

Fiscal Research Center

FIRM LOCATION DECISIONS AND INFORMATION NEEDS

Laura Czohara, Julia Melkers
and Kouassi Dagawa

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Georgia State
University

Andrew Young

School of Policy Studies

1215 UL, 404-651-3500, frp@gsu.edu

MSC 2A1240, Georgia State University, 33 Gilmer Street, SE Unit 2, Atlanta, Ga 30303-3082

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I. Introduction: Understanding the Firm Location Process

A significant portion of Georgia's economic development policy is targeted towards attracting businesses to locate in Georgia. In this process, businesses weigh their alternatives and select a location based on certain criteria. In order for businesses to accurately assess location alternatives, they must have appropriate information to assist in their decision process. In Georgia, a portion of this information comes from the Department of Industry, Trade and Tourism, and/or another economic development entity within the state. There is a gap in our knowledge, however, about how business prospects considering a location in Georgia perceive both the information that Georgia provides and the incentives that are offered in actual economic development deals. Business prospects include not only actual firms, but also the group of professional site location consultants around the country. In order to place Georgia in its most competitive position as well as to provide the most useful information to business prospects, it is important to understand the viewpoint of business prospects and the prospecting community in their business location decision process. This report documents the information needs of businesses seeking to relocate and perceptions of the usefulness of information provided in that process. Specifically, the research addressed the following questions:

- What information is most useful to business prospects in the process of location decisions?
- What types of information are most useful in location decisions?
- Which information is most critical?
- In what format and what mode of transmittal is information most useful?
- What are the strengths and weaknesses of information that site location consultants have received in their location site research?
- Where do site location consultants and business prospects typically go for location information and in what order?

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- Using the findings, can we categorize the information needs by level or tier? (e.g. what is the most important information for businesses that they go after first? What follows that?)

In this research, “information needs” was approached broadly, to include information about such things as location incentives, financial and taxation issues, infrastructure and transportation issues, attributes of communities, and other categories developed in collaboration with GDITT staff. Why firms select particular sites for location or relocation is important for economic development practitioners to understand in order for them to compete effectively with other communities. In particular, practitioners benefit from understanding not only the factors that affect the location decision, but also the process involved in making that selection. Because firms relocate or select new locations based on a complex set of factors, economic development practitioners struggle to present information that will position their communities in the best competitive light. While research has identified differing locational factors, the specific information needs of relocating firms are much less understood. This study uses recent survey data to extend our knowledge of the site location process by addressing these information needs and providing guidance to economic development professionals.

II. Findings from Site Location Research

When addressing issues of site location, the economic development literature has given most attention to the factors that inspire firms to relocate, and the local factors that then determine their ultimate location choice. From this literature, we know that firms have cited a range of reasons for seeking new locations, including cost savings, consolidation of operation, accommodation of business growth or decline, self-interest, and proximity to relevant networks (Buss, 2001; Ghosh et al, 1995; Luce, 1994). Other reasons also include transportation infrastructure, site/building quality, property costs, and quality of available workforce (Leitham et al., 2000), with the most frequently cited reason as profit maximization (Buss, 2001; Ghosh et al, 1995; Hack, 1999; Hayter, 1997; and Luce, 1994). Firms and the site location consultants that they employ generally select a larger group of communities and then narrow their choices to a few communities where site visits and more detailed information about the particular site is gathered. If communities are to be competitive in attracting firms, then the content and mode of information exchange with prospective firms must be relevant, attractive, timely and appropriate. Understanding the factors that are important for firms seeking location is useful in order for communities to provide information to firms that is most relevant and important.

While profit maximization may be the primary impetus to seek a new location, the factors that affect the ultimate site selection are complex. Location factors are described as how a firm assesses different location options, which in turn are multidimensional. Some researchers have described these factors as tangible or intangible (Hayter, 1997), as primary and secondary, or even as cost and non-cost (Hack, 1999). Overall, location factors are a complex mix that includes primary factors, such as location in relation to markets, material sources, transportation cost and services, availability and cost of utilities, and availability and cost of labor (Hack, 1999). Secondary factors include items such as availability and cost of materials, the supply and cost of labor, state and local tax structure, legislation affecting industry, business climate, weather, availability of financial assistance, location relative to competitors or to other facilities of the company (Hack, 1999.) Other factors often

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cited include labor-management relations, labor training programs, transportation, the street and highway network, the electrically power supply, natural gas cost and services, water supply and services, telecommunications services, educational resources, health and safety services, state and local taxes, planning and zoning, mineral, agricultural, and forest resources, population, labor, water, power, fuel, markets, topography, land, buildings, and transportation (Hack, 1999).

While each of these tangible factors have a direct affect on cost calculations (McPherson, 1995), understanding the site location selection process is complicated by the importance of intangible factors that may be important to firm management, such as educational resources, housing and quality of life issues, public services such as fire, police and emergency, recreational activities, and community values. Measuring the value of these intangible factors is difficult, but as communities recognize that these factors may also be important to firms, it becomes important to provide useful and relevant data that addresses these issues.

To complicate matters, in a study of locational choices, Barkley and McNamara (1994) found that a firm's stated preferences did not always parallel their final choice. Firms suggested that they valued certain key factors, yet chose a location that compromised them. The study suggests that decisions makers must make trade-offs in their locational factors. Findings for that study showed that firm behavior was consistent in factors that were easily observable. This concept remained true with smaller firms who could only conduct limited information searches. Another result of this particular study confirms the notion that firms relocated predominately to areas that were above average in "population, growth rates, median income, wage rates, education levels, and government expenditures per capita. Regardless of the importance given in the study to education, labor availability, public services, or quality of life, manufactures did not locate in counties with the low quality of schools or public services associated with little public spending" (Barkley and McNamara, 1994).

Finally, other research suggests that once a firm's impressions are formed about a particular location, it may be difficult to change those impressions. In a study of how and why relocation decisions come about, (Gilliland et al, 1994) decision makers experienced in conducting relocation searches were divided into two groups.

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The first chose between locational factors that were correctly labeled Michigan and Texas, for example. The second group could choose between locations labeled State A and State B, based upon their locational factors. The results indicated that preconceived notions of states weighed into decisions assumed about a particular state. When the states are coded and looked at solely for their locational factors, the relocating firms chose states that were much more aligned with their stated preferences and desires (Gilliland et al, 1994). Findings such as these present important implications for the way that states and communities provide information to prospective firms or site location consultants and suggest the long terms effects of how that information is presented and received.

Another important area of research regarding site location decisions addresses the role of tax and other incentives offered by states and communities. Increasingly, state and local governments are providing land or tax exemptions, or providing other capital for infrastructure, training programs, or even offering cash gifts toward moving expenses (McPherson, 1995). The utilization of tax incentives has become extremely prevalent, and states are in constant competition with each other to maintain and provide a sought after business climate (Buss, 2001).

As the use of economic incentives offered by state and local governments has increased, attention has been paid to the relative importance of these incentives in the site location process. The assumption is often that economic development incentives are an important factor in the site location decision process and in the ability of a community to compete in this process. (Although there is no scientific basis for how states scores are computed, each state is weighted and ranked.)

Recent research, however, challenges the importance of incentives in site location decisions. In a study of the location decisions of multinational firms (Rondinelli and Burpitt, 2000), incentives were discovered to be less important than other factors. In this study, representatives of firms that had located in North Carolina were asked to rank eleven sets of relocation factors: state and local tax incentives; state government agency business assistance; state and local government financing; state government marketing efforts; plant location services; labor force; transportation; quality of life; business climate; education; and proximity to markets and materials. The results found that the tangible and intangible factors on this list

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were the most rated factors, leaving a fresh question as to whether states should be concentrating their monies in economic incentive programs (Rondinelli and Burpitt, 2000).

Another study, conducted by O'Mara (1999) found similar results. This study analyzed the relocation decision-making process of forty firms to identify the motives, behaviors, and trends of corporations and firms in valuing differing location factors. Here, findings showed that "information-age" telecommunication firms value the presence of a qualified local workforce, with quality of life factors rated the next highest. O'Mara therefore concluded that "overall, economic development incentives are less important than the "ease of living" and labor market support found in the community" (O'Mara, 1999).

While research continues to address the question of "which factors matter" in the location decision process, the question remains of how firms perceive information about the various locational factors in which they are interested. How and where do firms seek information? Is the information they receive helpful and relevant? Which information is most useful and in which format? What other avenues or information do firms need in their relocation decision-making process? Site location research has focused primarily on site location factors, as discussed above, but has not given direct attention to the process of exchanging information with prospective firms. The literature addressing the information needs of firms in the site location selection process is limited to guides that provide suggestions for firms on where to find useful community information. For example, Whitehouse (1990) provides a basic outline describing the steps of gathering information for smaller businesses. She proposes that the information gatherer study the yellow pages for the communities of interest, visit the chamber or commerce of economic development commission to speak with the director, and to gather fact sheets, brochures and pamphlets about the city and county. Similarly, Hack (1999) suggests that firms use the services of an outside site consultant as well as utilizing the services of the economic development organizations that are located within that community. McPherson (1995) suggests the use of economic data sheets that provide brief, factual answers to the questions most often asked about communities, such as summaries of the general economy, population increase or decrease, raw materials, present industries, labor facts,

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transportation facilities, power, water, fuels, sewer capacity, communication facilities, government, finances, educational facilities, recreational facilities, trading facilities, construction and services, and inducement to industry (McPherson, 1995). Finally, McGuire (2000) points to the fact that information and knowledge are divided up between many sources, such as city government, utility companies, area chambers of commerce, and development corporations and that firms must seek out information from multiple sources.

While guides such as these are useful “how to” manuals, they do not offer any findings or evidence on the way in which firms weight and use information in the site location decision process. While applied policy research has produced useful findings on the factors that are important to firms as they select between communities in the location process, there is very little understanding of the manner in which that information is relayed. Yet, it is important for state and local communities to understand the information needs and decision processes of firms in the site location process if they are to compete with other communities. This report provides information on these information needs and the information process involved in site selection decisions. It provides important and useful findings and recommendations for the State of Georgia on the information needs of firms and site location consultants.

III. Methodology

Three surveys were conducted for this research. The advantage of this survey approach is that both quantitative and qualitative data may be gathered, thereby providing more generalizable findings rather than a more limited set of anecdotal evidence. First, directors of chambers of commerce and economic development authorities throughout the state of Georgia were surveyed. This survey was important to ascertain local government information dissemination processes and products, as well as impressions of firm and site location consultant information needs. This would allow us to extend the question of “information provided to business prospects” as addressed in the site location consultant survey described below, as well as to gather data on information provided in economic development deals in which GDITT may or may not have been involved. This survey was conducted to assess the types of information requests and types of information provided by site location consultants and firm. Overall, 99 usable surveys were returned for a response rate of 23 percent. Survey respondents represented 73 counties across Georgia. Second, professional site location consultants around the country were surveyed to explore firm and site location information needs.¹ Names were gathered using the International Development Research Council (IDRC) membership list. Overall, 58 surveys were returned for a response rate of 17 percent. The relatively low response rate may be explained by a population that operates on billable hours and is difficult to identify as well as to survey. Further, the activities within this profession are confidential and secretive – making survey responses difficult to obtain. Finally, the site location membership list includes individuals within larger real estate divisions of larger firms where respondents are engaged in a number of site location and real estate responsibilities and therefore may not consider site location issues as a central part of their responsibilities. Professional economic development practitioners describe the site location community as “difficult to identify” and “always changing.” Informal polling of economic development practitioners suggests that the core site

¹ Upon feedback from GDITT business recruitment staff, it was determined that site location consultants could provide broader feedback on a range of site location decision information needs rather than a survey of the firms themselves. Further, contact names within firms change rapidly, are difficult to identify, and are likely to have difficulty in recalling information and assistance issues related to their firm’s move.

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location community is limited to approximately 200 individuals. However, given the small size of this community, the larger membership list was used for this survey in order to capture the views of those individuals for whom site location may be only a limited portion of their overall activities. Respondents did include, however, individuals from major consulting firms such as Deloitte Touche, to major corporations such as Verizon[®] and Sprint[®].

Finally, a series of questions regarding site location issues were included in a related survey to state economic development division directors.² Here, respondents from international trade divisions and business recruitment divisions were asked a series of questions regarding firm information needs. They were also asked to indicate whether they were involved in forming location decisions. The final data set included 24 respondents from these two divisions in the following 21 states:

- Alabama
- Arizona
- Connecticut
- Idaho
- Indiana
- Iowa
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Missouri
- Nevada
- New Hampshire
- Ohio
- Oregon
- Rhode Island
- Tennessee
- Texas
- Vermont
- Washington
- Wisconsin

² A survey of state economic development division directors was conducted for GDITT for a related study on performance measurement in state economic development agencies. A series of questions were added to the surveys sent to division directors of international trade and business recruitment divisions.

IV. Findings

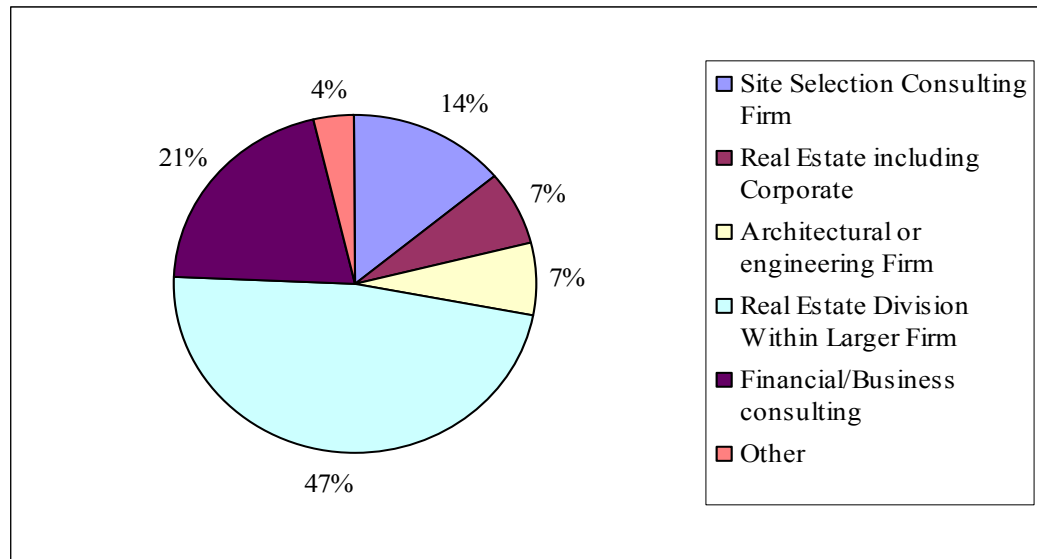
Overall, the data provide useful results regarding client information needs in the site selection process. The results are presented below. First, an overview of respondents themselves is provided in order to place the remaining data in perspective. Second, respondent's perspectives are provided on critical factors in the site selection process and resulting information needs. This is important for understanding rationale for providing various types of information to prospective firms. Third, site location ratings of information content and mode of transmittal are presented. Here, special attention is given to electronic transmittals, including data on "best" state web sites for site selection purposes.

Survey Respondents

Individuals engaged as site location professionals range from individual consultants for whom site location assistance comprises the bulk of their activities, to others for whom site location activities are relatively minimal in the scope of their overall activities. Respondents to our survey reflect this diverse community. As shown in Figure 1, the largest group (47 percent) of our 58 respondents are real estate professionals within a larger corporation, such as Intel, Verizon, Lucent, Pfizer, among others. Major U.S. corporations are well represented among survey respondents. Only 14 percent of respondents indicated that their firm is solely dedicated to firm site selection. Other respondents hail from corporate real estate firms, architecture/engineering firms, or financial/business consulting firms. When asked what percentage of their firm's activities were spent on site selection, more than half (63 percent) of respondents indicated less than 10 percent, and only a handful (10 percent) of respondents indicated that 50 percent or more of their firm's activities were spent on site selection.

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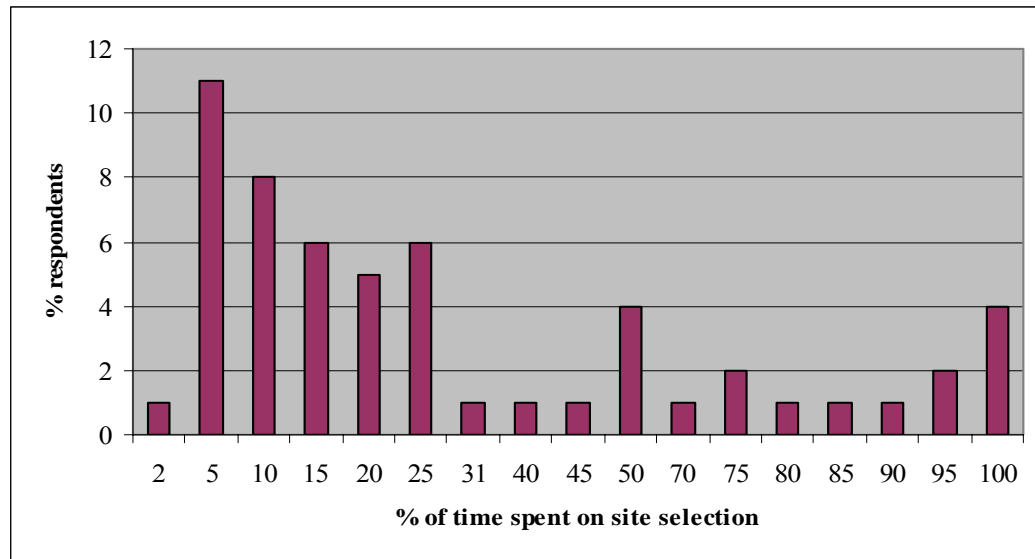
FIGURE 1: SITE LOCATION SURVEY RESPONDENTS (N=58)



Nonetheless, the site location professionals that responded to our surveys have a great deal of experience in the field. When asked “how long have you worked in the site selection field?”, only 14 percent of our respondents indicated five years or less. Years in the field ranged from 2 to 40 years, with 65 percent reporting ten years or more in the site selection field. When asked what percentage of their job is spent on site selection, most of our respondents indicated between 5-25 percent of their time, although some indicated half or more of their time (see Figure 2.) Further, about half of our respondents indicated that they conduct site selection for their own firm, and slightly more than half indicating that they conduct site selection for clients of their firm. Finally, most (83 percent) of respondents have graduate degrees, with most in general business or business and finance.

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FIGURE 2: TIME SPENT ON SITE SELECTION BY SURVEY RESPONDENTS (N=58)



In addition to site location professionals, local economic development authorities and chambers of commerce within Georgia were also surveyed. Local entities are important partners in the site location process in Georgia and their responses to questions about site location decisions and information needs are important in understanding the information available to firms and site location professionals. Of the 99 respondents, 75 percent were from development authorities and the remaining 25 percent from chambers of commerce. Typically the president or executive director of the chamber of commerce or the development authority responded to the survey. Overall, respondents ranged from seasoned practitioners in economic development to new professionals, with 20 percent of respondents indicating that they had worked in the field of economic development for four years or less and another 20 percent indicating experience from 20-40 years. Further, respondents are well educated – about 40 percent had college degrees and another 40 percent reported graduate degrees.

Finally, in the consideration of information sources, it is also important to be clear about who is involved – when and whom do site location consultants approach in the process? When and how often are site consultants or GDITT involved in site selection at the community level? Only about one-half of the local chamber of commerce and development authority respondents indicated that site consultants have

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been involved in development deals in their community. Of those that report site consultant involvement, 17 percent indicated that consultants have been involved in 10 percent or less of the deals in their community, with the same number reporting 15-50 percent of deals. About one-third of respondents indicated that GDITT had been involved in up to half of the deals in their community.

V. Factors Important in Firm Location Selection

Understanding the decisions that firms make in the site selection process is at the core of economic development business recruitment strategies. Clearly, multiple factors are involved – both at the business and personal levels. Due to the personalized nature of decisions-making processes, we cannot always predict the factors that will ultimately affect an individual firm location decision. However, the strategies and information that GDITT staff provides to firms and site location consultants can be better targeted to prospective firm’s information needs.

What assumptions do local economic developers make about the information needs and decision criteria of prospective firms/site consultants? The extent to which state and local economic developers (including GDITT) can predict the information needs of prospective firms, the better and more appropriately they can distribute useful information. We asked local economic developers, site location consultants, and division directors in other state economic development agencies “in your opinion and based on what you have observed, how important are each of the following to businesses as they consider communities for expansion or location?” Overall, local and state economic development practitioners placed more importance on almost all of the factors listed in Table 1 than did the site location consultants. For the consultants, the availability of skilled and trainable labor, along with telecommunications capacity were the most important factors overall, whereas state and local practitioners perceived transportation and labor to be most important. In their area of finance, the issue of local and state tax incentives were perceived with approximately the same degree of importance by all groups, but state and local practitioners placed a great deal more emphasis on the availability of loan packages than did site location consultants.

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TABLE 1. RESPONDENT IDENTIFICATION OF FACTORS IMPORTANT TO PROSPECTIVE BUSINESSES WHEN CONSIDERING A COMMUNITY FOR EXPANSION OR LOCATION: MEAN RESPONSES. (1=not very important...3=very important)

	<i>Georgia Local</i>		
	<i>Site Location Consultants (n=58)</i>	<i>Economic Developers (n=99)</i>	<i>State ED Practitioners (n=24)</i>
----- Community Issues -----			
Availability of skilled labor	2.84	2.85	2.95
Easy access to transportation	2.74	2.80	2.95
Telecommunications capacity	2.72	2.51	2.67
Availability of trainable labor	2.70	2.83	2.86
Proximity to customers	2.41	2.60	2.52
Quality of the elementary and high-school system	2.35	2.68	2.33
Proximity to suppliers	2.24	2.53	2.57
Proximity to technical school	2.07	2.47	2.19
Assistance from local community	NA	2.65	2.52
----- Government Assistance -----			
Assistance from GDITT or other state agency	2.51	2.51	2.62
Local government assistance in establishing operation	2.40	2.57	2.48
State funded training for new employees	2.34	2.63	2.62
Assistance from US Department of Commerce	1.68	1.78	1.52
----- Finance and Incentives -----			
Availability and attractiveness of local and state tax incentives	2.61	2.79	2.62
Availability and attractiveness of loan packages	1.89	2.52	2.38

VI. Information Needs and Sources in the Site Selection Process

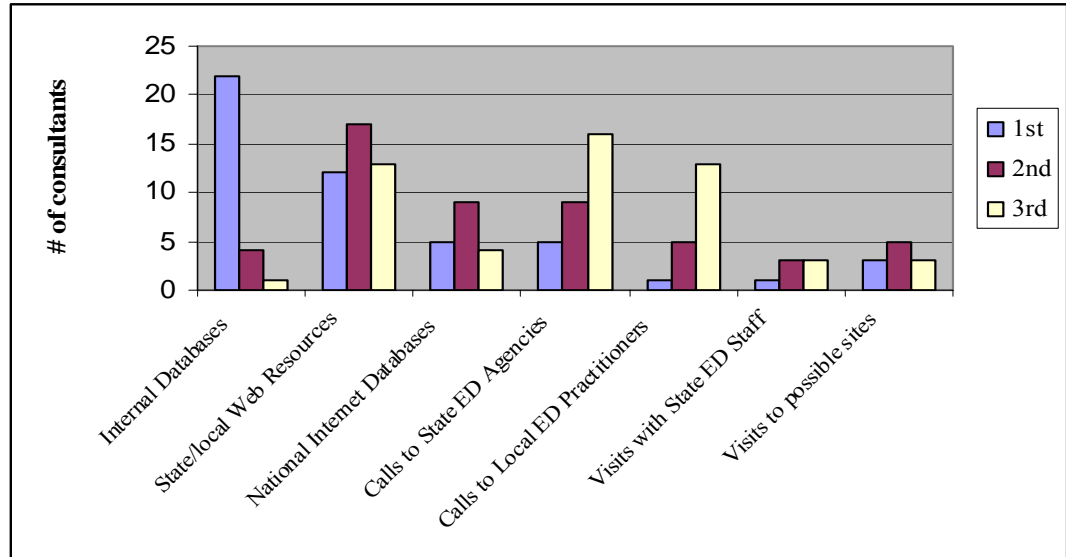
As site location consultants consider the range of variables important in the site selection process, where do they seek information? We asked site location consultants to rank the order in which they approach various sources for information in the location process. As shown in Table 2 and in Figure 3, the three most important sources are internal databases, state and local web resources, and calls to state economic development practitioners. Overall, site location consultants most often consult their internal databases first in seeking information about possible sites. This is reasonable considering the large data sources compiled in their on-going work. While these internal sources are important, the findings point markedly to the importance of state and local internet resources – 80 percent or 42 of the site location consultants indicated that state and local internet resources were among their *first three sources*. This, together with other findings in this report, underscores the importance of quality internet-based resources at both the state and local level.

TABLE 2. SITE LOCATION CONSULTANT PURSUIT OF INFORMATION. “IN SEEKING INFORMATION ABOUT POSSIBLE SITES, IN WHICH ORDER DO YOU PURSUE THE FOLLOWING INFORMATION SOURCES?” (1st, 2nd, 3rd....) Number of site location consultants responding.

	Internal Databases	State/local Web Resources	National Internet Databases	Calls to State ED Agencies	Calls to Local ED Practitioners	Visits with State ED Staff	Visits to possible sites
1st	22	12	5	5	1	1	3
2nd	4	17	9	9	5	3	5
3rd	1	13	4	16	13	3	3
4th	3	3	6	14	14	12	2
5th	7	5	5	5	12	6	9
6th	2	2	7	2	2	18	16
7th	11	--	13	1	4	8	12
n	50	52	49	52	51	51	50

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FIGURE 3. FIRST THREE INFORMATION SOURCES PURSUED BY SITE LOCATION CONSULTANTS



We asked site location consultants and local economic development practitioners directly about information needs in the site location process. Site location consultants were asked to comment how frequently they need a range of types of information to them and their clients. Local economic developers in Georgia were asked how frequently they received requests for the types of information listed in Table 3. Here, there are some important differences. Site location consultants point to the importance of information about transportation and transportation costs, business taxes, utility costs and tax incentives. Local economic development practitioners place the most importance on tax incentive information than did site location consultants, along with transportation, utility and other cost information less important. Site location consultants also express less need for education-related data, including technical school information, than did local economic development practitioners. One of the more striking differences of opinion were in regard to information about loan packages and loan opportunities – here local economic development practitioners indicated more frequent requests for that information than did site location consultants.

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TABLE 3. FREQUENCY OF INFORMATION REQUESTED BY PROSPECTIVE FIRMS OR SITE CONSULTANTS WHEN CONSIDERING A COMMUNITY FOR RELOCATION
Mean Responses

	Consultants <i>(1=never/infrequently need...3=always need)</i>		GEDA <i>(1=never/infrequently requested...3=always requested)</i>	
	Mean	N	Mean	N
Transportation information	2.70	56	2.44	85
Business tax information	2.65	57	2.41	85
Utility costs	2.54	57	2.41	88
Opportunities for tax incentives	2.52	56	2.78	86
Transportation costs and alternatives	2.41	56	2.02	87
State income tax	2.29	55	1.92	83
Quality of life information	2.16	57	2.40	88
University facilities and information	2.11	55	1.90	84
Housing cost information	2.04	57	2.00	87
Technical school information	1.96	55	2.24	86
School district information	1.96	55	2.17	86
Residential property tax information	1.70	56	1.99	83
Recreational opportunities	1.69	55	1.87	87
Arts and cultural attractions	1.63	57	1.76	84
Loan opportunities and local bank services	1.49	55	2.08	84

What are the most effective ways to relay information to site location consultants and prospective firms? In order to provide meaningful recommendations on firm information needs in the site selection process, the survey addressed several aspects of categories and modes of information transmittal. Overall, internet-based information was pointed to as very important in a number of respects by site location consultants, but received less attention by state and local economic development practitioners. As shown in Table 4, state economic development practitioners perceive the demand for various types of information exchange about equally, with personal telephone contacts being most used. Similarly, local economic development practitioners in Georgia report web-based and electronic information about equally in terms of frequency, but point to mailed information as more important. Site location consultants, however, point to web-based information and emailed information as most desirable for themselves and their clients, with mailed information rated much lower.

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TABLE 4. RESPONDENT REPORTS OF INFORMATION FORMAT REQUESTS: IN WHAT FORMAT DO SITE LOCATION CONSULTANTS/YOU TYPICALLY WANT INFORMATION ABOUT COMMUNITIES AND POSSIBLE SITES?
(1= never/infrequent, 2= frequent, 3=always)

	Site Location Consultants	Local GA Economic Development Practitioners		Other State Economic Development Practitioners		
	Mean	N	Mean	N	Mean	N
Web-based information	2.44	57	1.79	86	2.10	21
Electronic format via email	2.34	58	1.92	85	2.14	21
Mailed brochures and materials	1.76	58	2.22	88	2.14	21
Personal telephone contact	1.70	57	2.02	89	2.29	21
Personal visits	1.68	57	1.89	87	2.10	21

The issue of appropriate web-based information is important for GDITT. Therefore, we asked a series of questions about web-based information in order to distill useful recommendations on GDITT web resources. The information above underscores the importance of this mode of information transmittal while at the same time pointing to problems of perception of this importance among economic development practitioners.

While it is important to know that web-based resources are important to site location consultants and their clients, what information is most important to include on agency and community websites? We asked site location consultants to indicate whether particular types of information were “very important,” “somewhat important” or “not very important.” We then asked local economic development practitioners in Georgia to indicate the types of information that was available on their community web site. As shown in Table 5, the data point to some important differences in terms of what site location consultants perceive as important and what information communicates are providing. Site location consultants point to information about local labor markets, utilities, taxes and community demographics as most important. Conversely, quality of life information, such as information about recreation opportunities and information about local businesses is much less important. When asked what information is provided on their community web sites, we may conclude that Georgia communities are not meeting the information needs of site location consultants regarding web-based information. Here, we see only half of

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TABLE 5. “FROM YOUR PERSPECTIVE AS A SITE LOCATION CONSULTANT, HOW IMPORTANT IS IT FOR STATE AND LOCAL ECONOMIC DEVELOPMENT AGENCIES OR COMMUNITIES TO PROVIDE THE FOLLOWING INFORMATION ON THEIR WEB SITES?”

	Mean responses of Site Location Consultants <i>(1=not very important...3=very important)</i>	Percent of GEDA respondents indicating that this information is included on their community web site <i>(n=99)</i>
Local labor market information	2.88 (n=57)	51.5%
Utilities information	2.87 (n=55)	47.5%
Tax information	2.86 (n=56)	43.4%
Tax incentive information	2.84 (n=56)	26.3%
Community demographic information (e.g. Census or other data)	2.80 (n=56)	70.7%
Transportation information	2.75 (n=56)	48.5%
Community map	2.68 (n=56)	41.4%
Cost-of-living information	2.57 (n=56)	27.3%
Training programs and facilities (such as technical schools, etc)	2.55 (n=56)	53.5%
Local education statistics	2.52 (n=51)	47.5%
Links to other economic development resources in their state	2.52 (n=51)	37.4%
Detailed information on available sites	2.48 (n=56)	29.3%
Photos of available sites (buildings and lots)	2.32 (n=56)	44.4%
Profiles of local businesses and suppliers	2.15 (n=55)	20.2%
Listings of local businesses and suppliers	2.12 (n=57)	49.5%
Recreation opportunities	1.84 (n=56)	66.7%

respondents indicating that they provide local labor market information, with less providing information on utilities and taxes. Most (70 percent) of communities provide information on community demographics and (67 percent) on recreation opportunities.

We asked site location consultants – “in your opinion, what is the most important information that should be provided on a state or local web site? Here,

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qualitative responses fell in four categories. First, information about the labor force was especially important, with specific comments to provide information about employers, including number of employees and firm history. One respondent noted that it is important to include “Everything that can’t be obtained from a subscriber database – Employers with headcount, downsizing, expansions, recent magazine write-ups.” Another pointed to “comparative and detailed labor rates by skill level.” The second category of information was related to prospective sites, with detailed cost and site-specific information. The third category included comments about financial aspects of the community, including property, utilities, cost of living, sales, school and other tax costs. There were also a number of comments regarding tax incentives. Finally, the fourth category of comments addressed the need for communities to keep web site information current and also to provide contact names, addresses and phone numbers.

In the development of web resources, it is not uncommon to look to best practices examples. We asked site location consultants to identify “which state provide the most useful web-based information overall for their site selection needs.” We asked them to identify the very best in their experience, the second best, and to also list states that had useful web resources. Site location consultants identified *Georgia* among the states that provide the most useful information for their site selection needs, along with Alabama, California, Colorado, Delaware, Maryland, Michigan, North Carolina, New York, South Carolina, Tennessee, Texas, and Washington. In fact, Georgia received *the most frequent identification*, by six individuals, from outside the State of Georgia. Two international sites were also mentioned – Nova Scotia and British Midlands. Other site consultants pointed to a number of these as second best, along with Arkansas, Florida, Illinois, Indiana, Kansas, Ohio and Pennsylvania. Other states pointed to as providing useful web-base information included Iowa, Oklahoma, Virginia and West Virginia. In looking at the web-sites of these various states, Table 6 shows that they provide critical information identified by site consultants, as discussed earlier.

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Information provided by the state websites that are considered to have the most useful web based information are divided into many categories, ranging from demographics to economic development agent contact information to detailed community maps. First, demographics information (found in almost every site) gives an overview of the community's population characteristics. It includes census data about the community and occasionally is broken down by county. Moreover, the population data is grouped by age, race, sex, and socio-economic status of the population. Next, the education category leads to information and data about the education system (from pre-k to higher education) and the different variety of schools (elementary, high schools, technical, colleges and universities) that can be found in the community. Michigan offers useful information in this area. Next, many states provide economic data and an overview of the structure and characteristics of the state's economy. It also provides data about the employment and wage rates for different industries. For example, Michigan and California show how their economy grew from 1990 to 2000. By clicking on labor force information, information and data are accessed about the available workforce in the community. The information includes the skills and level of education of the workforce, availability, and the unemployment rate of the community. Georgia provides a good model in this regard.

Several states also provide existing industry profiles that include information about the major businesses/industries as well as their impact in the state's economy. Also, these industries are grouped by their principal activity. Another category that is found in the majority of the web sites is site/building information. This category provides information and photos about available sites and buildings. Also, it provides information on classifieds zones and their benefits. For example, Michigan has interesting information about their sites and building locations. Where transportation information is available, states such as Georgia provide information about the transportation infrastructures such as highways, interstates, railroads, waterways and air transportation available in the state.

The training program category refers to the different programs (continuing education, adult learning programs, etc) that allow employees to learn or develop new skills. It also includes information regarding the multiple training funds and grants allocated to employers for training their employees. South Carolina provides useful

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information in this area. The incentives information category provides information about the various benefits an industry/business can receive for locating in a particular state. Information varies from financial assistance (loan packages, grants) to tax incentives or tax abatements. Almost all the states provide useful incentives information on their sites. Quality of life issues present information about the lifestyle of people within the state. Information includes climate, recreational opportunities, cultural events and living information (real estate cost, living cost, safety). Georgia and Delaware provide detailed information in this arena. Utilities information gives an overview of the available utilities and their average cost in the state. Information includes electricity, natural gas, telecommunication system, water, and sewage infrastructure. California had information about its energy challenges and the way to overcome them and be prosperous. The small business resources link provides information about all the assistance and resources available for small business development. Among the “best” web sites, Colorado is the only one having this link. However, it is important to note that the Colorado site is most likely built for the small businesses than firms/industry expansion or relocation. Information about business assistance in most states will provide information about the different type of assistance one can receive from each state during their relocation or expansion process. Information varies from site location assistance to regulation and training assistance.

International trade, present in almost every site, gives an overview of the different international partners and the international offices of the department around the world. Statistics can be found about the different transaction (import-export) of the state and the world. As a marketing tool, accomplishment stories of the state itself and some successful industries in the state are displayed on the site under success stories. Georgia has continued to provide such links. The business climate category presents the business environment in the state. This category shows the benefits that an industry can receive by locating in the state. (Iowa and Virginia have such link in their sites.) Finally, some sites also provide links to different economic development agencies or partners throughout the state.

VII. Conclusion: The Quality of State and Local Information

The data above demonstrate the importance of state and locally provided information in the site selection process. But, the question remains of how users of that information perceive its quality and value. Overall, how useful is the information provided by state and local economic development practitioners in the site selection process? Site location consultants not only indicate that state and local practitioners are important sources for information, but that the information is generally reliable. We asked “how would you describe the community and other information typically provided to you by state and local economic development practitioners?” Here, 44 percent of site location consultants called information provided by state and local practitioners as “very reliable and 55.4 percent called it “somewhat reliable – no site location consultants rated it as “not very reliable.” While this information is perceived as reliable, site location consultants prefer to verify it as well – with 53 percent of our respondents indicating that they usually have the information verified through independent sources and 41 percent indicating that they sometimes do this.

How do respondents rate their interactions with GDITT? Overall, respondents are very positive about their interactions with GDITT staff. As shown in Table 7, GDITT staff rate highest in terms of their confidentiality and professionalism, with the majority of local chamber of commerce and development authority respondents rating them as “excellent” in these categories.

TABLE 7. LOCAL ENTITY RESPONDENT RATINGS OF THEIR INTERACTIONS WITH GDITT STAFF REGARDING ECONOMIC DEVELOPMENT INFORMATION OR DEALS (poor....excellent)

	<i>Poor</i>	<i>Adequate</i>	<i>Good</i>	<i>Excellent</i>	<i>n</i>
Professionalism	---	9.4%	27.1%	63.5%	85
Responsiveness	2.4%	11.8%	36.5%	49.4%	85
Highly qualified and knowledgeable	3.6%	14.3%	27.4%	54.8%	84
Accessibility	2.4%	16.5%	36.5%	44.7%	85
Confidentiality	1.2%	3.7%	21.0%	74.1%	81

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Not all site location consultants will have had recent experience with GDITT. Therefore, we asked them more generally about their interactions with economic development staff. Specially, they were asked “overall, how would you describe your interactions with public-sector economic development practitioners?” As shown in Table 9, confidentiality appears to be a problem at both the state and local level, but state responsiveness and professionalism rank quite high from the perspective of site location consultants. Local economic development practitioners are important clientele for GDITT and as a result, their rating of staff accessibility and professionalism is an important form of client feedback. We asked local economic development respondents to comment specifically about their interactions with GDITT staff. Here it is useful to note the relatively high ratings of GDITT staff. Together with the relatively high rankings of state economic development staff by the consultant community, this provides important positive feedback on GDITT activities and staff. Conversely, the relatively lower perceptions of local economic developers suggest areas for improvement. If GDITT views local economic development staff as partners in the firm recruitment process, attention should be given to improving the quality of information and staff issues presented in Table 8.

TABLE 8. SITE LOCATION CONSULTANTS RATING OF STATE AND LOCAL GOVERNMENT ECONOMIC DEVELOPMENT PRACTITIONERS IN THE FOLLOWING AREAS

	<i>Site Location Consultant Rating of State and Local Economic Development Practitioners (n=58)</i>	<i>Georgia Local Economic Development Practitioner Rating of GDITT Staff (n=99)</i>
-----State Government Economic Development Practitioners-----		
Professionalism	3.21	3.54
Responsiveness	3.14	3.33
Highly qualified and knowledgeable	3.06	3.33
Accessibility	3.04	3.24
Confidentiality	2.84	3.68
-----Local Government Economic Development Practitioners-----		
Accessibility	3.13	
Responsiveness	3.04	
Highly qualified and knowledgeable	2.79	
Professionalism	2.78	
Confidentiality	2.36	

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Finally, we asked site location consultants a series of open-ended questions regarding information and assistance from state and local economic development practitioners. First, we asked them to identify the strengths and weaknesses of information that they typically receive from state and local economic development practitioners. Here, comments fell into two categories – those addressing information content and those addressing the mode of information delivery. Next, we asked them to indicate what had been “most useful” as well as “least useful” “in their interactions with or assistance received from state or local economic development practitioners.” Here, comments may be grouped into two categories – those dealing with the types of information provided and those dealing with the behavior of economic development staff. Verbatim comments are provided in Table 9.

Regarding information, site location consultants called easily accessible, timely, current, reliable, accurate, easily understood and readily available information as most useful and “canned” data or “cookie cutter responses” and lack of urgency as problematic. They also pointed to the importance of well organized, easily understood data that had a comparative component to be very useful. Overall, site location consultants pointed to more tailored and targeted information, with less emphasis on public relations or political issues and more on cost of doing business. Several also pointed to problems of information overload or outdated data. In terms of mode of information transmittal, consultants favor electronic resources above paper or verbal sources.

Finally, we asked site location consultants “What could state or local economic development practitioners do better that would help you as a site location consultant?” Here, responses may be grouped into two general categories – types of information provided and overall behavior of economic development practitioners. Interestingly, the comments focused on information or the relaying of information more so than the provision of resources or incentives – only one person pointed to the need for building permits and fee waivers.) First, under the category of types of information, site location consultants expressed the need for good data regarding

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TABLE 9. WHAT HAS BEEN MOST USEFUL/LEAST USEFUL IN YOUR INTERACTIONS WITH OR ASSISTANCE RECEIVED FROM STATE OR LOCAL ECONOMIC DEVELOPMENT PRACTITIONERS?

Most Useful		Least Useful	
Information	Behavior	Information	Behavior
○ specific site availability for requirements	○ ability to respond quickly and with the exact information requested	○ site information actual availability of property is always suspect	○ I'm always very appreciative of straight answers. I'm completely frustrated by heavy "spin" of facts or withholding information. to serve the client, they need to think like the client
○ mapping - location of other corporate facilities	○ always there to assist even at the 11 th hour and being very knowledgeable of state local data	○ inability to provide requested information incentives that don't provide any differential	○ schmoozing
○ due diligence information on infrastructure	○ timely response with relevant information	○ propaganda specific	○ entertaining client or consultant
○ readily available information	○ objective overview of state opportunity	○ real estate options	○ no sense of urgency or dumping of irrelevant information
○ incentives introduction to existing industry understanding community dynamics – pitfalls	○ knowledge	○ informational package sent from practitioners where we have no interest	○ confidentiality has almost always been an issue.
○ site identification and visit arrangement	○ ability to address problems/issues directly	○ regurgitation of publicly available information	○ unfounded optimism on a wide variety of issues has typically been a problem
○ written material of applicable incentives	○ local and state ed's desire to partner with a client to find the most suitable location and arrange for needs and problem solving	○ cookie cutter responses (using ed to gain political positioning)	○ authoritarian personal
○ comparative analysis site information	○ their intimate knowledge of their business community	○ canned data city council meetings	○ timing of assistance delivery
○ cost of site – total incentive package and assistance with permits	○ their willingness to make the deal works	○ projections of state futures	
○ project management	○ those who listen, answer questions – supply needed information	○ this kind of survey as a mean of improving responsiveness	
○ incentive programs (tax, training, etc) and information on other companies in the area	○ knowledgeable facilitators	○ those who don't listen insist on their pitch and who continually put unneeded information in front of you – that usually is trashed	
○ labor information availability/ cost education	○ short distilled answers to data requests – community visits: access to similar employers for interviews	○ general information visits to my office	
○ access to economic incentive programs		○ high on p.r.	
○ access to information sources		○ video tapes	
○ good web sites and personal relationship		○ too much emphasis on softer issues such as recreation and "future" initiatives	
○ basic information		○ seeing communities or sites which meet "political" but not my business objectives	
○ costs charts that they often provide			
○ detailed breakdowns of incentives with targeted area			

Table 9 continues next page...

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TABLE 9 (CONTINUED). WHAT HAS BEEN MOST USEFUL/LEAST USEFUL IN YOUR INTERACTIONS WITH OR ASSISTANCE RECEIVED FROM STATE OR LOCAL ECONOMIC DEVELOPMENT PRACTITIONERS?

Most useful		Least Useful	
Information	Behavior	Information	Behavior
<ul style="list-style-type: none"> ○ assistance in pinpointing possible incentives – tour of the area ○ contacts with local employers ○ community business position ○ anecdotal information not available through database ○ identification of community possibilities ○ local knowledge on workforce and tax incentives ○ financial and tax incentives 	<ul style="list-style-type: none"> ○ in addition to state incentives, state can play pivotal role in establishing the team of state/ county/ municipal economic development officials. this greatly facilitates awareness of sitting opportunities and negotiation ○ responsiveness and accessibility 	<ul style="list-style-type: none"> ○ needless data – data overloaded ○ generalized propaganda ○ details on specific buildings and property ○ the imposition of bureaucratic roadblocks that impede useful dialogue at all levels of government thereby delaying decisions 	

labor, costs, business, and other information. Comments also addressed information format. Specifically, they offered the following comments:

- know their community, the companies, their business leaders and be able to communicate the inner workings of their community,
- get all community information in a consistent format – same dates, etc.,
- benchmarking studies,
- know/learn our business – realize we are a customer,
- help create the internal marketing package for the CEO,
- put everything on the internet and maintain strong relationships with local employers so they will be willing to be interviewed by me,
- provide all their data (wages or sites available) in a national database,
- maintain more up to date information on the full array of site types. they typically put too much emphasis on office and big plant sites,
- know their local employers and their situations,
- supply needed demographic employment data,

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- describe other companies already there so I can check with them,
- create a “common” format for providing data under consistent headings. Every entity uses a different format with different data details or categories. lots of time is spent putting everything into a comparable framework, and
- update data more frequently.

The remaining comments addressed more of the behavior and activities of economic development staff directly. These comments were as follows:

- liaison to business (existing) and government introduction improve responsiveness; customize responses to the requests, follow-up with any missing data,
- provide wide range (a-z) level of service,
- answer questions as asked,
- accuracy,
- timeliness,
- address problems directly – be proactive not reactive,
- offer to listen; consult, and answer questions,
- be more time sensitive,
- confidentiality,
- less “patronage” jobs, we need focused professional, connected experts,
- more personal involvement and authority,
- better coordination of state and local economic development teams, and
- prompt follow-up with information when requested.

Overall, the data in this report demonstrate the importance of state and local information to site location consultants. Importantly, the data also point to the critical role of web-based information and electronic communication. The report also indicates that state economic development staff are perceived very positively and looked to as important purveyors of information. As one site location consultant

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noted “[state and local economic development practitioners] provide insight and knowledge of a community that only an insider could have.” The data also underscore the fact that site location consultants do find information from both state and local economic developers as valuable, but there remain areas for improvement.

TABLE 6. CONTENT OF STATE ECONOMIC DEVELOPMENT WEB SITES IDENTIFIED AS “VERY BEST” BY SITE LOCATION CONSULTANTS

State	Demographics	Education	Economic data & info	Labor force info	Existing industries profile	Sites/building info	Transportation infrastructures	Training programs	Incentives info	Quality of life	International trade link	Utilities info	Small business resources	Assistance information	Contacts	Success stories	Links to ED agencies	Community maps
GA	X	X	X	X	X ^a	X	X	X	X	X	X			X	X	X	X	
AL	X	X		X		X	X	X	X	X	X					X		
CA	X	X	X	X	X	X			X		X	X		X			X	
CO				X				X					X	X	X			
DE	X	X	X		X	X	X	X	X	X		X		X				
MD	X	X		X	X	X	X		X		X	X		X				
MI	X	X	X	X		X		X	X	X		X		X				X
NC	X	X	X	X		X	X	X	X									X
NY	X	X		X		X			X	X	X							X
SC	X	X				X	X		X	X	X							
TN	X			X			X		X	X					X			
TX	X				X	X	X			X								
WA		X	X	X	X		X	X	X	X	X			X	X			X

^a Georgia does provide listings of existing industries by community using a search mechanism. However, extensive profiles are not provided.

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About the Authors

Laura Czohara is a Doctoral Student in the Department of Public Administration and Urban Studies, a Principal Associate in the Fiscal Research Center of the Andrew Young School of Policy Studies at Georgia State University, and a Policy Analyst for the U.S. General Accounting Office. Her research interests include evaluation of social programs, government contracting and managing indirect government, strategic planning, and intergovernmental relationships. Laura most recently presented at the 14th Association for Budgeting and Financial Management Conference in Kansas City, Missouri on “Performance Measurement in State Economic Development Agencies.”

Julia Melkers is Associate Professor of Public Administration in the College of Urban Planning and Public Affairs at the University of Illinois at Chicago. Dr. Melkers' work addresses the development and use of performance measurement and evaluation processes in public organizations. Her teaching and research interests are in the areas of performance measurement, public management and science and technology-based economic development. In conducting her research, she has worked with public organizations at the local, state and federal levels. Dr. Melkers has conducted performance measurement-related work for the National Research Council, the States of Georgia, Maine, Rhode Island and Alaska, the City of Atlanta, and the Atlanta Urban League. She has published extensively on the development and use of performance measures in state and local governments, as well as the legislative basis for performance measurement in the states. Her publications may be found in journals such as *Public Administration Review*, *Urban Studies Review*, *Policy Studies Journal*, *Public Budgeting and Finance*, *Journal of Public Administration Research and Theory*, *Journal of Technology Transfer and Evaluation and Program Planning*.

Kouassi Dagawa earned an MPA with concentration in Planning and Economic Development from the Andrew Young School of Policy Studies at Georgia State University. He is interested in Socio-Economic Development and Public Management in Developing and Transitional Economies. His research papers address the economic development issues in African countries. He has worked with Dr. Melkers in some academic research related to Development and Performance Measurement in Government Agencies. He interned with the International Studies Program at GSU. Currently, he is pursuing a doctorate degree in Economics with concentration in Economic Development.

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