



● **Jobs and the Urban Poor:**

Publicly Initiated Sectoral Strategies

● By Beth Siegel and Peter Kwass with Janet Boguslaw, Michael Garland, Michael Kane, Andrew Reamer, Brandon Roberts, Tom Webb and Devon Winey.

Copies of this book and its companion, *Jobs and the Urban Poor: Privately Initiated Sectoral Strategies*, produced by The Aspen Institute, are available free of charge from the Charles Stewart Mott Foundation by sending an Email message to infocenter@mott.org or calling the Publications Hot Line at (810) 766-1766.

In addition, Mt. Auburn Associates Inc. has produced a separate volume of case studies drawn from the research used in this publication. Copies are available for \$15 (including shipping and handling) by contacting Judi Martinello of Mt. Auburn Associates at (617) 625-7770.



Jobs and the Urban Poor:

Publicly Initiated Sectoral Strategies

Principal Authors:

Beth Siegel and Peter Kwass

Contributing Authors:

Janet Boguslaw
Michael Garland
Michael Kane
Andrew Reamer
Brandon Roberts
Tom Webb
Devon Winey

Mt. Auburn Associates, Inc.

408 Highland Avenue
Somerville, MA 02144

November 1995

This report and its companion, *Jobs and the Urban Poor: Privately Initiated Sectoral Strategies*, are part of a research effort designed to assess the potential of an emerging economic development approach — sector strategies — as a tool for alleviating urban poverty by increasing employment opportunities. They were sponsored by the Ford and Charles Stewart Mott foundations and arose out of a growing interest in identifying strategies that are appropriate and effective at improving the economic status of poor residents of our nation's cities.

Our economy remains the strongest and most productive in the world. Its vitality has provided greater opportunities for many in recent decades as it absorbed simultaneously the entrance of the baby boom and the return of women to the labor force.

At the same time, more and more people are being left behind. Concentrated poverty characterizes too many urban communities, income inequality is at an historic high, and working hard is no longer a guaranteed path into the middle class. As a nation, we continue to seek effective ways of alleviating poverty. Sadly, too often our efforts have proven unequal to the task, despite the expenditure of billions of public and private dollars.

The Ford and Mott foundations continue to believe that linking people to good jobs is the best solution to poverty. Toward that end, in recent years we have supported several efforts to intervene in certain industries or sectors that have the potential to provide good jobs for low-income

individuals. Given the success of some sectoral projects, Ford and Mott decided to fund two research projects to define and assess more rigorously the potential of this approach. *Jobs and the Urban Poor: Privately Initiated Sectoral Strategies*, authored by The Aspen Institute team of Peggy Clark and Steven L. Dawson, looks at the experience of community-based organizations that have undertaken sectoral employment development strategies, and attempts to define these strategies and assess their impact. *Jobs and the Urban Poor: Publicly Initiated Sectoral Strategies* looks at current sectoral economic development strategies undertaken by the public sector (state and city governments or quasi-public agencies) and assesses their potential for improving the economic status of urban residents.

Our goals in disseminating these two documents are: to spread the idea that the poor can participate in the competitive economy, to illuminate the practice of using a single industry or occupation to create jobs and economic opportunity for the poor, and to promote the concept that poverty alleviation is linked to economic development.

We hope this report and its companion volume are instructive and spawn further thought, definition, and demonstration leading to improved practice.

Mark Elliott
Program Officer
The Ford
Foundation

Jack A. Litzenberg
Program Officer
Charles Stewart
Mott Foundation

Table of Contents

Preface	ii
Acknowledgements	iv
Executive Summary	v
Chapter One: Introduction	1
Project Background	1
Organization of the Report	1
Methodology	1
Basic Definitions	2
Chapter Two: The Policy Context	4
Limits of Traditional Models for Alleviating Urban Poverty	4
The Evolution of Sectoral Strategies	5
Sectoral Strategy in Current Practice	7
Chapter Three: Case Study Project Descriptions	10
Project Descriptions	10
Chapter Four: Case Study Characteristics, Project Impacts	16
Origins of the Initiatives and Selection of Target Sectors	16
Project Goals	16
Institutional Mechanisms Used to Implement Strategies	17
Participation by Industry, Labor, and Community Groups	18
Programmatic Tools Used	18
Role of the Public Sector	19
Project Impacts	20
Chapter Five: What Makes Sector Strategies Effective	24
Elements of Sectoral Concept that Enhance Effectiveness	24
Public Sector Roles that Enhance Strategy Effectiveness	26
Institutional Factors that Enhance Strategy Effectiveness	28
Institutional Factors that Hinder Strategy Effectiveness	29
Inherent Limitations of the Sectoral Approach	29
Chapter Six: Potential of Sector Strategies as an Anti-Poverty Tool	32
Project Impacts on the Urban Poor	32
Barriers that Constrain All Employment Strategies for the Urban Poor	34
The Advantages of Sector Strategies as an Anti-Poverty Tool	35
Other Factors that Can Enhance the Effectiveness of Sector Strategies as an Anti-Poverty Tool	36
Factors Limiting Sector Strategies as an Anti-Poverty Tool in Practice	37
Chapter Seven: Conclusions and Policy Implications	39
Policy Implications	39
Bibliography	44
Appendix: List of Advisory Committee Members	48

Acknowledgements

This project could not have been successfully completed without the assistance of a number of individuals. Mark Elliott of the Ford Foundation and Jack A. Litzenberg of the Charles Stewart Mott Foundation, our project managers, provided support and guidance during all phases of the project. The members of our Advisory Committee also provided thoughtful comments and feedback during our two meetings. Steve Dawson and Peggy Clark, who completed the companion study on community-based sector strategies, shared insights and conclusions relevant to both projects. Finally, we wish to thank those individuals who were the subjects of our case studies and who set aside time from their crowded schedules to help us understand the history and operations of their projects.

Project Staff:

Principal Authors:

Peter Kwass
Beth Siegel

Project Staff and Assistance:

Janet Boguslaw
Ann Carten
Michael Garland
Michael Kane
Andrew Reamer
Brandon Roberts
Thomas Webb
Devon Winey

Dedicated to Rob Mier

Introduction

This project provides a preliminary assessment of the potential of sectoral development strategies as a tool to expand economic opportunities for low-income urban residents. It focuses on how the public sector has used the sectoral approach and whether this approach offers potential for addressing urban poverty issues.

Based on a literature review, discussions with experts in the field, and case studies of 10 urban sectoral initiatives, this project found that sectoral strategies, though still in their infancy, have significant potential to increase economic opportunities for the urban poor, particularly when compared to traditional approaches. To realize that potential, however, the public sector must design its strategy carefully. It must make expanding employment opportunities for the urban poor an explicit goal and target sectors that have labor needs the urban poor can fill and also provide opportunities for long-term economic advancement. It must ensure advocates for the urban poor participate in the institutions involved in implementing the strategy. And, it must address support service needs the urban poor may have (e.g., child care, transportation) along with their occupational training needs.

Basic Definitions

The Urban Poor: This project used a broad definition that includes the hard-to-employ, the long-term unemployed, and the working poor.

Sector: This project defines “sector” as any grouping of employers who share a common market for their product (e.g., defense), produce a common product (e.g., food products), or share basic labor force, infrastructure or technology requirements

(e.g., metalworking firms, port-related activities). Relevant participants in the “sector” include the employers and the full range of institutions that support and interact with those employers.

Case Studies

1. Industrial Networks Program, Louisville, Kentucky.
2. Minority Participation in Public Works Construction, Portland, Oregon.
3. Garment Industry Development Corporation, New York, New York
4. Industry Action Projects, Commonwealth of Massachusetts.
5. Initiatives in the Advanced Transportation Sector, Los Angeles, California
6. Philadelphia Recycling Consortium, Philadelphia, Pennsylvania.
7. Skills Training in Manufacturing Metalworking, Milwaukee, Wisconsin.
8. Life Sciences Strategy (i.e., biotech/health care), Baltimore, Maryland.
9. New York/New Jersey Regional Alliance for Small Contractors
10. Biotechnology Industry Initiatives in Massachusetts.

The Policy Context

Sectoral strategies are thought to represent an advance over the three basic paradigms the public sector has used in efforts to alleviate urban poverty for the past 30 years — economic development, community development, and education and training. The effectiveness of the traditional paradigms has been limited by their use of short-term planning horizons and the fact that each has a distinct, narrow focus and each operates through separate institutions. Economic development programs have tended to focus

Sectoral strategies, though still in their infancy, have significant potential to increase economic opportunities for the urban poor, particularly when compared to traditional approaches.

on assisting individual firms and do not see the urban poor as their constituency. Community development efforts have usually focused on a specific geographic area, often a neighborhood; have limited political and financial resources; and have tended to have more expertise in real estate than economic development. Education and training programs have tended to focus on the short-term needs of currently unemployed individuals and to design training efforts with insufficient attention to market demand and long-term job quality. Practitioners of each paradigm generally do not link their efforts.

The Evolution of Sector Strategies

The sectoral approach to economic development got its start in the early 1960s when economic development practitioners began refining their efforts to recruit individual firms to their region and instead began looking at targeting industries for recruitment efforts, based on the perceived competitive advantage and attractiveness of their region to the targeted industry, as well as the attractiveness of the targeted industry (e.g., number and quality of jobs). It became more sophisticated in the late 1970s and early 1980s as practitioners noted Japan's success, through its Ministry of International Trade and Industry, in building its overall economy by using long-range strategic planning to explicitly target particular industry sectors. The massive restructuring in the U.S. manufacturing sector during that same time led many to call on the federal government to develop an explicit "industrial policy." Federal interest quickly waned, but many states and localities developed strategic plans, identifying key industries, examining their long-term prospects and challenges, and recommending public actions to address both sector needs and public goals such as local employment.

More recently, sector strategy theory has focused on the importance of industry "clusters" in developing a region's competitiveness. Firms within a sector tend to co-locate or cluster within a region because this proximity (among buyers, suppliers, customers, and competitors) is advantageous to them. The web of relationships among buyers, suppliers, customers, unions, and government tends to stimulate innovation and efficiencies. Sector strategies try to bolster these relationships, sometimes setting up formal "networks" to bring firms and other key sector actors together to work on common concerns within the sector.

The Sector Strategy Concept Today

While many definitions exist, most describe sector economic development strategies as ideally having the following characteristics:

- developing goals up front and using the goals to set criteria for selecting sectors to target;
- using a comprehensive analysis of the regional economy to identify key sectors in terms of the strategy goals;
- selecting a clearly defined sector (or sectors) for targeting;
- developing a comprehensive knowledge of the sector's dynamics, including the competitiveness advantages and challenges facing the sector;
- developing a collaborative process to bring a wide range of key actors in the sector together, including industry, labor, and the public sector, to define current barriers to sector vitality and identify ways to address these barriers and take advantage of opportunities for growth and job creation;
- developing a strategic plan, using a long-term planning horizon when identifying needs and developing solutions, and using a wide range of programmatic tools to address needs;

- selecting one or more organizations to spearhead the implementation effort; and
- trying to facilitate relationships between key participants in the sectors (producers, suppliers, buyers, sellers) so they can work more effectively together and collaborate on projects that offer mutual benefits and efficiencies (e.g., joint training).

Advantages and Limitations of the Sectoral Model

The sectoral model offers several advantages over the more traditional development models:

- *Developing comprehensive knowledge about industry structure and performance* has led to more accurate identification of factors affecting the competitiveness of the sector in a specific location and barriers limiting the entry of low-income residents into the industry. This knowledge led to the design of programs and policies very specifically tailored to the local sector and increased public sector credibility with private sector actors.
- *Using a collaborative process involving the key public and private sector actors* has resulted in quicker response to identified needs, more efficient service delivery as public agencies could help groups of firms simultaneously rather than one at a time, and services designed to meet real world needs. Collaboration also stimulated more creative solutions and led to new relationships and institutions within the sector.
- *Using a longer-term planning horizon* led firms to look at long-term work force and other needs and pursue solutions working together as an industry.
- *Coordinating economic development with education and training* allows the public

sector to overcome many of the barriers that constrain effective employment policies.

However, there are a number of factors that can limit the effectiveness of sectoral strategies if not carefully managed.

- *Sector strategies initiated by the public sector tend to be industry-driven*, given the great stake of industry participants in initiative outcomes. The public sector must remain actively involved to ensure that broader public goals are also addressed in the strategy.
- *To succeed, sector strategies must achieve coordination between different levels of government*, since the geographic scope of sector strategies tends to exceed the boundaries of individual jurisdictions and requires cooperation among many different public sector agencies. Some initiatives studied were hindered by poor coordination between state and local efforts or among local efforts, as various groups pursued similar efforts separately and sometimes competed against each other. Having a lead implementing agency and a strong individual leader committed to the initiative can play an important role in achieving coordination.
- *Public sector initiatives are vulnerable when political leadership changes*. Having an independent agency to spearhead the initiative can help it sustain itself.
- *The role of organized labor must be carefully managed*. Labor's support is critical in initiatives involving heavily unionized sectors, but can lead to tensions between union and non-union firms and disenfranchised non-unionized workers.

Current Urban Sectoral Initiatives in Practice

This project reviewed 10 urban sectoral initiatives in which the public sector

played a significant role to learn how sector strategies are currently practiced. It found:

- Many initiatives targeted sectors using an ad hoc process — based on perception or in response to an obvious threat to a key industry — rather than using a comprehensive analysis of the regional economy. However, the ad hoc nature does not necessarily weaken the strategy. Several initiatives were “secondary” sector strategies in that they began in response to broad public policy concerns (expanding opportunities for minorities in construction; expanding recycling because of a landfill crisis).
- Most initiatives had industry health as their primary goal — either to expand the competitiveness of existing sectors or to support the growth of new sectors. Only two cases, both in the construction industry, made expanding job opportunities for traditionally excluded groups an important goal.
- The cases used a variety of institutional mechanisms to implement their initiatives. The more effective initiatives were those that created formal or informal organizations with a comprehensive focus to lead the initiative. Initiatives without a lead organization tended to be more fragmented, using multiple newly created organizations each focusing on a subset of issues or relying on ad hoc activities by existing organizations.
- Industry was an important participant in almost all of the initiatives and organized labor was an important participant in sectors with relatively high rates of unionization.
- The level of participation by community-based organizations varied more, but their participation proved critical to efforts to link the training and employment of low-income residents to sector initiatives.
- The cases used a wide variety of programmatic tools, with job training and related support services by far the most frequently used, though this did not usually specifically target low-income residents. Providing information and technical assistance directly to businesses was the second most frequently used tool. Some initiatives also used public sector procurement and regulatory powers and assistance with infrastructure and facilities development, advocacy, and research and development funding.
- The role of the public sector varied. It generally played the lead or a key role in spearheading the initial effort to implement a sectoral initiative and played an important role as facilitator — bringing key actors to participate in the initiative. It usually shared the role of implementor with other participants, often seeing its role as listening to industry’s definition of needs and responding appropriately. Public sector assistance included “market making” (using its powers as a purchaser of goods and services — to influence sectoral development) and implementing or revising regulations that affect the sector. It was also an important, though never the sole, funder, providing both operating funds for agencies overseeing sector initiatives, program funds for specific training or other activities, and sometimes capital funds for facilities.
- The level of public oversight — ensuring initiatives addressed public objectives such as employment goals as well as industry concerns — varied. Such oversight was strongest in initiatives that had established mechanisms for ongoing public participation, such as representation on the board of the lead implementing agency.

- Though few of the 10 initiatives studied have yet achieved significant scale, a review of their project impacts suggests sectoral strategies have the potential to impact firms positively in the target sector and provide training that leads to long-term placement and skill upgrading. Project impacts were greatest in the area of building inter-firm linkages. The initiatives also improved the competitiveness of a number of companies. A relatively minimal number of jobs have been created or retained to date, but many training efforts have been successful. Most initiatives gave little attention to job quality, but appear to have had some impact on providing better employment opportunities for both new and incumbent workers.

Advantages and Limitations of Sector Strategies as an Urban Anti-Poverty Tool

Though the use of sector strategies to expand economic opportunities for low-income urban residents is a field in its infancy, the case studies and literature indicate sector strategies have the potential to be an effective tool for increasing economic opportunities for the urban poor.

To understand the advantages of sectoral strategies, it is useful to review the barriers that generally constrain anti-poverty efforts. These include the lack of basic work skills of many urban poor, and the fact that the urban poor are competing with higher-skilled, dislocated workers for jobs, as well as for attention from policymakers, and often face racism and cultural differences in the workplace. In addition to occupational training, some of the urban poor need job support services, such as child care and

transportation assistance, to enter and remain in the work force.

Advantages of Sector Strategies as an Anti-Poverty Tool

Sector strategies possess a number of theoretical advantages over traditional paradigms:

- The comprehensive industry knowledge means sector strategies provide a better understanding of job options and training needs.
- The collaborative process used in sector strategies can address institutional barriers to employment of low-income people (e.g., discrimination, the existence of informal job channels) and create consortiums to provide needed job support services efficiently (e.g., child care, transportation).
- Sector strategies create an opportunity to institutionalize input by community-based organizations.
- Longer-term planning and collaboration allow the development of a continuum of services to promote high-quality jobs for the urban poor. In cases where the job creation potential may be long-term, there is time available to build up basic skills and support mechanisms that then allow the urban poor to participate in technical training programs when they become available.

These theoretical advantages work best when:

- overall economic conditions in the regional economy are healthy;
- the initiative targets a sector that has a labor shortage the urban poor can potentially fill and addresses questions of job quality, including opportunities for long-term advancement;

- the initiative includes the participation of strong community-based groups advocating for the urban poor;
- the initiative has effective ways to get information about job opportunities to the urban poor; and
- the initiative provides both occupational training and support services (e.g., child care, transportation, ESL classes) to the urban poor.

Limitations of Sectoral Strategies as an Anti-Poverty Tool

To date, sector strategies, in practice, have had some specific characteristics that limited their effectiveness as anti-poverty tool, though these can be overcome.

- Sector strategies have generally made expanding employment opportunities for the urban poor a relatively low priority (addressing urban poverty was not a stated goal of any of the case studies) and there are no intermediaries at the city level to represent the interests of low-income residents in a sector initiative.
- Most initiatives targeted sectors that offer limited job opportunities for the urban poor (e.g., mature industries where the focus is on training incumbent or dislocated workers, rather than new workers, or emerging industries that have not reached a stage where there is much demand for lower-skilled workers).
- Initiatives that did target sectors with many low-skill or entry-level jobs often did not address job quality. Such sectors often have low wage levels, low job quality, and offer limited opportunities for long-term economic advancement.

Recommendations for the Public Sector

The findings of this project lead to a number of overall recommendations for policies to support effective sectoral strategies that promote employment opportunities for the urban poor.

1. *Federal and state agencies should develop programs that directly support the development of comprehensive sector strategies by local governments* and that make promoting employment opportunities for the urban poor a major goal.
2. *Public agencies should facilitate the development of and fund new sectoral institutions*, rather than implementing strategies directly. The findings provide evidence that the public sector is not the best vehicle for implementing a sector strategy. However, government agencies are critical actors in helping to initiate sectoral strategies, facilitate the coming together of key actors, and providing financial support for new institutions.
3. *There is a need to develop new intermediaries that represent the urban poor that are not neighborhood-based.* The study found that if a sector strategy was to provide job opportunities for the urban poor, a strong organization representing the interests of the poor had to be part of the collaborative process. While neighborhood-based organizations could play a role in a sector strategy, it is important to also include institutions that are not geographically based. Building new citywide or regional intermediary organizations whose mission is creating job opportunities for the poor should be a priority of both private and public funders.

4. *The public sector needs to protect against programs being too industry-driven* by ensuring interests of residents remain primary. While it is important to respond to the needs of businesses, in the design and implementation of any sector strategy, the public sector needs to ensure that its primary mission remains the interests of residents. Helping business to remain competitive and promoting new job generating enterprises is a means to that end, not the end itself.
5. *At all levels of government, there is a need to strengthen interagency relationships* and improve coordination among economic development, community development, and education and training. Government agencies involved in education and training, economic development, human services, and community development often pursue their objectives in isolation from each other. In fact, there are critical linkages among all of these activities as they relate to improving the economic conditions of low-income residents. Building these linkages should be a high priority.
6. *Training programs need to place more emphasis on support services and post-placement support and training.* Both the literature review and the case studies of sector initiatives confirmed that government agencies and community groups must go beyond occupational training if they are to achieve successful, long-term placement of low-income residents in quality jobs. Support services such as basic skills, child care, transportation, income support, and family support are critical for a significant time period following placement.
7. *Opportunities must be pursued in a timely fashion.* Industry employment growth and tight labor market conditions are transitory. It is during times of tight labor market conditions in a particular sector or in the larger regional economy when efforts to target jobs to low-income residents are most likely to be successful. Often it takes government agencies and community-based groups a relatively long time to recognize when overall economic conditions are operating in their favor. Enough flexibility must be built into training and employment programs so they can respond quickly once opportunities are identified.
8. *Actors within a city need to think beyond their municipal boundaries and develop “sector strategies” in the context of the larger regional economy.* Private-sector relationships are not bounded by political jurisdictions. An effective sector strategy must recognize this economic reality. While a strategy can focus on targeting certain residents of the city for jobs within the “sector,” the understanding of the industry and the identification of the collaborative participants must reach beyond the city.
9. While there is not one correct method for pursuing sector strategies, the literature and case studies suggest the following steps as a guideline for cities interested in using a sector approach:
 - develop project goals and criteria for sector selection;
 - analyze the regional economy in light of these criteria;
 - undertake in-depth research on the sector;
 - develop a collaborative process;
 - develop a sector-specific strategic plan;
 - select an organization to lead the implementation; and
 - develop performance measures and a monitoring system.

10. *Strategists should select sectors appropriate to urban communities.* The literature indicates six sectors that potentially fit this criteria for most large cities: food (processing, manufacturing, wholesaling, retailing); environmental technology; hospitality; health care; printing and graphic arts; and construction.

Project Background

Over the past three decades, both the public sector (at the federal, state, and local levels) and community-based groups have struggled to develop effective strategies to improve the economic status of poor residents of the nation's cities by trying to address the full range of employment issues this group faces. These efforts began with the War on Poverty in the 1960s and continue today with the federal Empowerment Zones/Enterprise Communities Program just under way.

The limited success of many past efforts, despite the investment of considerable public and private resources, has led to an increased interest in identifying which strategies are truly appropriate and effective at improving employment opportunities for the poor. Interest has grown in recent years in "sectoral" strategies that try to intervene in certain industries seen to have a strong potential to employ low-income individuals.

This project is an attempt to assess whether sectoral economic development strategies pursued by the public sector do indeed have the potential to alleviate urban poverty. Specifically, the purpose of this project is to:

- help define sectoral economic development and employment strategies, including the ways they differ from more mainstream strategies;
- research the current status of public sector-initiated sectoral initiatives and their impacts;
- assess the effectiveness of sector strategies as a general economic development approach;
- assess the particular strengths and weaknesses of sectoral development as a strategy for assisting the urban poor; and
- discuss the policy implications for the public sector.

Organization of the Report

Chapter 1: Introduction

Chapter 2: The Policy Context

Chapter 3: Case Study Project Descriptions

Chapter 4: Case Study Characteristics and Project Impacts

Chapter 5: What Makes Sector Strategies Effective

Chapter 6: Potential of Sector Strategies as an Anti-Poverty Tool

Chapter 7: Conclusions and Policy Implications

Methodology

The project methodology involved two steps: literature review/expert interviews and 10 case studies.

Literature Review and Expert Interviews

The project used literature reviews and interviews with experts in the field *to identify current theory* regarding sectoral economic development, *identify examples* of sectoral projects initiated by state and city public and quasi-public agencies, and *define key terms* (sector, the urban poor, potential roles of the public sector). An Advisory Committee was assembled to help guide the project (see Appendix). This committee met, first, after the initial literature review, interviews, and case study selection, and, second, following the completion of the draft report.

Case Studies

The initial project plan was to analyze the *experience* of state and local governments in developing and implementing sectorally targeted projects beneficial to the urban poor through 10 case studies. However, we quickly found that there were few initiatives that met the criteria of the project

Interest has grown in recent years in "sectoral" strategies that try to intervene in certain industries seen to have a strong potential to employ low-income individuals.

(long-standing efforts in which the public sector explicitly targeted the urban poor as part of a sectoral approach to employment). Based on these findings, we shifted the focus of case selection criteria to cases that illustrated the *potential* for addressing urban poverty through public-sector-initiated sector strategies.

We selected projects for study that highlighted the key research questions:

- How does a sectoral approach differ from the more traditional training and economic development activities of the public sector?
- What barriers constrain public sector participation in sectoral approaches and how have they been overcome?
- What are the barriers to linking training and economic development initiatives with urban poverty issues and how can these barriers be overcome through a sectoral approach?
- What is the range of roles the public sector can play in a sectoral approach and how do the various roles affect the success or sustainability of a project?
- What is the role of the public sector vis-à-vis other actors — community-based groups, businesses, educational institutions, and labor unions — and how do these relationships affect the likelihood that the sector strategy will benefit the urban poor?

The following case studies were selected:

1. Industrial Networks Program, Louisville, Kentucky.
2. Minority Participation in Public Works Construction, Portland, Oregon.
3. Garment Industry Development Corporation, New York, New York.
4. Industry Action Projects, Commonwealth of Massachusetts.
5. Initiatives in the Advanced Transportation Sector, Los Angeles, California.

6. Philadelphia Recycling Consortium, Philadelphia, Pennsylvania.
7. Skills Training in Metalworking, Milwaukee, Wisconsin.
8. Life Sciences Strategy, Baltimore, Maryland.
9. New York/New Jersey Regional Alliance for Small Contractors.
10. Biotechnology Industry Initiatives in Massachusetts.

Chapter Three includes a summary of each case. Full case studies are available in the Technical Appendix.

Basic Definitions

Based upon the broader literature review and discussions with the Advisory Committee, some general definitions were developed to guide the work on the project:

The Urban Poor. There is no clear consensus on the definition of the urban poor. Many define the urban poor narrowly as only those hardest-to-employ segments of the population with multiple employment barriers. Others expand the term to include the working poor. The broadest definition includes people who are currently earning a livable income but who are at risk of joining the working poor or long-term unemployed as a result of structural changes in the U.S. economy. Given the increasingly complex nature of economic needs in the nation's cities, this project defines the "urban poor" rather broadly as *the adult welfare population, the long-term unemployed, the so-called "underclass," and the working poor.*

Sector. This term is used very loosely in both economic development and education and training, and sometimes is used interchangeably with the terms "industry" and "cluster." After reviewing the types of targeting activity going on in the field, we selected the following definition of sector:

Any grouping of employers who share a common market (i.e., defense), produce a common product (i.e., food products), or share basic resource needs, such as labor force, infrastructure, or technology (i.e., metalworking firms, port-related activities, telecommunication intensive companies). Participants in any given sector include both employers and other institutions with linkages to these employers, i.e., training organizations, unions, and trade associations.

Sectoral Strategy. A sectoral strategy targets a specific set of employers, with some set of commonalties, and develops an intervention strategy based upon the specific barriers and opportunities related to the targeted group. Based upon the literature reviews, a general profile for what we considered a sectoral economic development project emerged:

- there was a clearly defined “sector” that was being explicitly targeted;
- a clear vision and goals were established from the outset of the project;
- effort was made to understand the dynamics of the sector being targeted;
- some type of collaborative process was initiated that included relevant “stakeholders”; and
- a comprehensive approach to the sector was taken that sought to create systematic change within the sector through changing institutional relationships among businesses, between business and labor, and between business, government and training providers.

“Public Sector” Sectoral Strategies.

To distinguish between “community-based” sectoral strategies (studied under a separate research project) and the “public sector” initiatives that are the subject of this project, we limited our research to those projects in which the public sector role was significant. We defined “public sector” sectoral strategies as those in which the public sector’s participation went beyond funding, purchasing, and/or regulation. *In order for a public or quasi-public agency involved in a sectoral initiative to be examined in this analysis, it had to play some fundamental role in initiating, facilitating, overseeing, or implementing the activities related to the initiative.*

Chapter Two: The Policy Context

Sectoral strategies in economic development have evolved over time, moving from efforts to attract specific industries to a region to efforts to enhance existing and emerging sectors using a wider variety of tools.

This chapter reviews traditional models for alleviating urban poverty and their limitations, and describes the policy evaluation of sector strategies.

Limits of Traditional Models for Alleviating Urban Poverty

Over the past 30 years, government has pursued three distinct paradigms to provide a better economic context: economic development, community development, and employment and training. All three paradigms have yielded disappointing results in terms of their use specifically to address the needs of the urban poor, their effectiveness in addressing these needs, and their attempts to coordinate across paradigms. The reasons differ from one paradigm to another.

- **Economic Development.** In economic development, the concern is the attraction, expansion, retention, and start-up of businesses in state and regional economies. While the stated goals of most economic development efforts are to create or retain jobs, little attention is given to who gets those jobs and the quality of those jobs. At the local level, concern with the property tax base often underlies many economic development initiatives. *Economic development programs view individual firms as their constituency* and have not had incentive to make the urban poor a priority constituency. In fact, economic development officials often view programs for the poor as an encumbrance to the pursuit of their mission.¹
- **Community Development.** The public sector has been developing a range of community development programs that

seek to rebuild and revitalize inner-city neighborhoods. The focus of these efforts is on addressing poverty or “blight” in a given geographically defined community. The institutions supported through community development tend to be neighborhood-based and the community development corporation (CDC) has become the primary organizational form for implementing community development strategies. In many cities, CDCs have rarely gone beyond a real estate strategy — maybe moving from developing low-income housing to developing commercial real estate. *Community development is focused on a geographic area — often at the neighborhood level — whereas an economy functions on a regional level.* As a result, opportunities for participating more fully in the broader economy are often missed.

- **Education and Training.** The federal employment and training system was initially designed to provide a range of services to help the disadvantaged find work and access to training. *The focus is on the individual, and the orientation has historically been to address individual deficiencies rather than deal with weaknesses in the economic structure.* In recent years, efforts to assist previously employed and the struggling-to-stay-employed workers have increased. The employment and training system, which sees the individual as its constituency, has historically been “supply”-oriented and, as a result, has often failed to train poor people in skills that industry needs and to work with industry to place the graduates. The effectiveness of the current system in addressing the needs of the poor is constrained by inadequate linkages to the needs of businesses, inadequate attention to placement and employment stability of

¹Furdell, Phyllis A. “Poverty and Economic Development: Views from City Hall.” Washington, D.C. National League of Cities, July 1994.

graduates, and lack of productive linkages to economic development programs.

There is little coordination among the institutions associated with each paradigm. There is a major executive department associated with each paradigm at the state and federal levels — i.e., a commerce or economic development department for economic development, a community development department for community development, and a labor department for employment and training. Each type of department was established to address a differently framed problem with a different set of tools — the problem-frames and the tool kits have not been shared, or shared effectively, across departments. To the extent that cities rely on federal and state programs to fund activity, they are captive to tools of the moment for each paradigm.

The Evolution of Sectoral Strategies

The history of state and local economic development has been marked by fads. In the 1960s, mature industries were the focus of industrial recruitment and retention efforts. Attention shifted to high-technology industries in the 1970s and early 1980s. The recruitment of foreign firms was popular in the latter half of the 1980s. The slogan of development policy in the 1990s is fast becoming “industrial clusters” — geographical concentrations of industries that gain performance advantages through co-location.²

As detailed below, sectoral strategies in economic development have evolved over time, moving from efforts to attract specific

industries to a region to efforts to enhance existing and emerging sectors using a wider variety of tools.

Targeted Industrial Recruitment Strategies

Targeted recruitment is the oldest and most common sectoral strategy in mainstream economic development as practiced by most state and local governments and represents an advance from non-targeted industrial recruitment strategies that date back to the 1930s. It uses a target industry study to identify desirable industries for industrial attraction and retention efforts. While there has never been a comprehensive evaluation that documents the benefits of targeted approaches to industrial recruitment, there has been a steady increase in use of this strategy in the economic development field. Almost every state development agency, and many regional ones, have developed (and continue to update) targeted recruitment strategies, using complex methodologies to identify target industries and develop strategies aimed at specific sectors.

National Industrial Policy

The concept of industrial policy is that the government should take a proactive role in working with industry, particularly manufacturing, in enhancing the international competitiveness of U.S. firms. In the United States, interest in a national industrial policy heightened between 1979 and the early 1980s, when Chrysler Corp. had to be bailed out and the U.S. manufacturing sector experienced a massive restructuring with heavy job losses. At the time, observers were noting Japan’s success through its Ministry of International Trade and Industry in targeting sectors for growth and providing tailored support to them. These events led to a number of proposals for industrial policy, most involving a combination of cross-industry and

² Doeringer, Peter B. and David G. Terkla. “Why Do Industries Cluster?” Paper prepared for conference on Clusters and Networks for Regional Economic Competitiveness at the University of Brunswick, November 1993.

industry-specific activities. However, with Republicans in control of the White House and the Senate, the federal government had little interest in pursuing industrial policy, believing it involved undue interference with the workings of the market. As a result, industrial policy debate faded from the national scene.

Early State and Local Sectoral Strategies

At the same time the federal government lost interest in industrial policy, state and local governments began to give it increased attention. Beginning in the early 1980s, many state governments started to formulate and implement strategies to support existing and emerging industries in their jurisdictions. These strategies usually included a sectoral focus, recognizing that each regional industry faces unique issues and that solutions need to be custom-fit. A 1983 plan prepared for Rhode Island was a prototype for strategic, comprehensive, state economic development strategies. It included in-depth analyses of 15 industries and the development of innovative strategies to promote their development.

In addition to state plans, there were also some local efforts to conduct a strategic review of the local economy, identify critical industries, and develop a strategic plan to intervene in the industry to achieve public policy objectives — usually the creation and retention of jobs for local residents. One of the first individuals to identify the benefits of a sector-specific approach to local economic development was William Duncan of the Mountain Association for Community Economic Development, Inc. (MACED), in Kentucky. Based upon his work he concluded, “We seem to have our greatest success where we specialize in a given sector.”³ Other early efforts included Chicago’s work in the steel

³ Duncan, William A. “An Economic Development Strategy.” In *Social Policy*, Spring 1986:17-24.

and apparel industries under Mayor Washington and the Industrial Action Projects (IAPs) established by Governor Dukakis in Massachusetts in 1984 under which cooperative government/labor/management efforts were set up targeting the mature metalworking and apparel industries in specific regions of the state.

Industrial Clusters

Recent literature and practice regarding sectoral development has focused on the still-evolving concept of industrial clusters.⁴ The general notion is that firms within an industry benefit from co-location. There has been a growing appreciation since the 1980s of the importance of the business relationships between buyers and suppliers, and the broad web of social and institutional connections among customers, suppliers, competitors, government, labor, and trade associations in promoting regional competitiveness. Industrial cluster strategies actively seek ways to use these relationships to stimulate innovation, efficiency, and vision. Many believe that the development and

⁴ Studies contributing to the concept of cluster development strategies include:

- Alfred Marshall’s work on industrial districts in the early 20th century, in which he found that firms in the same and related industries co-located to take advantage of the positive externalities;
- Piore and Sabel’s work (1984) that first brought the small firm clusters in Northern Italy (with the fastest growth and the highest per capita income of any Italian region) to the attention of U.S. development theorists and practitioners;
- Ann Markusen’s study of the Chicago steel industry (1985) that focused on the purchase and sales relationships that can be identified through input-output analysis;
- Michael Porter’s work on the role of industrial clusters in competitiveness (1990) that did much to popularize the notion; and
- Michael Best’s analysis (1990) of the approaches to effective cluster strategy, including the examination of the critical role of “extra-firm” institutions, both public and private, “such as trade associations, apprenticeship programs, labor education facilities, joint marketing arrangement, and regulatory commissions, each of which facilitates inter-firm cooperation.”

implementation of cluster strategies must be industry-driven and that the thrust of public sector efforts should be to ascertain from business the nature of its needs and then seek to meet those needs. Issues of public interest, such as who will get the jobs being created, are rarely explicitly addressed.

Industrial Networks

While “clusters” represent the new approach to analyzing state and local economies, “*industrial networks*,” which seek to formalize inter-firm collaboration, have become the major policy tool in the field of sectoral economic development. Networked firms can engage in such activities as joint production, collective marketing, worker training, new product development, and technology transfer. A review of the literature on networks in the United States found that only a small number are urban-based and that they are often initiated by nonprofit groups. Networks, by definition, are industry-driven mechanisms. Their function is to meet the needs defined by industry. Government’s role has been to support the creation and maintenance of these networks, but not to define their agenda. Thus, even more so than cluster strategies, the work of industrial networks is not directly informed by issues of importance to the public sector, such as who gets what jobs and the quality of those jobs.

Sector Strategies in Employment and Training

Government employment and training programs have traditionally focused on individual occupations. However, *an occupational focus alone is not a sectoral focus*. Though some occupations are unique to specific sectors (e.g., construction), others occur in several related sectors (e.g., nursing aides in a variety of health care settings), and many are found throughout many sectors

(e.g., data entry clerk). While a few government training programs have gone beyond a supply-side approach, in the past few years a handful of models with a demand-driven and sectoral focus have been emerging. For example, Massachusetts has restructured its JTPA program and transformed its Private Industry Councils into Regional Employment Boards, whose functions include identifying key regional clusters and working with the employers in those clusters to define work force skill needs and determine means to see those needs are met. “*School to work*” programs aimed at integrating vocational training with real life experience also *can be forms of sectoral strategies* since trainers work closely with employers in a few industries in program design/implementation and the actual transition from school to work.

Sectoral Strategy in Current Practice

In practice, state and local governments are pursuing a broad range of activities that are being thought of in the field as sector strategies. These include:

- **State and local “cluster” analysis.** States and local governments are identifying key clusters, organizing industry groups, and developing strategies to assist the development of these clusters. These activities in general are totally industry driven. Moreover, many involved in cluster strategies believe that the public sector has very little role to play, other than to improve the operating environment for business.
- **Sectoral-based training programs.** In the training arena there is a growing trend towards “employer-centered training for

³Osterman, Paul and Rosemary Batt. “Employer Centered Training for International Competitiveness.” Sloan School, MIT, 1992.

Table 1 - Examples of Recent

CLUSTER STRATEGIES

Massachusetts issued a plan in May 1993 (“Choosing to Compete: A Statewide Strategy for Job Creation and Economic Growth”) detailing the structure/importance/competitive position of four clusters (health care, knowledge creation, information technology, financial services), with policy recommendations organized around each cluster.

Oregon completed a strategic planning document in 1993, “Oregon Shines,” that developed an industry-by-industry approach to addressing the issues facing the state’s economy. A list of key industries was selected and adopted by the state legislature. The Economic Development Department has been working with industry associations in these industries to promote the competitiveness of these industries in the state.

The **Arizona** Strategic Planning for Economic Development (ASPED) — a partnership of Arizona’s leading economic development organizations — was formed in March 1990 to oversee a strategic assessment of the state’s economy. It formed industry groups around nine clusters to identify needs and opportunities, and to recommend actions to be taken by the state and the private sector. For the optics cluster, a nonprofit organization was founded (Arizona Optics Industry Association) to bring optics-related businesses, institutions, and professionals together and to foster the growth of the optical corridor extending from Tucson to Flagstaff.

SECTORAL TRAINING PROGRAMS

The **Massachusetts** Jobs Council has developed a number of training programs with industry associations, such as the Biotechnology Council and the Software Council.

California’s Employment Training Panel, in an effort to expand its training funds to smaller businesses, has worked with both industry associations and unions to develop sector-specific training initiatives.

STATE-SUPPORTED INDUSTRY NETWORKS

Oregon’s Flexible Network Program has funded more than 30 networks around the state. Industries of focus include wine, beef, furniture, food products, book publishers, fisheries, and biotechnology.

New York’s Strategic Industries Group Services Program (SIGS) encourages groups of firms to apply for state funds to create networks and carry out special projects.

Ohio funded several networks (e.g., the Ohio Heat Treaters Network).

international competitiveness.”⁵ These programs emphasize working directly with employers — preferably in the form of industry consortiums. Unlike previous federal programs, these efforts are more broadly based and do not tend to serve low-income individuals.

- **State supported development of locally based industry networks.** A number of

states have developed programs that provide funding and technical support for the development of industrial networks. The public sector role here is primarily that of a catalyst and funder.

- **Urban sector strategies.** Cities are slowly developing comprehensive sector strategies that use a range of economic development tools including business attraction,

State/Local Sector Strategies in Practice

URBAN COMPREHENSIVE SECTOR STRATEGIES

Chelsea, Massachusetts. As a result of a strategic plan for the city, Chelsea targeted three sectors — recycling-related manufacturing, food-related activities, and airport-related activities. The recycling initiative recommended creating a statewide research and development center on the reuse of materials in Chelsea to serve as the focal point for a range of recruitment, enterprise development, technology transfer, and training activities focused on the industry. The center opened in February 1995. The city is now designing strategies to link the center with its efforts to promote job/entrepreneurial opportunities for low-income residents.

The city of **New Haven, Connecticut**, helped create the *Committee for Biotechnology Development*, a broad-based public/private partnership that is seeking to develop the biotechnology industry in the city through promoting technology transfer from university research, building a trained work force for the industry, providing sites for biotech companies, and offering financial support for these companies. The Committee hopes to bring low-income residents into the program by matching training programs to identified needs.

New York City. The borough president of Manhattan completed a study of the Diamond and Jewelry Industries in the city that led to the creation of the Diamond and Jewelry Industries Development Corporation in April 1994. Ad hoc programs including seminars on exporting and a technology assistance project to reduce the loss of precious metals used in the industry have also been implemented.

Los Angeles, California, *Green Jobs.* The city's Environmental Affairs Department has received funds from the U.S. EPA to promote employment in environmental businesses in the city. The project will try to link environmental protection with economic development, emphasizing inner-city job creation and small business development. The project is still in the planning phase.

management assistance to existing business, education and training, and technology transfer.

- **Rural sector strategies.** Sector strategies have been more commonly pursued in rural regions than in urban areas. Many rural economic development organizations, both public and community-based, have

been involved in designing innovative sector strategies. For example, there have been numerous, long-standing efforts on the part of rural regions to develop strategies in wood products and food processing.

Table 1 provides recent examples of public sector “sector” strategies.

Chapter Three: Case Study Project Descriptions

This project used in-depth case studies of 10 urban sector strategies, in which the public sector played a major role, to learn about current practices in sector strategies, their economic and community impacts, and the economic, institutional, and political factors influencing their effectiveness.

This chapter briefly summarizes the 10 initiatives. Chapter Four summarizes findings about their characteristics and the project impacts.

Project Descriptions

1. Industrial Networks Program, Louisville, Kentucky

The Louisville-Jefferson County Office of Economic Development has taken a strong sectoral approach to its economic development activities. As part of this orientation, the staff has helped to organize and support the development of industrial networks. While still relatively new, the city and county have assisted in the development of networks in food processing, metalworking, printing, and plastics.

The Plastics Manufacturing Network was initiated in early 1994 and 11 meetings have been held since that time. Six companies have been very active and have developed an ambitious agenda. At its first meeting, labor force shortages were identified by participants as the key issue facing the local industry. Thus, the programmatic thrust of the network has been on creating a training infrastructure in plastics. Given its interest in attracting entry-level workers, the network developed a collaborative relationship with St. Anthony's Parish, a community organization in the West End, one of poorest neighborhoods in the city.

While still young, the network has already:

- Sponsored a training program at a

Jefferson County Public School magnet career academy. In addition to the 100 employees of the six companies who completed the course, several low-income residents, referred by St. Anthony's to the training program, went through the course and have been hired by the sponsoring companies.

- Initiated planning for the creation of an advanced technology center in the West End that would provide a set of integrated services to workers and industry, including transportation, day care, classrooms, and advanced technology assistance. An existing building has been selected for the center.

2. Minority Participation in Public Works Construction, Portland, Oregon

The City of Portland has been very aggressive in its efforts to link construction activities in the city with creating jobs and entrepreneurial opportunities for "socially and/or economically disadvantaged" city residents. In 1991, the city, through the mayor's office, established a Public Works First Source Hiring Program requiring all contractors who obtained contracts with the city to agree to specified targets for employing socially and/or economically disadvantaged city residents, and the Construction Trades Intern Program to provide on-the-job training in a city agency to give disadvantaged workers the experience to enter an apprenticeship program.

In 1993, after an evaluation of the above efforts found that the local private construction industry had not offered minorities equal employment opportunities, the city developed the Fair Contracting and Employment Initiative, which authorized:

- development of new pre-apprenticeship and apprenticeship programs replacing the internship program;
- stronger enforcement of the Public Works First Source Program;

- promotion of minority and women contracting opportunities in response to the disappointing results of earlier efforts and the recent U.S. Supreme Court decision restricting “set-aside” programs; and
- improved outreach to low-income, disadvantaged neighborhoods through its cooperative arrangement with the Workforce Clearinghouse — an organization developed by community-based groups to ensure women and minority participation in construction projects.

3. New York/New Jersey Regional Alliance for Small Contractors

Organized in 1991 by the leading construction corporations and public development agencies in the New York-New Jersey area, the regional alliance is a nonprofit organization that supports and advocates participation in the construction industry by minority- and women-owned business enterprises (M/WBEs). The organization grew out of an effort initiated by the Port Authority of New York and New Jersey in the late 1980s to increase the number of minorities and women in the region’s construction industry. More than 900 contractors actively participate in the alliance, 82 percent of whom are M/WBEs.

Regional alliance services include:

- technical assistance through “Managing Growth,” a formal training program that offers courses designed to help small and M/WBE contractors to compete successfully for contracts and manage their businesses effectively, and the Loaned Executive Assistance Program, which offers contractors one-on-one consulting services by construction industry experts;
- financing through the Financing Small Contractors and access to bonds and sureties; and

- opportunities to network with other construction firms on major construction projects through the Opportunity Marketplace.

4. Industry Action Projects, Commonwealth of Massachusetts

In 1985, the State Executive Office of Economic Affairs and Executive Office of Labor in the Commonwealth of Massachusetts created the Industry Action Projects (IAPs) to help stabilize manufacturing industries throughout the state. IAPs were independent, nonprofit public/private partnerships that empowered local boards to design and implement strategies to strengthen local industry. A defining characteristic of the IAP approach was a recognition of the importance of labor in efforts to modernize mature industries. The two IAPs with the longest operating histories were the Needle Trades Action Project (NTAP), which targeted garment manufacturers in Fall River, and the Machine Action Project (MAP), which targeted metalworking firms in and around Springfield. While both projects had some success in upgrading the skills of existing workers and in training new people for employment in the sector, the lack of state support led to the demise of both institutions. Although these projects received national attention as innovative efforts at “sectoral targeting,” both are now relatively inactive.

The projects resulted in a number of interesting technology and education and training initiatives in their respective sectors, including:

- a Women in Machining program that combined training with support services;
- training in the installation and repair of computer controlled machine tools;
- workshops for managers of metalworking shops on a range of issues including cost control, production control, and workers’ compensation;

- the development of an employer-based day care center in the needle trades industry;
- training programs for both managers and workers in the needle trades industry;
- technology assistance services to firms in the needle trades;
- the development of a marketing strategy for firms in the needle trades; and
- the establishment of a local Revolving Loan Fund that targeted firms in the needle trades.

5. Garment Industry Development Corporation (GIDC), New York, New York

Established in 1984 as a partnership between the International Ladies' Garment Workers' Union, several garment industry associations, and the City of New York, GIDC is a nonprofit organization serving the special needs of New York's ladies' apparel industry. While GIDC was initiated by the union, the city of New York has provided critical support for the project and representatives of key city agencies sit on the board. Over its 10-year history, the organization's strategy has evolved. In light of severe import competition from low-wage countries, GIDC's current strategy is to assist New York's firms to improve quality and responsiveness to enable them to enter more fashion-sensitive market niches where they can compete on quality rather than just price.

GIDC operates on both the supply-and-demand side of the labor market, offering the following services:

- Training and education programs for production workers and managers. Its largest training initiative, the Super Sewers program, has upgraded the sewing skills and workplace English of more than 500 dislocated garment workers — primarily Chinese and Latino women — and boasts a 70-80 percent placement rate. GIDC also offers ESL classes.

- Firm specific technical assistance around technology and work force issues related to organizing the production process.
- Organizing firm networks around "quick response" and quality control.
- Marketing assistance efforts including undertaking special research projects and export assistance.

6. Initiatives in the Advanced Transportation Sector, Los Angeles, California

Advanced transportation has received much attention from California's public sector at the state and regional levels. With state and federal legislation encouraging the development of alternative forms of transportation to address air quality issues, state and regional officials seized an opportunity to develop a new sector that could begin to compensate for the state's devastating loss of defense jobs. Since 1990, three separate programs have been set up to support a growing infrastructure of producers of advanced ground transportation: CALSTART is a consortium to support the growth of an electric vehicle (EV) industry in Southern California through the development of a supplier base of electric vehicle components; Project California is a strategic planning effort, run by the California Council on Science and Technology, to create programs to encourage growth in the advanced transportation sector; and Los Angeles County Mass Transportation Authority (MTA) is charged with the major expansion of the public transportation infrastructure in the county and is seeking to enhance the economic benefits for area companies and residents resulting from this public works project. Recently, the MTA has begun to promote local job creation in the production of advanced transportation equipment.

Though all three programs target the advanced transportation sector, they have developed independently of one another and

operate in virtual isolation not only from one another but also from other development activities aimed at helping low-income residents. Specific programs developed by the three efforts include:

- CALSTART built a prototype vehicle that demonstrates the capacity of the local EV industry.
- CALSTART has been involved in a range of research projects that provide technical support for the development of the electric vehicle industry.
- CALSTART has sponsored a small business incubator.
- CALSTART has worked with local colleges and universities on specialized curriculum to serve the industry.
- The MTA has sponsored two initiatives to develop production capacity in the region. The first involves the development of a rail car facility, which is currently under construction. The second project supported the design of a new urban bus, which is in the prototype stage.
- Project California has developed an ambitious agenda to support the transportation industry, but the effort is still in the planning stage.

7. Philadelphia Recycling Consortium, Philadelphia, Pennsylvania

In 1985, the Philadelphia City Council retained the Institute of Local Self-Reliance to develop a comprehensive recycling and economic development plan. The plan promotes the participation of civic and environmental organizations and small businesses in recycling initiatives that promote the development of scrap-based manufacturing within the city. The city also adopted a mandatory recycling goal of 50 percent of all solid waste. While the effort did not receive much attention for a number of years, with the election of Mayor Rendell in 1992 and the establishment of the Philadelphia

Recycling Economic Development Consortium, activities to link recycling and economic development were given a higher priority. The effort got further support through a \$450,000 grant from the U.S. Environmental Protection Agency (EPA). The EPA grant focuses on attracting scrap-based manufacturers to the city, retaining existing processors in the city, and promoting the expansion of recycling activities among existing companies and community-based groups.

Activities of the consortium have included:

- the development of a marketing strategy that focuses on attracting firms to Philadelphia;
- research that quantified the region's waste stream and developed a database that tracks the feedstock;
- the identification of a paper mill interested in locating in the city and detailed negotiations to close a deal with the company; and
- identification of other scrap-based manufacturers to attract to the city.

8. Skills Training in Manufacturing Metalworking, Milwaukee, Wisconsin

Milwaukee, a "rust belt" city that has seen significant declines in its once thriving industrial base over the past two decades, has undertaken a number of initiatives to retain and modernize its remaining industrial base. In 1992, the Wisconsin Regional Training Partnership (WRTP), an independent, nonprofit organization, was established to focus on training, work reorganization, worker skill upgrading, supplier upgrading, and the application of new technology. The partnership, enacted by state government and organized by the University of Wisconsin and the state technical college system, is composed of labor and management leaders representing 23 firms and 30,000 employees in the metropolitan area, primarily in the metalworking

and electronics industries. Business and community groups have also established a nonprofit corporation to develop an industrial park and to promote networking among the many small metalworking firms in the area. Finally, the city, community-based organizations, industry, and the local technical college are establishing the Riverworks Teaching Factory to provide training and technology extension services to metalcutting firms.

Specific programs and activities related to the three projects include:

- WRTP promotes and supports incumbent work force training through the establishment of workplace education centers. It is working with smaller firms to form a multi-firm skill center to achieve more cost-effective delivery of services.
- WRTP has developed training programs for adult entry-level workers as well as developing apprenticeship programs for youth. It is also developing a skills training curriculum in the metal trades.
- The Riverworks Teaching Factory provides small firms with access to advanced metalcutting machinery on a fee basis. The factory also offers training and seminars in collaboration with local colleges and universities.
- The Northeast Milwaukee Industrial Development Corporation is developing an industrial park with small parcels suitable for small machine shops and other small manufacturers. The Corporation has also organized security patrols for businesses, is in the process of developing a work force development center, and serves as a clearinghouse of information for small manufacturers.

9. Life Sciences Strategy, Baltimore, Maryland

Baltimore's strategy for developing the life sciences industry (biotech/biomedical/health care) evolved from a strategic planning

effort undertaken in 1992 by the Greater Baltimore Committee (GBC), an economic development advocacy group representing the area's business community. Its analysis indicated the growing importance of such economic generators as medical research, biotechnology start-ups, medical conventions, and medical publishing and printing, but found that much of the city's work force lacked the skills and the training opportunities to take advantage of the resulting job opportunities. The strategy that evolved from that effort focused on education and training, the development of technology "infrastructure," entrepreneurship, and development of broad community support. The public sector, at both the state and local levels, has played a strong role in implementing life sciences industry initiatives.

Since the completion of GBC's plan, a number of initiatives have been taken to advance the development of the life sciences sector in the city. It should be noted, however, that these activities are not necessarily direct outcomes of the GBC plan and have not been implemented through a coordinated approach to the sector. Among the major initiatives are the following:

- Major construction projects at both Johns Hopkins and the University of Maryland are under way that feature facilities devoted to the life sciences.
- A range of education and training programs in the life sciences have been established through the Baltimore city school system and the Baltimore County Community College. These efforts include the development of a life sciences training curriculum for JTPA-eligible residents.
- GBC and local universities have developed programs aimed at facilitating product patenting and licensing and business start-ups in the life sciences industry.

- Local community-based groups are working with institutions on efforts that seek to support inner-city business development opportunities through institutional procurement.

10. Biotechnology Industry Initiatives in Massachusetts

During the past decade, biotechnology has been viewed by state and local economic development policymakers in Massachusetts as an important emerging industrial sector, and has been targeted for support in a number of economic development initiatives:

- The state legislature established the Massachusetts Centers of Excellence in 1985 to support emerging technologies, including biotechnology, in part through collaborative university/corporate R&D. This organization helped to launch the Massachusetts Biotechnology Research Institution (MBRI), a private, nonprofit organization involved in the development of the biotechnology industry. While the state has since eliminated its support for the Centers of Excellence, MBRI has successfully developed a biotechnology industrial park in Worcester and developed numerous programs to support the start-up and growth of biotechnology companies, primarily in that community.
- The state's MassJobs Council and Bay State Skills Corporation have worked with local education and training providers to develop specialized technical training programs in biotechnology.
- A biotechnology coordinating group has been formed that brings educators and industry together to review curriculum development, monitor the growth of the industry, and set out the criteria needed for expansion.
- State and local governments have taken other steps to support the biotech industry. Recently, the city of Boston's Economic Development and Industrial Corporation entered into a partnership with the MBRI and a CDC to establish the Boston Emerging Industries Center in a now vacant building in Boston's low-income Roxbury neighborhood. It would house research facilities and a variety of employment and training programs targeted to the neighboring community.

Providing employment opportunities to the urban poor could support the goal of promoting sector growth or continued competitiveness.

This chapter describes our findings about key dimensions of the 10 initiatives:

- origins and development;
- goals;
- the institutional mechanisms used to implement the strategies;
- the role of industry, organized labor, and community organizations;
- programmatic tools used;
- the role of the public sector; and
- the economic and community impacts of the strategies.

Origins of the Initiatives and Selection of Target Sectors

The sector initiatives in the case studies tended to originate in one of three ways:

1. **Comprehensive sector strategies** emerged out of an explicit decision on the part of the public sector to identify the key sectors in their economy and to develop a comprehensive strategy to address the needs of these sectors. Often a variety of sectors are selected based upon a set of criteria, some level of analysis is completed to better understand the sectors, and outreach efforts are made to involve key “stakeholders” in the design of the strategies.
2. **Ad hoc strategies** were developed to respond to perceived opportunities. In most cases, individual sector strategies emerged out of an ad hoc process in which a particular sector is targeted because of its potential to generate employment opportunities, because of political considerations or because it is perceived to be in crisis. Often the industry analysis is less formal and some of the relevant “stakeholders” (whether union or industry) are involved in the

process from the beginning.

3. **Secondary sector strategies** emerged from other public policy objectives rather than an effort to support the growth or retention of key economic sectors. For example, Philadelphia’s Recycling Consortium grew out of the city’s need to address solid waste problems, and the efforts in Southern California to target the advanced transportation sector developed partially as a result of environmental concerns about air quality. These sector strategies often develop as part of an effort to maximize the economic benefits associated with other public policy objectives.

Project Goals

The sectoral initiatives in the case studies had one of three general goals:

1. **Improve the competitiveness of existing sectors.** Four of the initiatives focused on retaining or creating jobs through helping an existing industry respond to competitive challenges. Efforts to support the sector included improving access to key resources, enhancing productivity, developing new products, or tapping new markets.
2. **Support the growth of new sectors.** Four of the initiatives focused on creating jobs through establishing the infrastructure necessary to promote the development of an “emerging” industry. Activities to support the industry include research and development capacity, specialized facilities, regulatory reform, and updating education and training programs.
3. **Encourage employment and entrepreneurial opportunities within a sector for non-traditional constituencies.** Two initiatives sought to expand

opportunities for non-traditional constituencies (i.e., minorities, women, and the economically disadvantaged). Such cases focused on shifting jobs and entrepreneurial opportunities within the industry to traditionally excluded groups rather than seeking to promote industry expansion or retention. The two initiatives involving the construction industry fell into this category.

Overall, employment issues were addressed primarily in the context of industry needs, and targeting job opportunities to the poor rarely was an explicit part of the strategy. However, in some cases, targeting jobs to the poor became more of a focus as the initiatives evolved. This occurred when it became apparent that providing employment opportunities to the urban poor could support the goal of promoting sector growth or continued competitiveness.

Institutional Mechanisms Used to Implement Strategies

The institutional mechanisms to implement the initiatives varied widely among the cases. The nature of the sector, the historical development of the initiative, and the goals of key actors all contributed to these variations. The types of organizational structures used can be divided into four categories:

- 1. Formal collaborative organizations with comprehensive industry focus.** Four initiatives established a formal collaborative organization to oversee the implementation of the initiative in a comprehensive fashion. Each was an independent organization overseen by a board of directors composed of key actors in the sector. They were structured either as quasi-public entities or as independent nonprofits and had specialized staff who focused on implementing the strategies. These organizations were the focal point of both public and private sector activities.
- 2. “Informal” collaborative organizations.** Two initiatives established informal organizations, serving more as an advisory body. These organizations were not formally structured, not incorporated, and had no board of directors guiding the activity. They were staffed by individuals from public sector agencies who have a range of other responsibilities.
- 3. Multiple organizations, each focusing on a subset of sector development issues.** In three of the initiatives, multiple organizations were established in response to identified industry opportunities or challenges. In these cases, there was no clearly defined overall strategy for the sector, and no lead organization managing or overseeing it. Rather, a number of different organizations were established, operating in the same geographic area, and targeting the same sector.
- 4. Ad hoc responses by a diverse set of existing organizations.** This structure characterized two of the initiatives. In both cases, there is high visibility associated with the sector target and the promotion of the sector has accelerated a range of initiatives to support the target by various organizations. However, the initiatives are being conducted under the auspices of a number of existing public and private organizations with no formal coordination. No new collaborative organizations formed to oversee or advise the public sector on the implementation of these diverse activities.

Participation by Industry, Labor, and Community Groups

A variety of different constituencies have partnered with the public sector in the sectoral strategies. Participation by industry, labor, and community-based organizations played an important role in these initiatives, though the level and nature of each group's involvement varied among the cases.

Industry was an important participant in virtually all of the collaborative institutions. Sectoral initiatives must be responsive to market forces and industry self-interest. Initiatives involving the public sector must also gain the trust of an often suspicious business community. In light of these realities, all the collaborative institutions developed in the cases involved strong industry participation. The level of industry participation was largely a function of its perceived self-interest.

Organized labor's participation was particularly important in mature manufacturing sectors with relatively high rates of unionization. Labor representatives tended to play more of a role in sectoral initiatives involving mature industries where upgrading the skills of the existing work force or retraining dislocated workers were important elements of the sectoral initiatives. These mature sectors typically had high levels of unionization and, thus, changes in job classifications and additional training were subject to labor/management negotiation. As a result, labor tended to be involved in the organizational structures established to implement the sectoral initiatives.

Community-based organizations played an important role in creating linkages between sectoral initiatives and efforts to train and employ lower-income workers in several cases. Conversely, initiatives lacking active participation by such organizations have been less aggressive in pursuing such efforts.

Programmatic Tools Used

"Programmatic tools" refers to the types of programs, projects, and activities undertaken to support the sector strategy. Among the 10 initiatives, the two most frequently used tools were: job training and related support services; and information and technical assistance provided directly to businesses, particularly those related to the application of new technology.

The initiatives used a wide range of other programmatic tools as well.

Job training and related support service programs were the most frequently used programmatic tool (eight of the initiatives developed some type of training program). In most cases, these programs were not targeted to low-income individuals. Seven of the initiatives had significant training efforts that were either not targeted or were targeted to other segments of the work force, including youth, incumbent workers, and dislocated workers. Job training targeted to low-income, minority, and female workers typically involved some combination of targeted outreach, basic workplace skills training, technical training, and support services such as child care and post-placement follow-up.

Providing information or technical assistance directly to businesses in targeted sectors was the second most frequently used programmatic tool (six of the initiatives used it). This assistance most frequently involved technology, but covered a range of areas related to business operations, including marketing, financing, and general management practices as well.

Private-sector purchasing and public-sector procurement powers to advance the development of the targeted sector were used in four of the initiatives and were very important in all four. Once a sector

is targeted, both the private sector and the public sector can help to create a market or improve market conditions for firms in that sector.

Investment in facilities to support the development of businesses was used in five of the cases. A number of the projects involved more traditional real estate tools as part of their strategy (e.g., developing research and development facilities, research and industrial parks, industrial condominiums, and small business incubators).

Efforts to attract companies in targeted sectors to the community was used in two of the initiatives. The Greater Baltimore Committee and the Baltimore Metropolitan Council are marketing the area as a location for the life sciences industry. The Philadelphia Recycling Consortium has put together a strategy to market the city as a location for recycling businesses and is actively trying to recruit a major paper mill to the city.

Specialized tools for emerging sectors were developed as part of initiatives that were trying to build new industries. These activities included providing funding or technical support for research and development (three cases), market development (one case), and advocacy (one case).

Role of the Public Sector

The public sector roles in the initiatives varied widely. However, some broad generalizations about the public sector role can be summarized as follows:

Generally, the public sector played a lead role in initiating the project, most frequently collaborating closely with other key actors in the planning and implementation phases, including industry representatives, academic organizations, community groups, and other actors. In a smaller number of

cases, the public sector fully assumed a leadership role. In only one case did the public sector play a more passive support role.

The public sector has usually not been the primary implementor of sectoral initiatives, but has shared this role with other actors. In some cases, it has taken a lead in a limited number of projects or programs traditionally administered by public agencies. More often, however, implementation is undertaken by public/private collaboratives or private institutions. In some cases, this mixed implementation occurs through a public/private administrative body; in other cases, there is no lead entity and implementation activities are fragmented, involving a number of loosely connected or unconnected activities and organizations.

The public sector has played an important facilitative role. In many of the initiatives, accomplishing the sector strategy required direct collaboration among a number of actors, including government, industry, academic institutions, and community-based organizations, and the public sector frequently played the role of bringing these actors and the resources they controlled together. However, in two of the initiatives, labor and management developed collaborative relationships without public-sector facilitation and then worked together to draw local government into their efforts.

The public sector has made creative use of its role as a “market maker” and “regulator” in many sectoral projects. In four cases, the public sector used its market power as a purchaser of vast quantities of goods and services to influence sectoral development. In some cases, it encouraged suppliers to adopt certain practices by making such practices a condition for government purchases. The public sector also took or is considering regulatory actions to promote sectoral development in at least three cases.

The regulations involved addressed land use, commerce, and environmental protection.

The public sector has played an important, though not solo, funding role in most of the projects. The public sector provided critical financial support in all of the projects, either seeding the initiation of sectoral efforts or in funding major programs or projects. Public funds have virtually never been spent in isolation; most of the initiatives have involved significant private sector or nonprofit sector investment. Public funding has taken three forms:

- **Operating Funds.** Public funding has supported the establishment of organizations that plan or implement sectoral initiatives in a number of cases. Often times, the public sector has played a critical role in seeding these organizations and leveraging funds from other actors.
- **Program Funds.** The public sector has provided funds for specific projects or programs and has been the major source of funding for the development of employment and training programs, particularly those targeted to the low-income.
- **Capital Investment.** The public sector's investment in research and industrial facilities has played a significant role in a selected number of cases, particularly those involving the development or deployment of advanced technologies.

The public sector's "oversight" role is very important in sectoral initiatives.

The level of public sector oversight of sectoral initiatives varied, depending on the institutional structure for implementation. It tended to be strong in cases where institutional mechanisms for ongoing public sector participation in sectoral initiatives have been established. The public sector has less capacity to monitor accomplishments and ensure public benefits in cases where no institutional

framework exists for implementing a sectoral initiative or where responsibility is fragmented among a number of public and private organizations. Where there was no public oversight, the potential existed for the entire effort to become focused on meeting industry's needs, rather than in achieving public policy objectives.

Project Impacts

None of the sectoral initiatives studies has developed performance measures or a process for monitoring of impacts, making it difficult to assess success. While the failure to develop clear objectives and performance measures is very widespread in the economic development and training fields, the complex nature of sectoral strategies makes the lack of adequate attention to accountability measures a greater gap.

While the case studies were not intended to provide a rigorous, quantitative assessment of project impacts, they do provide important insights into the types of impacts created through sectoral projects. This section reviews what we have learned about the impacts of sector strategies as a general economic development and employment strategy. (Chapter Six assesses the impacts of the initiatives on the urban poor in more detail.) The project looked at six major types of impacts:

- the development of inter-firm relationships;
- improvements in industry competitiveness;
- job creation and retention;
- skills upgrading and job placements;
- business start-ups and enterprise development; and
- broader community impacts, including the stimulation of other economic development and employment initiatives or the development of new relationships.

For the most part, the initiatives studied for this project have not matured. Only GIDC and the IAP projects have had sufficient histories to make some conclusions about their impacts. In addition, few of the initiatives studied have monitored their impacts or measured their performance. Thus, the following analysis should not be viewed as a true impact analysis. Rather than a precise measure of impacts, it provides an overview of the types of impacts being achieved, and the general scale of these impacts.

Building Inter-firm Linkages

A fundamental objective of many sector strategies is to build networks among firms in the same sector, as well as a variety of actors that interact with that sector. Strategists hope these linkages will have synergistic effects, leading in the longer-term to increased competitiveness and improved opportunities for the work force. The case studies indicated that it is in the area of building these linkages that the sector strategies probably had their greatest impacts:

- In Louisville, Network efforts have increased the opportunity to share information and collaborate. Companies in the network have discovered that there are issues on which they can cooperate to the benefit of all. The Network has been able to pursue more comprehensive solutions to solving industry problems.
- The Regional Alliance Program has improved the cooperation between construction firms and government agencies and between large contractors and small/minority subcontractors.
- CALSTART has played a critical role as catalyst for development of the sector and has enhanced collaboration among a diverse group of actors. The consortium has grown to 120 member companies.

Improving the Competitiveness of Existing Industry

Measuring the economic impacts of projects that focus on competitiveness is very complex. In these projects, the goal is not necessarily to create new jobs, nor even to retain existing jobs that are immediately threatened, but rather *to improve the operations of existing businesses so that they are able to compete more successfully in the marketplace in the long run*. Thus, the chances of a company closing because of competitive factors or moving are decreased. The case studies provide *strong evidence that the sector strategies have helped to improve the competitiveness of companies* within the sector being targeted:

- GIDC's efforts working intensely with one company (Mademoiselle Knitwear), led to increased production, shortened turnaround time, and improved quality. As a result, the company, formerly in Chapter 11, not only has retained its 400 employees, but also has added more. It attributes its turnaround to GIDC assistance.
- In Philadelphia, the consortium's activities resulted in a streamlined city approach to working with existing recycling businesses and policies that are more sensitive to the needs of these businesses. Participating companies say these efforts have improved their competitive position.
- The Wisconsin Regional Training Partnership's efforts to support the evolution to the high performance workplace have helped companies modernize, stemmed the outflow of companies and jobs from the area, contributed to the upskilling of jobs, and improved trust and cooperation between labor and management. Management and labor representatives both say these changes are significantly enhancing the competitiveness of their facilities.

- The Regional Alliance Program has improved the operations of participating companies and increased their ability to win contracts.
- MAP has helped firms in the machine trades industry remain competitive through communication (a newsletter) and information (e.g., on new manufacturing technologies, state financing resources). NTAP seminars raised the awareness of firms in the needle trades about government resources and improvements in business practices.

Job Creation and Retention

Job creation and retention is the most commonly used performance measure in economic development and a goal of many initiatives. In assessing actual job creation and retention, it is important to look critically at the numbers used by public sector officials, since state and city agencies often take credit for any job growth in a sector, whether or not they had anything to do with the specific program initiatives being implemented.

- As noted above, GIDC's work with a failing garment firm led to the retention of 400 jobs.
- While the deals have not been finalized, the successful attraction of a paper mill to Philadelphia, along with two smaller projects aimed at attracting outside recycling-related companies, has the potential of creating between 200 and 400 jobs in the city.
- While falling short of expectations, CALSTART reports that its activities have led to the creation and retention of about 1,000 jobs (one company grew by 60 employees, one opened a new facility, and one plans to add hundreds of workers).

Business Start-ups and Enterprise Development

Because this was not a strong component of any of the initiatives studied, few impacts were cited in this area. However, there was evidence that the initiatives supported some new business development and entrepreneurial activity:

- In Philadelphia, a couple of companies reported that the informal assistance provided by the Philadelphia Recycling Office assisted them in their start-up.
- The Massachusetts Biotechnology Research Institution has been involved in the start-up of 15 new, biotech firms. MBRI has provided a range of services to these companies including incubator space, venture financing, and business assistance.
- In Baltimore, efforts of a community-based group led to the start-up of a minority-owned medical retention center and the expansion of a local minority-owned medical supply company.
- CALSTART's efforts resulted in a few start-ups, most notably, a small company commercializing defense technology started in the incubator and has grown to 60 employees.

Skill Upgrading and Job Placements

The goal of many training initiatives is not to generate new jobs, but to create new employment opportunities for targeted groups and provide stable and quality placement for newly trained workers. Many of the initiatives focused considerable attention on training and many of the training efforts were successful — particularly when judged against many of the more traditional education and training programs being supported in urban areas.

- The Louisville Plastics Network led to the training of 120 entry-level workers. These skilled workers were critical to the competitiveness of companies that had been having difficulty accessing appropriate workers.
- An evaluation of the Workforce Development and Industrial Modernization Program, an outgrowth of the work of the Machine Action Project in Massachusetts, found that all graduates secured employment in the precision manufacturing industry within two months of graduating.
- GIDC training programs boast impressive placement rates and earn consistently high marks from city, industry, and union officials. According to employers and unions, they have reduced costs for employers and provided upward mobility for workers.
- In Massachusetts, the efforts of the Bay State Skills Corporation and the MassJobs Council have created a comprehensive training infrastructure with integrated and articulated programs that service the biotech industry. According to the industry, these efforts have increased the supply of skilled labor.
- The training programs of NTAP provided cross-training and skill upgrading to 150 individuals in the New Bedford and Fall River area.
- In Milwaukee, the first class of a machinist training program, developed by the Milwaukee Area Technical College with funding from the local Private Industry Council, graduated and placed 13 JTPA-eligible workers, all women and minorities, in entry-level positions earning \$14-\$17 per hour.

Job Quality

One of the potential benefits of a sector strategy is the ability to address issues related to the quality of jobs in an industry. By upgrading the skills of existing workers, developing new production methods, and developing clear career ladders, sectoral approaches have tried not only to create new jobs, but also to influence the nature of those jobs. While the 10 initiatives did not give job quality a lot of attention, they did result in better employment opportunities for both new entrants and incumbent workers:

- GIDC's training efforts upgraded the skills of garment workers and improved job quality in the industry. According to the owners of Mademoiselle Knitwear, GIDC's training program and reorganization of the production system resulted in lower employee turnover because of higher wages and increased employee involvement in production.
- While there are no data to confirm impact on worker satisfaction or worker advancement, there is preliminary evidence that the training programs of the Louisville Plastics Network have resulted in a lower turnover rate for entry-level workers.

Broader Community Impacts

Sectoral strategies appear frequently to have indirect impacts on other economic development and training organizations in the community, as well as a broader impact on policy. The case studies provided evidence of the following types of indirect impacts associated with the sectoral initiative:

- heightened belief and interest in a sector's potential for economic development;
- increased volunteerism in efforts to alleviate urban poverty; and
- adoption of program and institutional models by states/localities and by other agencies.

The longer-term planning horizon used in sector strategies — the emphasis on integrating economic development with education and training — has contributed to the effectiveness of the sectoral approach.

This project found that there were a number of elements of a sectoral approach that enhance the effectiveness of the economic development efforts of the public sector. The effectiveness of the effort, however, is tied to how the public sector manages the project as well as the institutional relationships that it develops with other actors. There are also some inherent limitations that should be recognized by those considering such an approach.

Elements of Sectoral Concept that Enhance Effectiveness

Two elements of the sector strategy model were particularly important in the success of sectoral strategies. Of significant importance was developing an in-depth understanding of the sector being targeted. The second element was using a collaborative process involving key actors in an industry, as well as the public sector, representatives of the work force, and community-based organizations. In addition, the longer-term planning horizon used in sector strategies — the emphasis on integrating economic development with education and training — has contributed to the effectiveness of the sectoral approach.

Developing Comprehensive Knowledge About the Sector

This factor has been a key element in program success however it is achieved. Many of the initiatives developed a relatively comprehensive understanding about who the participants are in a sector in a particular location; the competitive forces the sector faces — regionally, nationally, and internationally (if relevant); the labor force characteristics; and needs of employers and the resource needs of the industry.

In some cases, an extensive and comprehensive sector study formed the foundation of the strategy. In other cases, there is a less formal research effort, and a more informal process in which either an “industry expert” is retained or sector knowledge is gained through interviews and networking with knowledgeable experts.

Developing a thorough understanding of the sector results in:

- ***More accurate identification of barriers and opportunities.*** The analysis of the sector being targeted provided insights into the factors affecting the competitiveness of the sector in a specific location and the barriers limiting entry of low-income residents into the industry.
- ***Increased credibility with private sector actors.*** The ability to talk with sophistication about the dynamics of a sector, as well as knowledge about the participants in the sector, gave public sector actors greater credibility with the business community. In effect, this evened the playing field, giving the public sector more equal footing in negotiating public benefits with the private sector.
- ***A more strategic approach to pursuing opportunities and addressing barriers.*** Through the accurate assessment of barriers and opportunities, the more successful sector strategies were able to design policies and programs that were very specifically tailored to local conditions in the sector. Rather than developing generic financing or training programs, these strategies were more strategic in their design.

Using a Broad Collaborative Process

The initiatives used a range of different types of formal and informal mechanisms to bring important actors in a particular sector to the table. All of the

initiatives developed some type of new institutional relationships. While the actors in the collaborative process varied among initiatives, all sought to build new relationships within the sector. This process has the following benefits:

- ***Services designed to meet real world needs.*** A collaborative process involving a range of public and private sector actors has facilitated the development of services that fill real gaps in the marketplace. For example, the involvement of industry and trainers has resulted in the development of training programs that produce graduates with skills more closely matched to real-world industry needs. Similarly, technology programs have been designed with a more realistic understanding of the capacity of a firm to actually use the technology in the production process.
- ***Quicker response to identified needs.*** The collaborative process can create a powerful constituency able to break through many of the bureaucratic impediments that often frustrate businesses dealing with the public sector. In addition to having a stronger voice, the inclusion of a variety of public sector actors can streamline the process within local government.
- ***More efficient service delivery.*** Through the development of collaborative relationships, the public sector can direct resources to “groups” of employers rather than to individual firms and with the same level of resources can often reach a larger constituency. For example, rather than working on a technology problem of one firm in the metalworking industry, resources can be used to develop a specialized program to address the same technology problem for a large number of firms. Similarly, rather than providing customized training for an individual firm, training programs can be tailored to meet

the needs of a relatively large number of firms.

- ***Creative thinking.*** Bringing key actors together can create certain synergies. The collaborative process often involves brainstorming and creative thinking. Moreover, the process generates increased awareness of the sector in the community, which, in turn, can generate new ideas from those outside of the process.
- ***Development of new relationships and new institutions within the sector.*** The one common theme in all of the case studies was that the collaborative process they developed led to “relationship building” and networking opportunities that are likely to have real impacts over the longer run. The sector strategy often gave individual companies within the same industry a forum for meeting for the first time. This frequently led to new partnerships and information sharing. Firms had an opportunity to discuss issues of common concern in the industry and to develop innovative approaches to barriers. Finally, public sector training and economic development staff were often able to develop new relationships among themselves and with individual businesses.
- ***Building a climate of trust.*** The strength of relationships among key actors in a local economy is an intangible whose benefits are not easily measured. However, it is likely that the relationships built through successful sectoral initiatives increase the levels of trust among participants that can positively affect economic activity outside the bounds of a particular set of initiatives. This may include ongoing informal relationships among industry members and alliances between industry and other actors on such broad policy issues as public education.

Using a Longer-Term Planning Horizon

The more successful initiatives encouraged a longer-term planning horizon. By contrast, local economic development and training agencies look for relatively short-term impacts. Economic development programs often focus on the “quick fix” and on real estate projects where the cutting of a ribbon can represent some level of success.

Employment and training programs tend to emphasize placement, measuring success by how many people are placed in jobs without looking at whether they remain in the jobs and whether they advance in them.

Sector strategies offer the opportunity of thinking longer-term. They recognize that some of the public benefits will not accrue overnight and that a process is necessary to build the industry over time. This longer-term view means strategies look at future work force needs as well as immediate needs and firms pursue long-term solutions working together as an industry. Rather than individually developing short-term solutions to their labor force needs, they can formulate a long-term solution and develop a training infrastructure that meets their needs in the long run.

Coordinating Economic Development with Education and Training

Current public efforts to enhance employment are often compartmentalized among three approaches: *economic development* in which the individual firm is the point of reference; *community development* in which a geographic area is a point of reference; and *education and training* in which the individual is the point of reference.

Sector strategies are often able to overcome these divisions by recognizing that one must look beyond the geographic boundaries of a neighborhood when addressing the employment needs of neighborhood residents,

that training and economic development activities should be linked, and that many firms in a sector share similar needs. Most of the sector strategies studied include programs aimed at specific firms (the traditional economic development approach) and programs aimed at training individuals (the traditional education and training approach). In a few cases, the sector strategies also incorporated efforts at addressing community development needs in specific neighborhoods.

A sectoral approach can enhance the utility of existing economic development and training programs that may have been designed without a clear sense of local business and worker needs. Ongoing contact with representatives of businesses and workers within a sector can help program managers to tailor program tools to the particular needs of the sector, thus enhancing program effectiveness.

Public Sector Roles that Enhance Strategy Effectiveness

This project focused only on initiatives with significant public sector involvement beyond funding. Our review of the case studies led to the identification of five public sector roles that enhance the effectiveness of sectoral initiatives. Effective strategies tended to: use autonomous agencies, rather than a public sector agency, to implement the strategy; use the public sector to facilitate collaboration; have the support of top local political leaders; use the unique powers of the public sector (e.g., regulation, purchasing); and have strong public oversight to ensure public objectives are pursued.

Using Autonomous Agencies for Implementation

Public sector agencies were not typically the best vehicles for implementing

sectoral initiatives. Government had a number of disadvantages in this regard, including bureaucratic constraints, negative perceptions among the business community, frequent changes in political leadership, and the mismatch between political boundaries and the spatial distribution of firms within targeted sectors. For example, in Philadelphia, the recycling initiatives remain largely operated out of city agencies. As a result, the agenda is often the city's agenda. It is easy for the recycling efforts to be subsumed by other activities deemed a higher priority by the city. By contrast, GIDC's status as an autonomous, public-private nonprofit has enabled it to be more flexible than a purely public initiative. As an autonomous entity, it has continued to grow under two different mayoral administrations and has, so far, weathered the new mayor's budget cuts.

Using the Public Sector to Facilitate Collaboration

In a number of the cases, one of the most important roles of the public sector was to identify the key actors involved in a sector and bring a range of interest groups to the table. Rather than "driving" the effort, they were a broker and facilitator representing the public interest. In the case of the regional alliance, the public agencies in the region succeeded in using their connections and clout to bring individuals from industry to the table. Similarly, in Louisville, both the city and county played a critical role in identifying and involving a range of actors in the network. For example, they involved education and training providers, community-based groups, financing sources, the university, and technical assistance providers in network activities.

Having Support of Top Local Political Leaders

Whether or not a sectoral project is managed by the public sector or by a more independent institution in which the public sector participates, the support of the initiative by local political leaders is an important variable in project success. The backing of key political figures provides the project with important credibility in both the private sector and among the range of service providers (i.e., colleges, training organizations, and unions). In Philadelphia, the lack of Mayor Goodes' backing of the recycling initiative constrained its progress for a number of years. When the new mayor backed the project, it gave the effort more credibility among city agencies as well as in the business community. In Portland, the more recent efforts by the city to address minority contracting and employment in the construction industry have been greatly enhanced because of the commitment of the mayor and her staff. The mayor, elected in 1993, was a longtime activist with a strong interest in promoting minority contracting. She gave considerable power to the city attorney's office to look at past efforts and develop a more effective approach.

Using Unique Regulatory and Procurement Powers

In several cases, local government applied a range of tools to support sectoral initiatives. In the advanced transportation sector in California, governmental agencies have used environmental regulations, public incentives, funding for physical infrastructure, procurement of demonstration electric vehicles, commitment to purchase EVs to ensure a market, and the provision of affordable space for start-up operations in their efforts to promote the advanced

transportation sector. In both the Regional Alliance case and the Portland Public Works Construction project, public agencies used their role as procurer of services. Both projects recognized that the public sector is a major purchaser of construction services and, as such, can have an influence on the overall industry in a particular location.

Providing Strong Public Oversight

Oversight was one of the most important roles played by the public sector in the sectoral initiatives. The public sector is the only actor capable of balancing competing interests and ensuring that broader public objectives are pursued. In the case studies, these came into play both in the development of strategies within particular sectors and in decisions regarding the allocation of resources among sectors. For example, in Los Angeles, local government has played a weak oversight role. Many community development activists feel that the effort to develop the advanced transportation sector as a defense conversion strategy resulted in the neglect of other sectors that have real growth potential and that are more relevant to the urban poor. There is no actor ensuring that the large amounts of public funds going to support the sector will result in significant public benefits.

Institutional Factors that Enhance Strategy Effectiveness

The case studies revealed three other institutional and process factors that tended to enhance the effectiveness of sector strategies:

The Presence of a Lead Implementing Institution

It was very important that there was an institutional “focal point” for the sector project that “owns” the overall strategy and

seeks to build relationships, coordinate various activities, monitor progress, and maintain accountability to enhance the effectiveness of sectoral initiatives. As noted earlier, the absence of a lead institution has led to fragmented efforts and constrained the progress of Baltimore’s life sciences sector initiative and the biotechnology initiatives in Massachusetts. Sectoral strategies have been more effective in cases where there is one strong institution as is the case in GIDC, the Regional Alliance, the Louisville Plastics Network, the Machine Action Project, and the Recycling Consortium in Philadelphia.

The Presence of a Strong Individual Leader

Having an individual on either the staff or a board who had a long-term commitment and involvement in the sector initiatives played a critical role in project success, helping to facilitate collaboration and advocating for the sector generally. While GIDC has experienced numerous staff changes, the presence of consistent, strong leadership by individual union representatives on the board has helped to provide the organization with continuity through three mayoral administrations. A strong, entrepreneurial staff director was also a key to the success of the Machine Action Project in Massachusetts.

Involving Organized Labor in Highly Unionized Sectors

Organized labor often plays a critical role in the success or failure of the overall initiative. While unions tend to focus on their membership, they are increasingly aware that threats to businesses in their industry affect their members. They have also begun to take a longer-term view of the work force, and to recognize that their strength depends upon drawing new workers into their industries. They are also relatively stable institutions and

can bring considerable resources to the table. In the case of GIDC, the union's presence is a key factor in the organization's success. In New York's competitive, fragmented, and volatile garment industry, the ILGWU is the largest and most stable institution. Similarly, in Milwaukee, the unions' involvement in the training programs has been important to their success. The involvement of the unions ensured that labor concerns were addressed in the design and implementation of training. Without this involvement, a number of traditional labor concerns — using new skill requirements to threaten job security, replacing experienced workers with low-wage apprentices, and outsourcing work to non-union shops — may have undermined the efforts.

Institutional Factors that Hinder Strategy Effectiveness

Factors that tended to hinder the effectiveness of initiatives included:

Poor Coordination Among Actors

Within any particular community or region, a number of often unrelated projects targeted to a specific sector were being undertaken, often without any effort to bring these activities together. In other cases, different interest groups were pursuing different targets. In addition, strategies designed by state government did not always give sufficient attention to the existing efforts at the local level. In Baltimore, efforts to promote the “life science” sector have not reached their full potential because of the lack of coordination among a wide range of state and city actors. Similarly, in Massachusetts, there have been few efforts to coordinate local biotechnology initiatives with state initiatives. Moreover, within the state, a number of

agencies, including the Office of Business Development, the Bay State Skills Corporation, the MassJobs Council, and the Massachusetts Government Land Bank, operate programs targeted to the biotech industry.

Inadequate Management of Union Issues

Unless carefully managed, strong union involvement in a sectoral strategy can create tensions between unionized and non-unionized businesses and potentially limit who gets involved in the collaborative activities. Unions have been heavily involved in and critical to the success of three of the case study projects — the Industrial Action Projects (MAP and NTAP) in Massachusetts, GIDC in New York, and Wisconsin Regional Training Partnership in Milwaukee. But the presence of a union has also made it difficult to work with non-union shops and workers in the non-union shops have not been represented in the initiative. In the case of MAP and NTAP, the close affiliation with unions weakened some industry support for the effort.

Inherent Limitations of the Sectoral Approach

While the sectoral approach offers a number of important benefits, it also has inherent limitations. Our review identified the following potential limitations on the effectiveness of sectoral strategies involving the public sector.

Targeting Sectors Involves Economic and Political Risks

Targeting one or a few sectors involves economic risks. Government is in the position of trying to “pick winners” among industrial sectors, and just as concentrating investments in a few potentially high-performing industries involves diversification

risk, so does concentrating economic development resources in an undiversified industry portfolio. These risks are compounded if decisions are made on the basis of uninformed perception or faulty research and analysis. The economic opportunity costs of poor choices can be substantial.

Targeting one or a few sectors also involves political risks. Concentrating attention and resources toward one or a handful of industries often leads to concern that public investments are not being equitably distributed. Broad-based business groups have sometimes criticized sectoral projects on these grounds. In addition, businesses in other industry sectors may resent the focus on a favored industry and argue for similar benefits for their own industries. This can leave political leaders feeling vulnerable.

Failure to Achieve Short-Term Impacts

The long-term time horizon of most sectoral initiatives clashes with political pressures for short-term results and makes initiatives vulnerable to changes in political leadership. Sectoral initiatives, particularly those targeting emerging industries, may not produce concrete results in terms of large-scale business development and job creation for several years. This is an eternity in the realm of politics and government, where time horizons rarely extend beyond the next election. Local political leaders may see little value in committing significant public resources and personal political capital to initiatives that are unlikely to yield a short-term political payoff, and may be tempted to divert resources to “quick fix” projects.

Sectoral strategies led by the public sector are also difficult to sustain because of changes in political leadership. Many very strong sectoral initiatives pursued by both state and city governments have died when a

new administration comes to power. Unless a concerted effort is made to privatize the effort in some fashion, as was done in the case of Garment Industry Development Corporation, a public sector-initiated strategy is in danger of being too closely associated with an individual political figure.

Difficulty in Extending Activities Beyond Political Boundaries

The geographic scope of sector strategies typically goes beyond a single political jurisdiction, but cities may ignore businesses outside their bounds, weakening the strategy. Sectoral strategies differ from many other economic development and community development efforts in that their geographic scope typically exceeds the boundaries of a single political jurisdiction. This is inevitable since linkages among individual firms in a sector and between a sector and the labor market typically extend beyond a single political jurisdiction. This is clearly recognized in rural communities, where most sectoral efforts have been regional in nature, covering multiple towns and counties. In contrast, urban efforts tend to continue to concentrate only on those businesses in a sector located within the city. Often, many of the linkages, as well as the resources, are missed by not looking at the sector more regionally.

Incompatibility With Existing Agency Organization

A sectoral approach to economic development is in conflict with the long-standing organization of public bureaucracies. The disjunction between public sector economic development, employment and training, and community development activities reflects the structure of policy development and program delivery at all levels of government. Sector strategies try to

bridge these divisions, but, without reforms in bureaucratic structures, efforts to integrate resources and coordinate activities within government in support of sectoral development are likely to be time-consuming, inefficient, and sometimes unsuccessful.

Susceptibility to Private Sector Control

Many public sector-initiated sectoral projects have tended to be focused on industry concerns to the exclusion of other interests. Designers of state and local sectoral strategies consider the “industry-driven” nature of this approach one of its greatest strengths. Industry participation in identifying problems facing the industry and designing solutions is critical to the success of sectoral initiatives. Industry participation tends to lead to the establishment of training programs based on real world needs, technology and financing assistance that fills clear gaps, and the development of new relationships among employers.

However, due to their interest in meeting business needs, sectoral initiatives are inherently susceptible to “capture” by targeted industries. While a sectoral initiative involves collaboration among many actors, there is a natural imbalance between the influence likely to be wielded by the targeted sector vis-à-vis other actors. Industry has the strongest and most direct economic interest in the results of the initiative, and industry

leaders, especially in the case of an established industry, generally have more clout with political leaders than public administrators, labor, training institutions, or community-based organizations. Without a strong public sector commitment to serve the larger public interest and the establishment of institutional relationships that ensure meaningful participation by all key actors, a sectoral initiative can simply become a publicly endorsed vehicle for achieving narrow, industry-endorsed objectives.

Need for Compromise Might Weaken Initiative

Sectoral strategies require compromise. The philosophy of collaboration and consensus inherent in sectoral strategies limits the range of actions available to key participants. Sectoral initiatives require a range of actors — industry, labor, community-based groups, academic institutions, and government, each with its own constituency, objectives, and approach — to work collaboratively. The need to reach agreement on a common agenda may require compromise on the part of some or all of these groups. Although this may produce significant benefits, it may also result in less willingness on the part of one group to institute or promote major policy changes or program reforms that are likely to generate opposition among other groups.

Sector strategies have the potential to be a more effective anti-poverty strategy than the traditional models.

This project found that, although addressing urban poverty was not the primary goal of any of the 10 initiatives studied, most created some economic opportunities for low-income residents. The project research also found that, if carefully designed, *sector strategies have the potential to be a more effective anti-poverty strategy than the traditional models.*

This chapter describes the impacts of the 10 initiatives on low-income residents, examines the barriers that face all strategies to increase employment opportunities for the urban poor, and describes the factors that make sector strategies effective as an anti-poverty strategy. It also reviews the factors that have limited the effectiveness of sector strategies as an anti-poverty strategy.

Project Impacts on the Urban Poor

The projects had rather limited impacts on the urban poor, in part because none of the 10 initiatives made addressing urban poverty its primary goal, though every initiative selected included some elements relevant to addressing the economic needs of the urban poor.

Eight of the 10 strategies made improving the competitiveness of a key sector or supporting the growth of an emerging sector their primary goal and usually addressed employment issues only in terms of the needs of industry. However, despite the lack of an explicit urban poverty goal, as strategies developed in a number of cases, it became clear that some program elements could be designed to create employment opportunities for the urban poor.

The following table summarizes the major project impacts on the urban poor:

Table 2 - Project Impacts on Urban Poor

Philadelphia Recycling

This initiative includes a number of the projects that have the potential to create jobs for low-income residents (though most of the jobs will be in processing — the industry component with the lowest job quality). It is also seeking to involve community-based groups in joint ventures with private developers, an effort that could build the capacity of groups representing low-income Philadelphia residents.

Louisville Industry Networks

The Plastics Network has placed 13 low-income residents of the city in jobs to date and 37 more residents have gone through the job readiness program and are guaranteed a job in the industry. While the entry-level jobs are not high-paying, they do offer some advancement opportunities without extensive training.

Regional Alliance Program (New York/New Jersey)

This initiative focuses on addressing the needs of minority contractors, but since studies show that minority contractors are more likely to hire minority and low-income workers, it is likely that the increase in sales by participating minority companies has translated into increased jobs for minority workers.

Baltimore Life Sciences

Baltimore City College has graduated 160 JTPA-eligible individuals in its life sciences training program. The first graduating class had a 50 percent placement rate.

Milwaukee Manufacturing Metalworking

The Milwaukee Area Technical College has developed a machinist training program of entry-level JTPA-eligible workers. Two classes of primarily minority and female students have completed the course.

Massachusetts Industry Action Projects

The Machine Action Project developed a program to bring nontraditional workers into the industry and helped to create a training program that successfully placed JTPA-eligible and nontraditional workers in highly skilled machining jobs. The Needle Trade Action Project developed child care resources to help young urban workers enter the industry and help incumbents maintain employment and has sponsored on-site ESL classes.

Garment Industry Development Corporation

While GIDC's efforts to train African-American women on public assistance were unsuccessful, its general training programs typically benefit low-income immigrant Asian and Latino women.

Massachusetts Biotechnology

Two biotech training programs have been targeted to the urban poor. In one program, 21 JTPA IIA eligible individuals and individuals receiving public assistance completed a 10-month biomed training program, and 18 of these found employment, paying on average \$9.50 an hour. Other efforts, including a plan to develop a biotech incubator in the city of Boston, are targeted to low-income individuals.

Portland (Oregon) Public Works

Early efforts by the city of Portland to target construction jobs to minority workers through the First Source Program resulted in minimal impacts. The more recent efforts have met with more success. For example, 325 (or 27 percent) of 1,191 new hires related to the construction of the Oregon Arena were residents of the city's low-income neighborhood and 165 were African-American. The Northeast Workforce Center has placed 85 residents of a low-income neighborhood in jobs on construction projects.

Barriers that Constrain All Employment Strategies for the Urban Poor

The 10 sectoral initiatives encountered the same barriers facing many conventional employment efforts in poor neighborhoods — the restructuring of the urban economy, the lack of basic work skills, the need to strengthen the social fabric in poor neighborhoods, and discrimination in the workplace — as well as some unique to the sectoral approach. To understand the potential of sector strategies as an anti-poverty tool, it is useful to review the general barriers all anti-poverty strategies face.

Lack of Basic Work Skills Among Urban Poor

The lack of basic work skills, in addition to a lack of appropriate technical skills, among the urban poor was probably the most serious barrier to accessing job opportunities developed through sector strategies. Many of the sectors being targeted involved relatively high-skilled jobs. These jobs required specific technical training as well as more basic work skills. Without the relatively high investment required to train low-skilled workers for such jobs, the potential to directly benefit low-income residents was seriously constrained. Moreover, in sectors dependent on highly skilled workers, the costs of targeting those with limited skills would be high and would involve a long-term process.

In Louisville, there was a real interest in training low-income residents of the city's West End in the plastics industry. The community-based organization working with the plastics industry found that before community residents could even enter a plastics manufacturing training program, 94 percent needed some form of remedial

training. For these individuals to enter the training program, additional resources had to be spent to raise basic educational levels to the point that they could enter the training program.

Competition with More Skilled Dislocated Workers

Poor general economic conditions and large-scale dislocation of more highly skilled workers was a major barrier to directing benefits to the urban poor. In communities in which large-scale labor force dislocations have occurred, public sector economic development and training programs tended to be focused on dislocated workers. With a large pool of relatively highly skilled labor with good basic work skills available, it was difficult to focus attention on the employment needs of residents lacking more basic job readiness skills. This was less of a barrier in cities with labor shortages.

From its inception, the advanced transportation initiative in Southern California was viewed as a vehicle to re-employ laid-off defense workers. There is little incentive to train the hard-to-employ population for high quality jobs when there is a large surplus of workers with an existing skill base.

Racism and Cultural Differences

Racism and cultural differences in some sectors created an unsupportive work environment for low-income women and minority workers. In industries with a strong immigrant work force or a "culture" built upon friend and family relationships, entry by new groups sometimes proved difficult. For example, the effort by GIDC to train African-American women receiving public assistance in the garment industry failed partially because of an unsupportive work environment and racism.

Poor Job Quality

Low wages and job quality in some sectors offer few opportunities to advance. The projects most likely to focus attention on the urban poor were those involving sectors with a large number of relatively low-quality, entry-level jobs. Industries with low-skilled, low-wage jobs, tended to look at the urban poor as the natural labor force to target for entry-level positions. However, low wages did not offer adequate incentive to leave welfare. Without adequate attention to additional support services, upgrading the quality of jobs, or providing clear avenues for career advancement, many of these jobs remained unattractive and only enabled individuals to move from the unemployed poor to the working poor.

In Philadelphia, a number of the business development efforts are focused on jobs in the processing of recycled waste. These jobs tend to be of relatively low quality. With little attention given to job quality or job ladder issues, there is little likelihood that these new jobs will provide an effective avenue for rising out of poverty.

The Advantages of Sector Strategies as an Anti-Poverty Tool

Sectoral strategies offer a number of advantages over traditional economic development and employment models, and real potential to improve economic conditions for low-income individuals and communities. These include:

Understanding Employment Needs

Sector strategies provide a better understanding of job options and training needs in an industry. A sector strategy usually involves a deeper understanding of the spectrum of jobs in an industry. This

knowledge about the sector opens up more opportunities for building job ladders and developing training programs that match real world needs.

Addressing Institutional Barriers

The collaborative process used in sector strategies can address institutional barriers to employment of low-income individuals. Through a collaborative process, some of the institutional barriers to employment opportunities for low-income individuals — such as issues of prejudice and the existence of informal job channels — can be explicitly addressed. The collaborative process helps develop trust relationships that are needed to overcome some of the cultural barriers that have limited job access for poor residents.

Building Relationships with Community-Based Groups

Sector strategies create an opportunity to institutionalize input by community-based organizations. The establishment of institutional mechanisms to undertake sectoral initiatives provides community-based organizations with a forum to represent the interests of the low-income community and to influence the use of public sector economic development tools so they more coherently and effectively address the interests of low-income individuals and communities.

Developing a Continuum of Services

Longer-term planning allows development of a continuum of services to promote the provision of high-quality jobs for the urban poor. Since, in some cases, the job creation potential may be long-term in nature, time is available for building up the basic skills and support mechanisms that then allow the urban poor to participate in technical training programs when they are available.

Creating Economies of Scale

The development of consortiums in sector strategies makes it possible to create economies of scale in providing support services needed by low-income residents to access jobs in the sector. To reach the urban poor, a strategy needs to involve a range of support services. When working with one company or solely within the human services sphere, it is often difficult to mobilize the resources needed to provide these services. For example, through a collaborative process, firms in the same sector can cooperate on offering ESL programs, organizing transportation to jobs, and providing day care.

Other Factors that Can Enhance the Effectiveness of Sector Strategies as an Anti-Poverty Tool

The case studies provide some evidence that barriers to addressing the needs of the urban poor can be overcome through sectoral strategies and suggest five factors that are important if an initiative is to assist the urban poor:

A Healthy Economy

Overall economic conditions affected project impacts. Having healthy overall economic conditions in the regional economy was the most important factor in achieving benefits for the urban poor. The healthier the regional economy, the more likely that the effort would try to extend benefits to low-income residents. In regional economies where there is large-scale, broad-based unemployment, both attention and resources are often focused on the newly dislocated rather than the long-term disadvantaged. For example, in Louisville, the low unemployment rate provided the plastics industry with an incentive to collaborate with a

community-based group interested in reaching out to long-term unemployed, low-income residents of the city.

Labor Shortages in the Sector

The major success in terms of benefiting the urban poor occurred when the needs of industry coincided with the goal of providing job opportunities for the urban poor. Sectoral initiatives often began with no explicit goal of targeting jobs to the urban poor. However, in some cases it later became clear, as part of the sector analysis or the collaborative process, that the industry was facing labor force gaps that could potentially be filled by improving training or job access for low-income residents. In Milwaukee, aging of the skilled metalworkers has led to a shortage of skilled machinists in the city. As a result, opportunities have opened up for skills upgrading and targeting jobs to workers who have not traditionally worked in that trade.

Involving Community Groups

Strong community-based groups advocating for the urban poor increased the likelihood that sector strategies would address employment opportunities for this constituency. Such groups played two roles. First, they encouraged a greater focus on the issue of who is getting the jobs being created or the training being designed, and particularly how initiatives were benefiting poor neighborhoods and poor residents. Second, because they had a better understanding of the barriers to employment facing the urban poor and of the social context in which poor people live and work, their participation increased the likelihood that the initiatives would address the full range of barriers affecting the urban poor. In Portland, the cooperative relationship between the city government and a credible community-based organization has been critical in efforts to open up jobs in the

construction industry to the city's poor residents.

Tying into Formal and Informal Sources of Employment Information

The impact of sectoral initiatives on the urban poor was influenced by their capacity to get information about job opportunities to low-income job seekers. Traditional modes of job information are generally not effective in low-income communities. In a number of cases, it was found that job information was transmitted through informal networks such as families and friends of current workers. Since low-income individuals and minorities often were not part of these informal networks, they were unable to access jobs in the sector.

Providing Support Services to Low-Income Residents

Successful efforts to bring the urban poor into a sector require more than occupational training. A range of support services, from transportation to day care, is required for low-income residents to participate in training programs as well as to access jobs in a targeted sector. A number of the cases — NTAP, GIDC, the Louisville Plastics Network, and the biotechnology training initiatives in Massachusetts — addressed the day-care needs of existing and potential employees. Some of the training programs also included counseling and transportation access.

Factors Limiting Sector Strategies as an Anti-Poverty Tool In Practice

Despite the potential that sector strategies offer as an anti-poverty tool, a number of factors have limited its use for this purpose in practice. Our review of the 10

urban initiatives found that the following factors tended to limit the anti-poverty effects of the initiatives. The factors result in part from the sectoral concept and in part reflect larger institutional barriers.

Low Priority Given to Anti-Poverty Goals

Expanding job opportunities for the urban poor has been a low priority in most sector strategies. Political and other leaders tended to focus more on the traditional economic development projects within a sector strategy, and efforts to develop job opportunities for low-income residents often took on secondary importance. This occurred in part because addressing urban poverty is not a major goal within most economic development agencies and because there are no intermediaries at the city level to represent the interests of low-income individuals in a sectoral initiative. Initiatives supported by business leaders and educational institutions were often able to garner greater political backing than more community-based efforts. The mainstream economic development actors in the city appeared more comfortable with working on real estate projects or on industrial attraction efforts. As a result, these types of activities tended to take precedence, even when explicit goals related to employment opportunities to the urban poor were established.

Incompatibility Between Emerging Industry Focus and Employment

Sectoral initiatives for emerging sectors focused less attention on work force issues and tended to have little need for low-skilled workers. Initiatives that targeted emerging sectors (e.g., biotechnology, advanced transportation) typically used a collaborative process among government, universities, research and development labs, and business. While offering real promise for

developing the growth industries of tomorrow, they do not concentrate a lot of attention on labor force issues. When labor force issues are considered, the need is usually for highly-skilled scientific and technical workers. The need for significant numbers of lower-skilled workers will occur only if and when firms reach the stage of large-scale production.

Policy Focus of Incumbent and Dislocated Workers

Initiatives in mature industry sectors focused on training incumbent or dislocated workers. Sectoral initiatives that focused on improving the competitiveness of mature industries tended to focus training on incumbent or dislocated workers rather than new workers, including low-income residents. Where sectoral efforts focus specifically on helping a particular set of companies adjust to declining markets and develop substitute products, labor force needs often involve skills upgrading or retraining for incumbent workers. These sectors are typically scaling back their work forces rather than hiring additional workers.

Presence of Unions

In some sectors with a strong union presence, the position of the unions complicated efforts to target jobs to low-income residents. In sectors with a heavy union presence — construction, apparel, metalworking — the existing institutional

relationships are a potential, but not necessarily insurmountable, barrier to targeting the urban poor. However, if unions view sector initiatives and training of nontraditional workers as supporting their broader objectives, they can play a leadership role in these efforts.

Lack of Appropriate Intermediaries

There are no intermediaries at the city level to represent the interests of low-income individuals in a sectoral initiative. One of the innovative aspects of sectoral strategies is that they involve the development of new collaborative relationships among a diverse set of actors from the private and public sectors, including labor unions in cases involving unionized sectors. Union involvement in the design and implementation of sector strategies tended to heighten awareness of employment-related issues — including career ladders and job quality — in sectors that are unionized. But there is no institutional voice representing the needs of the non-union labor force nor is there any obvious institution to represent the interests of low-income residents. While community development corporations have played a role in some of the sector strategies, it is difficult for them to take on the role of a citywide representative in a sectoral strategy, given the many CDCs and other community-based organizations representing the needs and interests of different communities within a city.

Chapter Seven: Conclusions and Policy Implications

The purpose of this project was to help define the field of sector employment strategies, assess the potential of such strategies to increase employment opportunities for the urban poor, and examine the role of the public sector in such efforts. The analysis found that sectoral strategies, as currently designed and implemented by the public sector, have been effective at achieving general business development and employment goals. While the efforts have led, in some cases, to improving opportunities for low-income residents, this has not been an explicit goal of most products initiated by government agencies. *However, the evidence about the strengths of the sectoral approach leads us to conclude that sector strategies, though still in their infancy, have significant potential to increase economic opportunity for low-income residents in the nation's cities.* To realize this potential, the public sector must make expanding employment opportunity for the poor an explicit goal and target sectors that provide potential for long-term economic advancement. It must ensure that advocates for the poor participate in the collaborative process. And, it must address the full range of support services that are critical to successful long-term placement of residents.

This chapter discusses the implications of these findings for future sector initiatives, and concludes with recommendations on steps that the public sector can take to ensure that sector development efforts by state and local government entities benefit the urban poor.

Policy Implications

Our study of current sector initiatives, including their strengths and limitations as a general economic development strategy, and more specifically as

an anti-poverty tool, has led to a number of findings. This section of the report:

- recommends steps policymakers should consider when developing a sector strategy;
- reviews sectors that offer the most potential for urban sector strategy initiatives; and
- recommends public sector policies to promote job opportunities for the urban poor through sector strategies.

Recommended Steps in Developing a Sector Strategy

There is not one correct method for pursuing a sector strategy. Variations in the local economy and political environment will lead to different approaches. However, the literature and case studies suggest the following steps as a guideline for cities interested in using a sectoral approach.

- **Develop initiative goals and criteria for sector selection.** Many communities set out to identify target sectors before they are clear about what they need. It is important to establish the goal of the initiative first.
- **Analyze the regional economy in light of these criteria.** If it is unclear which sector or sectors to target, analysis of the regional economy can provide useful direction. It is not necessary, however, to make this analysis lengthy or highly quantitative. Economic analyses to identify sectors have tended to be overly quantitative, often using Standard Industrial Classification Codes. While these government codes are useful, they tend to mask the complexities of today's industries, the linkages among firms, and tend to overlook emerging sectors that offer the potential for significant job growth.
- **Undertake in-depth research on the sector.** Every sector strategy should be founded

Sector strategies, though still in their infancy, have significant potential to increase economic opportunity for low-income residents in the nation's cities.

on an industry analysis that looks at: the industry's contribution to the local economy; linkages among firms in the region; the local industry's structure; competitiveness factors (e.g., business costs, labor force characteristics, and technology) affecting the performance of local firms; trends affecting the industry globally; and the impact of federal, state, and local policies on the performance of the industry. In addition to looking at data and completing a literature review, this analysis must include extensive field work — talking with local business, national experts, and a full range of resource organizations.

- ***Develop a collaborative process.*** One of the most important roles of the public sector in the design and implementation of a sector strategy is in bringing the appropriate actors to the table and facilitating improved networking among these actors. Potential participants include staff from a number of city agencies; and representatives of education and training organizations; private businesses; institutions of higher education; community-based groups; and, if relevant, labor unions.
- ***Develop a strategic plan for addressing sector barriers and opportunities.*** Through the industry study and the development of new collaborative relationships, the key barriers and opportunities facing the sector should emerge. Based on these findings, a detailed strategic plan, with very specific actions, should be developed. The plan should consider the full range of tools — training, financing, management assistance, technology transfer, marketing, and infrastructure development.
- ***Select an organization to lead the implementation effort.*** It is critical that the strategic plan set clear responsibilities

for implementation. While a range of organizations will probably be involved in efforts to assist the sector, one entity needs to be given responsibility for the oversight of the entire effort. Without a “focal” point for the sector strategy, the potential to lose momentum is greater. Moreover, there is a higher likelihood that the efforts will become highly fragmented and uncoordinated.

- ***Develop a set of performance measures and a method of monitoring success.*** It is critical to think about how to measure success at the outset of the project and to develop a methodology for assessing progress. The measures need to relate to project goals. In addition, measures should take into account that sectoral strategies are long-term in nature. The type of measures developed should set appropriate time frames.

Choosing Sectors Appropriate to Urban Communities

Each city has its own unique economic base. In addition to the types of service-oriented activities that grew in all cities because of agglomeration economies, each city has other manufacturing and distribution industries that have developed there because of historic locational advantages (e.g., cars in Detroit, apparel in New York, steel in Chicago, or film in Los Angeles).

In selecting sectors to target, one must consider the unique economic structure that has developed in each city. However, it is important to consider where an urban location still provides real competitive advantages (i.e., what sectors will likely continue to operate within the city). The factors of competitive advantage are changing rapidly, given the rise of global trade and revolutions in telecommunications technology. A variety of industries that were

formerly locked into urban locations for market access are now more footloose (e.g., financial service firms no longer need to be located in New York City; printers can now serve urban customers from more remote locations).

The case studies and literature review indicate that there are six sectors in which urban areas have some competitive advantages; these sectors are thus likely targets to pursue in efforts to assist the urban poor. The six sectors are: food (processing, manufacturing, wholesaling, retailing); environmental technology; hospitality; health care; printing and graphic arts; and construction.

Recommendations for Practitioners

The findings of this project lead to seven overall recommendations for policies to support effective sectoral strategies that promote employment opportunities for the urban poor.

1. Federal and state agencies should develop programs that directly support the development of comprehensive sector strategies by local governments.

States have been taking a lead role in promoting the development of industrial networks around the country. These efforts could be expanded to more broadly encourage sector strategies in a variety of forms. Both federal and state agencies could also more effectively promote comprehensive economic development strategies that lead to the identification of target industries.

2. Public agencies should facilitate the development of and fund new sectoral institutions.

The public sector is not the best vehicle for implementing a sectoral strategy. More effective strategies involve the development of new institutions such as an industrial network or a development

organization such as the Garment Industry Development Corporation. While many sector strategies begin with a long-term agenda, it has been difficult to sustain these activities because of the lack of funding for basic staffing and overhead. It is easier to access funding for specific programs — i.e., a training program — than to support broader networking and planning activities.

3. There is a need to develop new intermediaries that represent the urban poor that are not neighborhood-based.

The case studies clearly found that without a strong institutional force ensuring that the urban poor are integrally involved in the process, their needs and interests will take on, at best, secondary importance. Unfortunately, in most cities, there are no institutions designed to play this role other than neighborhood-based organizations, which are geographically defined. Neighborhood-based organizations, such as CDCs, are not usually the appropriate voice for the poor in a sector strategy that is citywide or regional in nature.

Interestingly, in more rural areas, CDCs have effectively played a role of representing low-income individuals in a wide geographic area. One example is Coastal Enterprises in Maine, which sees its mission as addressing the full range of employment issues of poor residents of the larger region, and has effectively represented these interests in economic development, training, and human resource policies in the state. Coastal Enterprises is usually “at the table” whenever a major economic issue is faced — whether it be defense conversion, the decline of the fishing industry, or the development of effective training programs. There are few similar models in an urban setting. As a result, there is no accepted voice representing concerns about how economic issues affect the poor.

4. The public sector needs to protect against programs being too industry driven.

While there are many potential benefits of responding to business needs, there are potential dangers of uncritically listening to only one voice. One of these dangers is that the public sector will use scarce resources to support activities that should be privately funded or that would have occurred without public support. For example, there is some evidence that some of the employer-oriented training efforts have subsidized training activities that are normally supported by businesses themselves. In the design and implementation of any sector strategy, the public sector needs to ensure that its primary mission remains the interests of the residents. While listening and responding to business, it must always keep the underlying goals of the effort clear.

5. Within all levels of government, there is a need to strengthen inter-agency relationships.

At the federal, state, and local levels there is a need for increased coordination among economic development, training, and community development agencies. In fact, some of the existing paradigms that guide the structure and operations of public agencies addressing economic issues need to be questioned. Does it make sense to totally separate services focused on the demand side (i.e., economic development) and those on the supply side (i.e., training)? Can human services and training continue to operate in totally separate spheres? Why are economic development programs targeted to poor communities separated from the more mainstream economic programs? This might be the right time to raise some of these questions at the federal, state, and local levels.

6. Training programs need to place more emphasis on support services and post-placement support and training.

Many of the case studies involved the development of industry-specific training programs. The case studies and literature review provide evidence of some of the factors that are key to successful, long-term placement and to quality jobs. These include: building basic skills as part of occupational training; building in internships or work experience that is not classroom based; targeting jobs with clear career ladders or potential for upward mobility; providing a wide range of support services including child care, transportation, health, income support, and family support; and providing continued support services following placement. The case studies also found that it was critical to identify informal networks in the job market and to intervene to ensure that low-income and minority residents have access to these networks or that new networks are developed.

7. Opportunities must be pursued in a timely fashion. Industry employment growth and tight labor market conditions are transitory.

One thing that was clear from the case studies is that the best opportunity for achieving success in targeted employment opportunities comes during periods when the general labor market is tight, or specific skilled labor is in short supply. However, these conditions in the marketplace change rapidly. Normally, by the time the public sector identifies an area of opportunity it is already too late. A sector approach provides the potential for more quickly identifying an opportunity. Enough flexibility must be built into training programs for them to be able to respond very quickly once opportunities are identified.

8. To the extent possible, actors within the city need to think beyond their municipal boundaries and develop “sector strategies” in the context of the larger regional economy.

Private sector relationships are not bounded by political jurisdictions. Employers recruit labor from a relatively large geographic area, have suppliers located throughout the

metropolitan area, and develop institutional relationships that reach beyond the city lines. An effective sector strategy must recognize this economic reality. While a strategy can focus on targeting certain residents of the city for jobs within the “sectors,” the understanding of the industry and the identification of the collaborative participants must reach beyond the city.

Bibliography

- Aikman, Lisa. U.S. Department of Labor. June 1993. "Fighting Urban Poverty: Lessons From Local Intervention Programs." Background memorandum prepared for the Social Science Research Council Policy Conference on Persistent Urban Poverty, November 1993, Washington, D.C.
- Alexander, Stephen, Robert Giloth and Joshua Lerner. 1987. "Chicago's Industry Task Forces: Joint Problem Solving for Local Economic Development." *Economic Development Quarterly*, Vol. 1 No 4.
- Anderson, Gary. 1994. "Industry Clustering for Economic Development." In *Economic Development Review*, Spring 1994:26-32.
- Bailey, Thomas and Roger Waldinger. 1989. "Access and Opportunity: Developing a Skilled Construction Labor Force in the Port Authority Region." A report prepared for the Office of Business and Job Opportunity of the Port Authority of New York and New Jersey.
- Bartik, Timothy J. "What Should the Federal Government Be Doing About Urban Economic Development?" Prepared for Regional Growth and Community Development Conference, sponsored by U.S. Department of Economic Development, November 1993.
- Bartsch, Charles. 1989. "Government and Neighborhoods: Programs Promoting Community Development." *Economic Development Quarterly*, Vol. 3 No. 2. May 1989.
- Bendick, Marc Jr. and Mary Lou Egan. "Business Development in the Inner-City: Enterprise with Community Links." New York: New School for Social Research, February 1991.
- Bernstein, Aaron. "How the Growing Gap between Rich and Poor is Hurting the Economy." *Business Week*, 15 August 1994.
- Best, Michael. 1990. *The New Competition: Institutions of Industrial Restructuring*. Cambridge: Harvard University Press.
- Bluestone, Barry, Mary Huff Stevenson and Chris Tilly. "Public Policy Alternatives for Dealing With the Labor Market Problems of Central City Young Adults: Implications From Current Labor Market Research—Draft." Background memorandum prepared for the Social Science Research Council Policy Conference on Persistent Urban Poverty, Washington, D.C., November 1993.
- Bowman, William. June 1993. *Evaluating JTPA Programs for Economically Disadvantaged Adults: A Case Study of Utah and General Findings*. Washington, D.C. National Commission for Employment Policy.
- Carlson, Virginia and Wim Wiewel. 1991. "Strategic Planning in Chicago." *Economic Development Review*, Fall 1991:17-22.
- Carlson, Virginia and Richard H. Mattoon 1994. "Industry Targeting: A New Approach to Local Economic Development". *Chicago Fed Letter*, January 1994
- Chase, Timothy. 1992. "A Regional Approach to Economic Development: The Illinois Corridors of Opportunity Program." *Economic Development Review*, Fall 1992:88-90.
- Chicago Department of Economic Development. "Building on the Basics: The Final Report of the Mayor's Task Force on Steel and Southeast Chicago." Chicago.
- Commonwealth of Massachusetts. 1993. "Choosing to Compete: A Statewide Strategy for Job Creation and Economic Growth."
- Conway, Maureen, Catherine Gibbons and Fred O'Regan. May 1994. "Regional Strategies for Employment and Poverty Alleviation: Domestic Discussions and International Models. The Aspen Institute. Washington, D.C.
- The Corporation for Enterprise Development. June 1989. "Sharing Opportunities: Business Development for Low-Income People—Final Report."
- Danziger, Sheldon, and Peter Gottschalk. 1993. *Uneven Tides: Rising Inequality in America*. New York. Russel Sage Foundation.

Dewar, Margaret E. 1992. "The Industrial Policy Dilemma." *Economic Development Quarterly*, May 1992:211-219.

Dewar, Tom and David Scheie. "Job Opportunity Initiatives: Toward a Better Future for Low-Income Children and Youth." Prepared for the Annie E. Casey Foundation. Minneapolis: Rainbow Research, Inc., 30 April 1993.

Doeringer, Peter B. and David G. Terkla. 1993. "Why Do Industries Cluster?" Paper prepared for conference on Clusters and Networks as Strategies for Regional Economic Competitiveness and Development at the University of New Brunswick, November 1993.

Doeringer, Peter B. and David G. Terkla. 1994. "The Economic Foundations of Industry Clusters?" Paper prepared for Eastern Economics Association conference, Boston, Massachusetts, April 1994.

Duncan, William A. "An Economic Development Strategy." *Social Policy*, Spring 1986: 17-24.

Duncan, William A. "Economic Development Strategy: What Next?" Draft Report to participants in the "Look Back to The Future" Conference, National Neighborhood Coalition, November 24-26, 1987.

Eisinger, Peter. 1988. *The Rise of the Entrepreneurial State: State and Local Economic Development Policy in the United States*. Madison, WI. University of Wisconsin Press.

Faux, Jeff. 1993. "Industrial Policy: Will Clinton Find the High-Wage Path?" *Dissent*. Fall 1993:467-474.

Federal Reserve Bank Of Chicago. January 1994. *Chicago Fed Letter*, Number 77.

Ferman, Louis, et. al. 1990. *New Developments in Worker Training: A Legacy for the 1990s*. Industrial Relations Research Association Series. IRRA, University of Wisconsin. Madison, WI.

Fitzgerald, Joan. 1993. "Labor Force, Education and Work." Chapter Six in *Theories of Local Economic Development: Perspectives From Across the Disciplines*. Bingham, Richard and Robert Mier (eds.). Newbury Park, CA. Sage.

Furdell, Phyllis A. "Poverty and Economic Development: Views from City Hall." Washington, D.C.: National League of Cities, July 1994.

Ginzberg, Eli, Terri Williams and Anna Dutka. 1989. *Does Job Training Work? The Clients Speak Out*. Boulder, Westview Press.

Goldstein, Harvey A. 1987. "Why State and Local Industrial Policy? An Introduction to the Debate." In *The State and Local Industrial Policy Question*, edited by Harvey A. Goldstein. Chicago: American Planners Association.

Harrison, Bennett. 1991. "Industrial Districts: Old Wine in New Bottles?" *Regional Studies*, Vol 26.5, pp. 469-483.

Harrison, Bennett, Marcus Weiss and Jon Grant. January 1995. "Building Bridges: Community Development Corporations and the World of Employment Training." A Report to the Ford Foundation.

Hatch, C. Richard. 1987. "Manufacturing Networks and Reindustrialization: Strategies for State and Local Economic Development."

Herbers, John. 1990. "A Third Wave of Economic Development." *Governing*, June 1990.

Illinois Department of Commerce and Community Affairs. "Economic Leadership in Illinois: New Approaches for the 1990s."

Lazonick, William. 1992. "Industry Clusters versus Global Webs: Organizational Capabilities in the U.S. Economy." Revised Draft, October 1992, for publication in *Industrial and Corporate Change*.

Levitan, Sar, Frank Gallo and Isaac Shapiro. 1993. *Working But Poor: America's Contradiction*. (Revised Edition). Baltimore. Johns Hopkins University Press.

Magaziner, Ira C. and Robert B. Reich. 1982. *Minding America's Business*. New York. Law & Business, Inc.

- Malecki, Edward J. and Deborah M. Tootle. 1994. "An Evaluation of Networks and Group Services for Small Firms." Paper prepared for presentation at the Workshop on Manufacturing Modernization: Evaluation Practices, Methods and Results, Atlanta, September 1994.
- Manski, Charles and Irwin Garfinkel (eds.). 1992. *Evaluating Welfare and Training Programs*. Cambridge: Harvard University Press.
- Markusen, Ann. 1985. *Profit Cycles, Oligopoly, and Regional Development*. Cambridge: The MIT Press.
- Maryland Department of Employment and Economic Development. 1991. "Commercial Biotechnology Development in Maryland: A Strategy for the 1990s."
- McKee, Daryl. 1994. "Targeted Industry Marketing: Strategy and Techniques." In *Economic Development Review*, Spring 1994.
- Moss, Philip and Chris Tilly. 1991. "Why Black Men are Doing Worse in the Labor Market: A Review of Supply-Side and Demand-Side Explanations." Prepared for the Social Science Research Council Committee for Research on the Urban Underclass Working Group on Labor Market Research.
- Mt. Auburn Associates. 1987. "Sectoral Targeting: A Tool for Strengthening State and Local Economies." Report Prepared for the Council of State Community Affairs Agencies.
- Naparstek, Arthur J. "Rethinking Poverty Through a Community-Building Approach—Policy Memorandum on Community Reinvestment." October 1993.
- National Council for Urban Economic Development. 1994. "Neighborhood Economic Revitalization: Problems and Solutions." Washington, D.C.
- National Governors Association. 1992. *Enhancing Skills for a Competitive World*. Washington, D.C. NGA.
- Nelson, Richard. 1992. "Recent Writings on Competitiveness: Boxing the Compass." *California Management Review*, Winter 1992.
- Newman, Sandra J. "The Role of Housing and Community Development Programs in Fighting Persistent Urban Poverty." Background memorandum prepared for the Social Science Research Council Policy Conference on Persistent Urban Poverty, Washington, D.C., November 1993.
- New York City Economic Policy and Marketing Group. 1993. "Strong Economy, Strong City: Jobs For New Yorkers." Office of Barry F. Sullivan, Deputy Mayor for Finance and Economic Development.
- O'Neill, Hugh. 1985. *Creating Opportunity: Reducing Poverty Through Economic Development*. Washington, D.C.: The Council of State Planning Agencies.
- O'Regan, Fred and Maureen Conway. March 1993. "From the Bottom Up: Toward a Strategy for Income and Employment Generation Among the Disadvantaged." An Interim Report of the Aspen Institute. Washington, D.C.
- Osterman, Paul and Rosemary Batt. 1992. "Employer Centered Training for International Competitiveness: Lessons From State Programs." Sloan School, Massachusetts Institute of Technology.
- Peterson, George E. and Wayne Vroman. 1992. "Urban Labor Markets and Economic Opportunity." In *Urban Labor Markets and Job Opportunity*, edited by George E. Peterson and Wayne Vroman. Washington, D.C.: The Urban Institute.
- Piore, Michael J. and Charles F. Sabel. 1984. *The Second Industrial Divide*. Basic Books, Inc.
- Porter, Michael. 1990. "The Competitive Advantage of Nations." *Harvard Business Review*. March-April 1990:73-93.
- Porter, Michael E. 1994. "The Competitive Advantage Of The Inner City." Discussion Paper. Harvard Business School, June 1994.
- Rosenfeld, Stuart. 1993. "Staying Small, Acting Big." *Firm Connections*, March/April 1993.

Rhode Island Strategic Development Commission. 1984. "The Greenhouse Compact." Volumes I and II.

Sabel, Charles F. 1989. "Flexible Specialization and the Re-emergence of Regional Economies." In *Reversing Industrial Decline: Industrial Structure and Policy in Britain and Her Competitors*, edited by Paul Hirst and Jonathon Zeitlin. New York: St. Martin's Press.

Schulmann, Bruce J. "Federal Economic Policy and Persistent Urban Poverty." Background memorandum prepared for the Social Science Research Council Policy Conference on Persistent Urban Poverty, Washington, D.C., November 1993.

Seavey, Fred. 1993. "An Examination of Sectoral Intervention as a Regional Economic Development Strategy." Unpublished paper, UCLA Graduate School of Architecture and Planning.

Siegel, Beth, Andrew Reamer and Mona Hochberg. 1987. "Sectoral Strategies: Targeting Key Industries." *Economic Development Commentary*, Winter 1987, pps. 8-13.

Stillman, Joseph. The Conservation Company. 1994. "Making the Connection: Economic Development, Workforce Development and Urban Poverty."

Sternberg, Ernest. 1991. "The Sectoral Cluster in Economic Development Policy: Lessons from Rochester and Buffalo." *Economic Development Quarterly*, November 1991.

Sullivan, Mercer L. "Community Development as an Anti-Poverty Strategy." Background memorandum prepared for the Social Science Research Council Policy Conference on Persistent Urban Poverty, Washington, D.C., November 1993.

Task Force on Community-Based Development. "Community-Based Development: Investing in Renewal." September 1987.

Urban Policy Committee of the American Economic Development Council. "Closing the Gap: An Analysis and Action Agenda for Urban Economic Development." March 1994.

Vindasius, Julia. 1988. "Industry-led Community Development: A Report on the Targeted Development Project." Shorebank Advisory Services, Inc. Chicago.

Weir, Margaret. "Urban Policy and Persistent Urban Poverty." Background memorandum prepared for the Social Science Research Council Policy Conference on Persistent Urban Poverty, Washington, D.C., November 1993.

Wiesel, Wim, David Ranney and George W. Putnam. 1990. "Technological Change in the Graphic Communications Industry: Implications for Economic Development Planning." *Economic Development Quarterly*, Vol 4 No. 4 November 1990.

Wiesel, Wim and Wendy Siegel. "Industry Task Forces as Pragmatic Planning: The Effect of Ideology, Planning Process, and Economic Context on Strategy Selection." *JPER*, Volume 9, Number 2.

Advisory Committee Members

Joan Crigger
Director
Employment and Training
U.S. Conference of Mayors
Washington, D.C.

Steve Dawson
Special Projects Director
Home Care Associates Training Institute
New York, New York

Joseph J. James
Director
Office of Economic Development
City of Richmond
Richmond, Virginia

Rob Mier
Professor
School of Urban Policy & Planning
University of Illinois at Chicago
Chicago, Illinois

David Osborne
Author and Journalist
Essex, Massachusetts

Richard Schramm
Educator and Consultant
River Road
Taftsville, Vermont

Dorothy Stoneman
Director
YouthBuild USA
Somerville, Massachusetts

Suzanne Teegarten
Director
Massachusetts Industrial Services Program
Boston, Massachusetts

Wim Wiewel
Associate Professor
School of Urban Planning and Policy
University of Illinois at Chicago
Chicago, Illinois