2000; Pike et al., 2007; Rodríguez-Pose, 1996). These differences not only affect cross-regional growth rates, but equally can influence the degree to which local economies can withstand certain shocks and pressures. Furthermore, local factors can sometimes ‘lock-in’ behavioral patterns and relationships involving economic actors and in ways that potentially hinder the ability of these same actors to successfully adapt to changing economic circumstances (Hassink, 2005; Lowe, 2009; Wolfe and Gertler, 2002). As this implies, policy interventions need to reflect these local conditions and constraints and often with an eye towards obstacles to behavioral or organizational change (Lowe, 2009). Related to this is the importance for continued policy adaptation, in so far as policy triggers must also keep pace with changing circumstances and constraints. Therefore, a key role for local practitioners is to constantly search ‘for trouble’ (Reddy and Sabel, 2002) and adapt strategic goals in response to emergent policy problems and challenges (Amin, 1999).

This brings us to a second contributor of good local practice: efforts that encourage partnering and coordination between multiple agencies, creating what Malecki describes as connective institutional “tissue” (Malecki, 2007). Policy experimentation obviously comes with considerable risk, including the risk of failure. As such, there is the need for constant
monitoring, reflection and revision. But this can create discomfort for local practitioners and only adds to the uncertainty they face in their daily work environment (Sabel, 1992). Furthermore, frequent policy changes can result in outside criticism, which itself may have negative consequences for practitioner credibility and standing within a local community. In this respect, collaborations across agencies and institutions can provide an important buffer and also ensure practitioners have greater breathing room during which to experiment and tinker with unproven strategies (Lowe and Feldman, 2008; Pike, 2002). Equally, collaborations can deepen the local knowledge pool by bringing together groups of individuals with different experiences, perspectives and sources of expertise that can be useful in strategy design, implementation, and evaluation.

Reflected in processes of inter-agency collaboration is a third, related notion that policy outcomes themselves are not typically the result of isolated action, but rather emerge from policy coordination and sequencing. Cynics of local economic development tend to assume that localities that adopt a wide range of strategies and development financing mechanisms are directionless (Rubin, 1988). As this implies, uncertainty can result in a hodgepodge of poorly connected and ill-conceived strategies. But others refute this assumption, arguing instead that “coherence” can emerge when diverse strategies and targets are professionally managed and are the result of consultation between different government agencies (Reese and Rosenfeld, 2001). Markusen and Schrock reiterate this point when they recommend adopting a “portfolio” approach to urban and local economic development (Markusen and Schrock, 2006). Broad policy goals—such as improving job quality and career ladder development or promoting innovation by both existing and emergent firms—require a complex blend of strategic actions that not only cross areas of specialization within the field of economic development, but equally reflect synergies across multiple layers of government (e.g., small business agencies, technology transfer offices, education or workforce development programs, etc.) (Coenen, 2007; Goddard and Chatterton, 1999). As this also suggests, coordinated policies are likely to involve multiple ‘tools of the trade’ and thus, should be subject to evaluations that recognize combinations of tools used to achieve a stated policy goal or objective, rather than study individual tools in isolation.

These three elements constitute a form of embedded practice, which we define as local practice that is rooted in place-specific contexts, adaptive and open to change, and governed by a diverse network of institutional actors and agencies. Scholars of economic development increasingly point to the need for embedded approaches to local policy development in light of complex and emergent economic and social challenges (Amin, 1999; Pike et al., 2006; Schrank and Whitford, 2009). As one example, scholars studying innovation now point to the new challenges from local “network failure” that can hinder innovation within traditional and emergent industry clusters—by this they mean gaps in the institutional support structures that facilitate new product and process development (Block, 2008; Schrank and Whitford, 2009). In this context, locally embedded approaches to policy development are favored over top-down or market-driven approaches, as they tap local knowledge about the nature and source of these institutional gaps and what might be required to resolve them (Schrank and Whitford, 2009). Similarly, embedded approaches are seen as more effective at identifying and resolving conflicts over multiple development logics, such as the need to restore industrial competitiveness while also resolving pressing equity concerns through labor market adjustments (Clark and Christopherson, 2009; Pike et al., 2007). Related applications of embedded practice have been highlighted for policy targets involving entrepreneurship, industrial restructuring and industry cluster repositioning (Feser and Luger, 2003; Lowe, 2009).
Re-conceptualizing industrial recruitment

But where does this put activities related to industrial recruitment? In this paper, we argue that industrial recruitment—like other local economic development practices—has the potential to be an embedded practice and contribute to a larger institutional apparatus supporting long-range economic development planning (Feser and Luger, 2003; Fitzgerald, 2004; Goetz et al., 2009; Greenstone et al., 2008; Pike et al., 2006). Viewed in this light, there is potential for communities to use industrial recruitment to selectively fill existing gaps within a region’s industrial value chain; restructure and revitalize established industries and related support institutions; develop new markets for locally-owned businesses, suppliers and service providers; and ensure that the established skills and talents of the region, especially those of workers and entrepreneurs in declining or vulnerable industries, are redirected to new productive uses. In other words, recruitment efforts need not and should not be practiced in isolation, but rather can be combined with other development tools and targets, such as small business development programs, education and training initiatives, and innovation system support, in order to promote a more vibrant and resilient local economy (Malecki, 2004; Pike et al., 2006). Furthermore, as practitioners engaged in recruitment come into contact with other elements of economic development practice, there is the possibility for them to also alter their own approach to recruitment and in the process reorient their priorities and goals. In this respect, recruitment itself becomes a moving component within an evolving local economic development support system.

Yet this possibility for reform remains surprisingly absent from existing economic development discourse, especially for the United States. In the U.S. context especially recruitment is often treated as an entrenched and isolated practice within a timeless policy context that remains forever unaffected by policy learning and unable to adapt to changing economic conditions and professional standards. When recruitment is referenced—even within more recent works on policy innovation—it tends to be cast aside as traditional and antiquated and is often presented in a harsh and negative light (Goetz et al., 2009; Schrank and Whitford, 2009). In effect, the traditional literature assumes that local economic developers have not adapted industrial recruitment practices to meet the needs of their local policy and economic contexts (Loveridge, 1996).

Secondly, the extant literature tends to dismiss industrial recruitment as un-strategic or to use Rubin’s (1988) memorable phase, “shooting at anything that flies, and claiming anything that falls.” This is based on the assumption that practitioners are largely forced into a posture of responding to (rather than shaping) the demands of firm location decisions in ways that simply shuffle jobs from one region to another with no net increase in national economic performance (Loveridge, 1996; Rubin, 1988; Thomas, 2000). These assumptions ignore the agency of practitioners to influence the firm location process through industry targeting and strategic planning—techniques that allow local practitioners to identify those firms that best “fit” local economic conditions and produce net-positive multiplier effect (Goetz et al., 2009; Malecki, 2004). In this respect, much can be learned from studies of foreign direct investment in Europe, which do a better job acknowledging variations in strategy and provide illustrative examples of “embedded” forms of recruitment and “exogenous development” (Pike et al., 2006).

Thirdly, there is a tendency within U.S. economic development scholarship to treat recruitment as part of a zero-sum policy equation that comes at the expense of other policy priorities, especially education, policing and infrastructure development (Reese and Ye, 2011). Rarely is recruitment recognized as a potential complement to these other policy goals—an outcome that can occur when recruited firms help to buttress institutional supports that also facilitate small business development and skill transference in the region (Fitzgerald, 2004).
While the use of incentives to promote industrial recruitment can in fact create fiscal trade-offs with other policy priorities (Bartik, 1991; Thomas, 2000), the integration of recruitment with these other institutional and infrastructure supports can actually have a positive fiscal effect—by maximizing the role of these other supports in firm location decisions and downplaying the importance (and size) of the incentive (Bartik, 2011).

Turning next to case study material from the U.S. South, this paper provides evidence for this type of synergy and more importantly outlines the institutional factors that help embed the practice of recruitment within a long-range development planning process.

Case study methodology
This paper examines the institutional features of embedded practices in two case studies—the life sciences industry in North Carolina and the regional economic development efforts in the City of Tupelo and Northeast Mississippi—to demonstrate that the traditional view of industrial recruitment is incomplete. Both of these cases demonstrate the use of industrial recruitment as embedded practice across different scales—statewide in North Carolina and as a multicounty region in Mississippi.

Pairing these two different scales is especially fruitful due to the variation in state and local economic development governance models across the country coupled with post-recession budget cuts and privatization efforts. The rising dominance of fiscal austerity in the Southern United States is already leading to the hollowing out of state-level institutions that support economic development—a trend that may have the unintended side-effect of pushing more strategic economic development efforts to the sub-state level. As a result, local-level examples of embedded recruitment may prove just as relevant for scholars and practitioners of economic development as state-level policies. Additionally, locating these cases in the U.S. South, the region of the United States long identified with the most criticized features of industrial recruitment, allows us to suggest in discomfirmatory fashion that if the traditional scholarly assessment of recruitment is incomplete in these cases, it is likely incomplete as a broad characterization of contemporary practice.

For both research sites, case studies were constructed using a review of key policy documents, including strategic plans and archival material, including several decades of newspaper clippings. Approximately a dozen semi-structured interviews were also conducted with key stakeholders and policy makers in each location. Interviews were summarized to identify gaps in information or inconsistent statements which were resolved with additional archival analysis and when needed, follow-up interviews. In the North Carolina case, interviews were conducted with 10 biopharmaceutical manufacturing firms in order to understand company firm location decisions. Additionally, we used a valuable secondary source to supplement our interviews in Northeast Mississippi. Grisham (1999) is an exhaustive history of the region’s economic development efforts since the 1930s, based on thousands of interviews conducted over a two-decade period (Grisham and Winter, 1999)

Job access in North Carolina’s life science industry
North Carolina has established itself as a national leader in life sciences, boasting a robust and expanding base of entrepreneurial biotechnology and medical device companies, as well as the nation’s highest concentration of clinical trial research support firms, most of which are also homegrown. State agencies have played a crucial role in building out the institutional infrastructure needed to support life science innovation and entrepreneurship. This includes investing in institutions of higher education, research laboratories, technology transfer systems and venture financing.
But industrial recruitment also plays a pivotal role in life science industry and employment expansion in North Carolina. This is especially true for biopharmaceutical manufacturing whose development provides good-paying employment alternatives to both new labor market entrants and manufacturing workers displaced from declining sectors in the state, such as textiles, furniture and microelectronics (Lowe et al., 2011).

In recent decades, the state has recruited prominent biopharma manufacturers such as Merck, Pfizer, Novartis, Biogen-Idec and NovoNordisk. Today, the majority of North Carolina’s 40 biopharma manufacturing companies are non-local transplants and many of these were actively recruited from Europe, Japan and other US locations. While state agencies are helping homegrown biotechnology firms develop their own manufacturing capabilities, they also recognize that recruitment of well-established biopharma manufacturers represents a more expedient strategy for promoting and extending manufacturing job growth throughout the state.

The decision to target biopharmaceutical manufacturing involved a number of state agencies and institutions in North Carolina, and was the outgrowth of a strategic planning initiative introduced in the mid-1990s by the North Carolina Biotechnology Center. Tasked with supporting broad-based economic development in life sciences, the Biotechnology Center convened a blue-ribbon task force to advise them on how to deepen the labor market impact of this high-growth industry and especially how to pull down the career ladder to create quality job opportunities for workers displaced from traditional manufacturing industries. But the deeper significance of this policy commitment is the way state agencies have institutionalized recruitment activities in an effort to maintain manufacturing employment over the long term and by establishing North Carolina as the ‘go to’ place for biopharma manufacturing on the basis of quality workforce skills and strong industry support. Despite industry consolidations and downsizings nationwide, North Carolina has experienced steady employment growth in biomanufacturing, as firms have continued to select the state when combining and concentrating activities and facilities (Tindall, 2012).

North Carolina’s approach to recruiting biopharma manufacturing establishments is reflected in three inter-related practices, which as noted below are also present in Northeast Mississippi’s approach to recruitment. First, biopharma manufacturing recruitment efforts in North Carolina are proactive and paced. State agencies try to avoid surprise deals, which can potentially undermine both preparedness and their relative bargaining power vis-à-vis large corporations and their site location representatives—a challenge well documented by other economic development scholars (Markusen and Nesse, 2007). Instead, state agencies in North Carolina spend considerable time and resources identifying prospective biopharma firms years in advance of their actually needing to establish a new manufacturing facility. Similar to their local-level counterparts in Northeast Mississippi, staff at these agencies focus almost exclusively on industry analysis and data gathering. They continuously update information on hundreds of international life sciences firms, much of which is gathered through informal conversations at industry meetings, networking events and conferences. This information is used to estimate the timeframe—often several years out—when a pharmaceutical or biotechnology firm might be ready to establish a new production facility and ultimately helps state and local recruiters prepare well in advance for discussions with these firms and their site location representatives. By front-loading this process, state agencies are in a position to identify companies that are most interested in basing their location decisions on the availability of skilled workers and strong industry and workforce development support. But equally, early engagement with firms and their executives also helps to raise awareness of these same supports and shapes company expectations that they be available in communities where they look to locate.
A second, related activity involves upfront community preparation. Other states also support community development often by helping local practitioners catalog and market industrial buildings and available infrastructure. But what gets prioritized in the North Carolina case is local practitioner education. Local practitioners are brought into a state-coordinated outreach system that enables them to learn about the nuances of the biopharma industry, including technology and skill demands of both large and small-sized manufacturing firms. They also learn about existing institutional supports within the state and how to leverage these in order to make their community more attractive to these firms. Again, this is not something that happens in response to a call by an industrial prospect, but rather involves an on-going process of outreach and professional development support.

A third important step—and one in which North Carolina closely resembles Northeast Mississippi—involves bringing workforce development agencies into the mix and early on in the recruitment process. In other states, training institutions typically function in the background and during the early phase of a recruitment deal and may simply be asked to write a letter of support outlining the state’s training commitment. In contrast, representatives from North Carolina’s community college system are brought in early on and essentially sit at that head table during the first round of negotiations with a prospective firm. In this regard, they are treated as equals to state recruiters and thus are given an equal opportunity to learn about and influence the thinking of prospective firms. This integrated approach becomes essential for promoting workforce development strengths and recruiting firms on the basis of worker skill and quality. But it also enables community colleges to position themselves as more than just providers of customized training for recruited firms. Rather, they advocate on behalf of workers and job seekers by promoting more equitable forms of hiring and occupational advancement. In biomanufacturing, this involves working closely with recruited firms to encourage them to relax educational requirements in an effort to open up employment opportunities for high school degree holders—yet simultaneously convincing firms to strengthen internal career ladders by encouraging incumbent workers to pursue college degrees (Lowe et al., 2011).

These practices are institutionalized through a complex division of labor involving three state-funded agencies. An essential actor in this partnership is the North Carolina Biotech Center (NCBC), which was established in 1981 as the nation’s first state-funded economic development agency in life sciences. The NCBC focuses primarily on information gathering and reaching out to life science firms at various phases of development. As the initial contact point for prospective firms, NCBC also helps to reinforce long-range, strategic thinking. In contrast to more traditional recruiters, NCBC staff are not evaluated and rewarded solely on the basis of a successful recruitment deal, but rather on the quality and depth of the relationships they develop with companies that may become future recruits. This encourages NCBC staff to stay well ahead of the recruitment process and continue to deepen their industry knowledge and networks.

The North Carolina Department of Commerce—the state agency responsible for traditional statewide recruitment—also plays a key role. Interestingly however, within this partnership their primary responsibility is actually community preparation—that is to say, helping local practitioners connect to various resources, networks and individuals that can move them up the steep learning curve. Once NCBC has identified an interested firm, Commerce staff work closely with eligible communities to help them better respond to the company’s request for information. The third major player is BioNetwork, a consortium of community colleges in the state that provide specialized biopharma training. While these colleges existed prior to BioNetwork’s formation in the mid-1990s, with some colleges originating in the 1950s when a state-funded vocational training system was first established
in North Carolina, their active participation in BioNetwork has helped facilitate resource sharing and coordinated curriculum development in biopharma manufacturing. The primary role of BioNetwork colleges in industrial recruitment is to advance educational opportunities in biopharmaceuticals and address the skill and training needs of both recruited and homegrown firms in this industry. This partnership—which essentially forms the core of North Carolina’s biomanufacturing recruitment team—was formalized over 5 years ago, but builds on strong institutional connections that date back some 15 years or so.

So how then does this coordinated effort improve recruitment practice? First and foremost, this structure opens up the possibility for better community-company match-making. By working closely with communities and drawing on in-depth industry information, the biomanufacturing recruitment team is in a position to put forward select communities that really offer the best combination of assets for a given firm. Admittedly, this can put team members in a potentially awkward situation where they might be accused of simply playing favorites among a select group of communities. To address this concern, they also use their deep understanding of the industry to identify a subset of firms that recognize real advantages to locating in more remote or rural areas of the state. As one example, a poultry vaccine-maker saw value in locating in a rural county in order to be in closer proximity to their customer base. But equally, team members work together to develop and better market unique advantages of the different regions within the state—a process that economic developers in Northeast Mississippi also replicate at the local scale.

North Carolina’s team approach also encourages a shift in focus away from incentive offers and towards other regional assets and advantages, namely quality local labor and strong research and development supports. In fact, by staying in close communication with firms, team members are able to intervene when an incentive offer is initially requested and work to draw the focus towards these other regional assets. Furthermore, by helping local practitioners recognize the importance of these same locational advantages, they help to shift the bargaining power from site location consultants to the community and at the same time help to reinforce performance standards for any local incentive that might be offered. This is not to say the actions of the team eliminate incentives altogether. But rather, by carefully mediating this recruitment process, they are able to shift the focus to other locational advantages, thereby helping to reduce the relative size and importance of the incentive. As one recent illustration, executives from Novartis cited North Carolina’s high skilled workforce and quality training institutions when selecting Holly Springs North Carolina for a new $1.2BN vaccine manufacturing plant, even though the state of Georgia offered as substantially larger incentive package (McNaughton, 2006). Additional analysis of all incentive-backed recruitment and retention deals in North Carolina from 1996 to 2008 demonstrates further economic gains, namely higher rates of employment growth from mediated approaches to recruitment in biomanufacturing (Lester et al., 2014).

In terms of policy replication, the wrong lesson for other states is to simply copy North Carolina’s efforts in the life sciences industry. This industry, after all, has specific institutional demands to support on-going processes of innovation and applied research and development— institutions that North Carolina has spent decades building. Biomanufacturing firms are less dependent on these particular institutions as they are not research and development intensive. Still, they are nonetheless attracted by North Carolina’s rich institutional environment, and in recent years, have even turned to some of these support institutions for help in innovating around manufacturing processes (Cvelich, 2012).

Instead, the transferable lesson for practice in other contexts involves the particular way that recruitment is institutionalized and embedded. As seen in this example from North Carolina (and which foreshadows our Mississippi case), low-wage advantages have given
way to the active promotion of workforce skill and customized training supports, qualities that are relevant to a wide range of industries, not just life sciences. Similarly, scatter-shot approaches to recruitment are being replaced by sectoral strategies that target specific groupings of firms, often with a goal of filling gaps in local supply chains or career ladders. Other states in the South will likely have a distinct set of regional advantages and industrial and institutional legacies from which to build a strategy of sector targeting. Still, by targeting particular sectors and using recruitment to address gaps in those—whether employment- or supply chain-related—state governments will be in a better position to focus institutional resources and guide policy learning. Related to this, recruitment activities in North Carolina are highly coordinated, involving intensive collaboration between multiple agencies and nested levels of government. In turn, this is helping to provide an important check against opportunism and hasty decision making on the part of potentially job-hungry communities. Ultimately, the result is a more tempered approach to industrial recruitment that not only helps to limit excessive incentive use, but more importantly, also ensures that recruitment activities are firmly anchored to strategic economic development goals. In this regard, recruitment complements, rather than competes with, other aspects of economic development and functions as one element of a coherent policy platform.

**Promoting regional development in Northeast Mississippi**

North Carolina provides an example of embedded industrial recruitment practice in the context of a statewide effort in a specific targeted sector, biomanufacturing. Our second case study explores a related approach to industrial recruitment but one that is focused on the efforts of a specific, sub-state region in Northeast Mississippi to diversify the industrial base.

To understand the role of strategic industrial recruitment in promoting broad-based industrial development in Northeast Mississippi, it is first necessary to consider the early history of Lee County, where most of the institutional infrastructure supporting this regional strategy is based. In 1940 Lee “had the dubious distinction of being one of the poorest counties in the poorest state in the union” (Grisham and Winter, 1999), lacking any major geographic advantages, transportation infrastructure, significant industrial employment opportunities, or a skilled workforce. Yet by the turn of the century, economic developers in the county had helped build a significant and diversified regional industrial base, which has generated an average of 1,000 manufacturing jobs a year since the early 1950s and lifted per capita income to levels consistently in the top five in the state by the 1990s (Grisham and Winter, 1999).

Northeast Mississippi’s early industrial strengths were heavily concentrated in rubber tire manufacturing, metal parts production and motion or reclining upholstered furniture (Lowe, 1999). Recent decades have seen the emergence of new regional concentrations in healthcare, banking and an emerging cross-industry occupational function in “back office” support, including data management, customer service, and computer services (Fantas, 1999).

Industrial recruitment has been essential to this on-going process of regional economic transformation. As with the North Carolina case, it has historically been applied in ways that reinforce a particular set of regional advantages and higher-order development values that are significantly more expansive than the “low-tax, cheap land, and cheaper labor” approach to recruitment common to the post-WWII U.S. South. Northeast Mississippi experimented with regional strategic planning and community revitalization efforts known as Rural Community Development Councils in the 1930s, and then fully institutionalized this approach with the creation of the Community Development Foundation (CDF) in 1947. Over the past 50 years, CDF has paired industry targeting analysis with customized skill development to support the recruitment of industries that both fit the economic make-up of the region and value the region’s skill mix (Grisham and Winter, 1999; Lowe, 1999).
The connection between workforce development and recruitment was further institutionalized in 1960s and 70s, when CDF initiated a formal collaboration with the Itawamba Community College (ICC) to provide firm-specific training programs designed first to retain existing firms and then expanded to support the recruitment of new firms. A Vocational and Technical Education Center was added in 1971 in a joint effort between CDF, Lee County, and the City of Tupelo to provide vocation training to high school students in automated and computerized manufacturing. This partnership was updated in 1982, with the creation of the National Model for Career and Technical Education, in which ICC delivered industry-specific training curricula to provide a long-term pipeline from high school to community college to job placement (Grisham and Gurwitt, 1999).

Today, interviews have revealed that much of this model is still in place, and—as with biomanufacturing in North Carolina—the recruitment process in Northeast Mississippi continues to involve a coordinated effort among multiple agencies that resembles a hub-and-spoke system. At the hub of the wheel is CDF, which exists today as a 501(c)6 nonprofit economic development organization. CDF’s primary role for Lee County and for several surrounding counties entails coordinating industrial recruitment efforts among an array of key stakeholder agencies before, during, and after firm location. Many of its core partners continue to be agencies focused on workforce development that provide specialized training services to existing and newcomer firms in targeted industries. Interviews revealed that these partnerships often involve shared-staffing arrangements between CDF and workforce development agencies and integrated board memberships, with CDF executive committee members sitting on workforce partner boards and vice-versa. Specific workforce partners include: the Itawamba Community College, the primary agency for designing and delivering job training services customized for industry; the Workforce Investment Network (WIN), the state’s one-stop shop for connecting individual workers with training services, located on the ICC campus; the Three Rivers Planning District Commission, the local agency responsible for administering federal Workforce Investment Act funding that supports many of the individual workers receiving training from ICC; and the University of Mississippi at Tupelo, which also operates a shared training space for ICC programs.

Much like the Biotech Center in North Carolina, CDF places considerable emphasis on pre-recruitment research and analysis. This includes conducting regular long-range strategic plans every ten years based on detailed industry composition analyses used to determine the region’s labor market and supply chain strengths and gaps (Fantas, 1999). Coupled with these long-term plans, CDF also utilizes in-house research staff to systematically analyze changing conditions in the region’s economy and labor market and evaluate prospective firms within industries highlighted in the strategic plan (Freyer, 2010; Lowe, 1999). This ensures that recruitment efforts are limited to industries that fit the region’s unique industrial mix and economic profile, thus increasing the region’s economic attractiveness to firms within these targets and providing stronger economic linkages for firm retention.

As revealed in our interviews with CDF and community college stakeholders, once CDF identifies a target industry, it works closely with its workforce development partners to establish a coherent, yet adaptive labor market support system with that particular industry in mind. With input from CDF, staff at Itawamba Community College develop and maintain sophisticated training programs and course curricula for each industrial target. The College also provides “project managers” as staff for discussions about customized training assistance with prospective recruits. As with the North Carolina case, these activities help to embed workforce development within the recruitment process, both strengthening the region’s relative bargaining position when attracting and retaining firms and also ensuring the recruitment process pivots on regional labor market strengthens. The physical location of
a CDF Ombudsman in the ICC offices ensures regional training programs also stay in step with shifting industrial recruitment and retention targets.

An additional aspect to CDF’s pre-recruitment work involves building institutional and industrial infrastructure capacity in support of targeted industries. For example, CDF leveraged funding and technical assistance from the Tennessee Valley Authority and the Appalachian Regional Commission to finance the creation of MEGAPOP—a regional broadband internet provider. Established in 2005, this nonprofit entity constructed one of the highest-capacity IT/FiberOptic backbones in the South, running from Memphis to Meridian through the heart of Northeast Mississippi and providing low-cost, high-quality broadband internet and data management services throughout the region. According to interviews with MEGAPOP officials, the selection of broadband infrastructure as a targeted investment was not haphazard or random, but rather reflected the region’s strategic approach to industrial recruitment. In this case, CDF’s 1999 strategic plan revealed the emergence of a “back office” support industry based on technological changes within well-established regional sectors including healthcare, banking, and upholstered furniture (Fantas, 1999). CDF saw an opportunity to recruit additional back office firms to round out regional service provisions in data management and customer and computer support. Specifically in response to this emerging opportunity, CDF spearheaded the creation of MEGAPOP as an information technology infrastructure capable of supporting existing back office firms and attracting new establishments to the industry (Pearce, 2010).

Beyond these pre-recruitment efforts, CDF also positions itself as a central actor in firm prospecting and is responsible for negotiating the terms of most recruitment deals, including hammering out the details of incentive offers (Freyer, 2010; Pearce, 2010). In this regard, CDF plays a more hands-on role in recruitment negotiations in comparison to North Carolina’s Biotech Center, which concentrates primarily on pre-recruitment analysis and relationship building and leaves the particulars of the incentive deal to state and local recruiters. Even here, however, interviews revealed that CDF approaches each negotiation with long-term regional development concerns in mind. In most cases, CDF focuses its energy on firms that are most interested in tapping the region’s labor market skills or inserting themselves within established or emergent regional supply chains. CDF is also careful to control firm-specific negotiations in ways that allow it to give top priority to establishments that share its core development values and goals, namely creating quality jobs and meaningful career development opportunities for regional residents.

Taking a recent example from the region’s “back office” industry, CDF identified customer service-oriented call centers as filling an important niche in the region’s labor market, specifically for high-school graduates and young mothers needing part-time work (Pearce, 2010). While this segment of the back office industry is not typically associated with strong employment and career advancement, interviews with CDF officials revealed that they recognized it as an important entry point for accessing higher paying, more skill-intensive jobs in other well-established industry segments. CDF is also careful to control firm-specific negotiations in ways that allow it to give top priority to establishments that share its core development values and goals, namely creating quality jobs and meaningful career development opportunities for regional residents.

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some existing level of relevant skills. Under federal law, they were also prohibited from moving locations outside of North America and thus, were less footloose than firms that can outsource jobs overseas—all factors that made the company attractive to CDF (Pearce, 2010). After NEW Corp expressed interest in locating in Tupelo, CDF reviewed their track record and initiated an extensive and ultimately successful recruitment effort with NEW Corp establishing a call center in Tupelo Mississippi in 2005, resulting in 350 new jobs in the region (Cotton, 2007).

Once a targeted firm like NEW Corp locates in Northeast Mississippi, CDF officials use several strategies to further anchor these firms to the region. As a starting point, supervisors of newly recruited firms are invited to participate in a series of formal trainings and networking sessions with local business leaders in an effort to better acquaint them with the economic history of the region and help them engage with the local business community. These sessions reinforce regional expectations of new business establishments, including stressing cultural norms of inter-firm cooperation and a region-wide commitment to job quality standards (Pearce, 2010). CDF also invites executives of recruited firms to sit on industry-specific committees, which function as formal institutional vehicles for identifying intra-industry problems and solutions. These committees help practitioners maintain strong connections to recruited firms and quickly intervene when unforeseen challenges or conflicts emerge that can affect firm retention (Freyer, 2010). That said, labor market norms, including industry wage and training standards, are largely addressed through pre-recruitment research, which helps select those firms that are likely to share similar norms of practice. Still, post-recruitment participation by executives and supervisors in industry committees, community-sponsored “firm appreciation days,” and firm-civic group partnerships act as important channels through which CDF and its regional partners ensure that newcomer firms maintain deeply held norms and traditions (Pearce, 2010).

These practices improve industrial recruitment in several important ways. First, economic development in Northeast Mississippi functions as an integrated system of adaptive, moving institutional pieces that work together to promote higher-order business practices in ways similar to the interaction between the Biotech Center, BioNetwork, and the Department of Commerce in North Carolina. This includes prioritizing pre-recruitment planning activities that allow CDF to target specific industries and companies that provide the best “fit” in terms of economic performance and labor market norms. Second, this advance work also strengthens the region’s ability to track long-term economic change and evolving labor market needs and to adapt practices to reflect emergent challenges and opportunities. A clear example of this is reflected in CDF’s strategic recruitment in back office services to reinforce endogenous growth patterns and broaden career opportunities within the regional labor market. Thirdly, this approach allows for identification and development of transferable skills across industries, including more recently the transferability of motion-furniture manufacturing skills to car-seat manufacturing in the region’s emerging auto sector. Finally, the integration of workforce development into the pre- and post-recruitment process helps further anchor recruited companies to the region by fostering their dependence on the job training programs provided by the ICC; in turn, this reduces footloose behavior and strengthens the extent to which recruitment can be used to support industrial retention and upgrading.

**Common practices**
While important differences exist between these cases that should not be dismissed, there are still a number of shared institutional features that contribute to good practice, and thus, hold potential lessons for other regions. First, a central agency coordinates economic development activities with partner organizations and acts as a gatekeeper for engaging and motivating
firms and local community actors. In North Carolina, the Biotech office provides this function, while in the Northeast Mississippi case, CDF plays this role. In both cases, these coordinating agencies provide a unified, overall strategic direction, enforce business and industry norms, and promote connectivity between economic and workforce development functions. Recruitment, therefore, becomes a strategic, multi-stage process, guided by a single source, but also incorporating the efforts of workforce development entities and other strategic partners.

Secondly, these two cases are marked by pre-recruitment planning processes that enable practitioners to identify and target prospective firms that not only offer the best fit given the region’s existing industrial mix but that match well with established development goals and priorities. In both regions, these strategic planning efforts improve practice by self-selecting those industries and firms most likely to benefit their respective communities, reinforcing the effectiveness of key economic linkages in ensuring long-term retention for those firms that are successfully targeted during the recruitment stage. With both of these cases, practice is light-years from “shoot at anything that flies;” instead, recruitment is strategic and targeted, guided by sound research and long-term planning.

Finally, institutional actors in both cases share a strong emphasis on practitioner mentoring and monitoring at multiple scales in order to diffuse local knowledge, increase awareness of regional assets, and ensure compliance with community norms. The vehicles by which this is accomplished clearly differ between these two cases—North Carolina involves state level agencies that focus on improving practice at the local level, while Northeast Mississippi has integrated practice-based norms into a centralized regional recruitment process around CDF’s research and prospecting efforts. While officially associated with Lee County, CDF uses its resources and research findings to reinforce region-wide standards for recruitment, while also playing an advisory role at the state-level, influencing state work within the Northeast region. Still, despite differences in organizational type and scale, both ensure that practitioners within multiple agencies and organizations are operating under shared norms about the recruitment process itself, the types of firms that should be targeted, and the role each partner agency needs to play in retention-related efforts. Perhaps even more critically, these coordinating agencies rely on leveraging local, context-specific knowledge throughout the entire recruitment process, ensuring that local conditions influence practice at every stage from prospect identification to the actual deal to the post-deal development of workforce and capital access networks.

**Conclusion**

To conclude, it is useful to consider the broader implications of these two cases in light of growing evidence that states and localities throughout the United States are intensifying their use of industrial recruitment in response to the Great Recession and its negative labor market impact (Warner and Zheng, 2013). A cynical view would interpret this outcome as a step backwards for policy development, in so far as recruitment efforts potentially compete with other economic and social priorities for scarce resources and political attention. Our counterclaim is that this emergent policy trend presents an opportunity to reengage with scholarly debate by drawing attention to changes in state and local practice over time. More importantly, it allows us to carefully examine the conditions under which recruitment efforts are linked to higher-order development goals and help to round out, rather than overshadow, other areas of local economic development. While it is true that a resurgence of industrial recruitment can come with relaxed policy standards and misplaced political priorities, especially in the face of rising economic instability, it is also true that quality standards can be reinforced and protected. The challenge for us as economic development scholars is to
become more aware of evolving forms of practice, thereby inspiring future rounds of policy reform and reflection.

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