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**Industrialization and the Rural Community**

Cooperative Extension, South Dakota State University

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Industrialization and the Rural Community

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Cooperative Extension Service
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Industrialization and the Rural Community

Local Considerations

By Donald R. Field,
Assistant Professor of Rural Sociology
South Dakota State University

INTRODUCTION

The continuing shift in population from farm and rural area to the cities is the cause of grave concern among residents of small-rural communities linked closely with agriculture for economic survival. As advances in technology continue to reduce the manpower needs in primary enterprises, greater population losses in the rural area can be anticipated.

Decision-makers of small South Dakota communities have looked increasingly to industrialization (generally manufacturing) as one of the solutions for reversing the decline of population and recouping lost employment opportunities accompanying these technological advances.

Community leaders and development workers should, however, ponder all the ramifications of industrialization as the sole solution for employment problems or for a decaying community. This should be done before charting the destiny of their own home town.

Industrialization may in fact fail as a solution to community problems or may even create more and newer problems in the process of alleviating others. For example, the best course of action for some rural communities and small towns¹ may well be to plan a vigorous campaign for industrial development, but for others the most realistic approach may be to plan other kinds of adjustments such as planning their future as a retirement center for a population of older persons or as a "bedroom" community for a larger growth center, or as a specialized service center.

These examples are but a few alternatives which might be considered. Communities in South Dakota do have a role to play in the future. The new role for a community may be somewhat different than previously defined, nevertheless opportunities do exist for small and large communities in the state. Consequently, community leaders might consider various possibilities for social and economic improvement so that the developmental plan selected most clearly serves the needs of the community.

Industrialization is but one alternative and is not suited for all communities. Only by considering both the positive and negative factors of industrialization as an alternative, can a satisfactory adjustment to community problems, especially employment problems, in rural areas be achieved. Our attention presently is directed to the consideration of industrialization as one alternative. The examination of general factors or considerations important to industrial firms interested in expanded growth may provide guidelines for community decision making.

The Impetus for Rural Industrialization

Industrialization of rural America is an economic decision made by the firm, based primarily upon its specific production process. These aspects are evident in the changing importance of three basic factors of production—land, labor and capital. Industrial firms must unemotionally consider the relative costs in the production process of each of these factors of production if they are to maximize profits. Land and labor costs in and around metropolitan centers where the majority of industrial firms are located, have risen tremendously. On the other hand, land and labor resources in rural areas are relatively inexpensive as compared to the city. Subsequently, if firms are attempting to minimize costs of operation, they may consider moving to a region where lower land values and lower labor costs prevail.

In addition, improved transportation and communication systems have transformed the country into a potential industrial park. Accessibility in this respect has opened new areas for industrial location. Technological advances within the industrial process likewise have made relocation a realistic alternative.

Multiple factors ultimately influence a firm's decision to locate in one place rather than another. Although labor costs may account for a substantial proportion of the total cost of operation, other considerations on the part of the firm might be identified as location of markets, location of raw materials with respect to the plant, and transportation facilities for the movement of raw materials to the plant or the finished product to the market.

¹For purposes of the present discussion, a small town is a place in which the population does not exceed 2,500. Cities are classified as any place in which population exceeds this figure.
INDUSTRY SEEKS FRINGE BENEFITS

Favorable economic conditions to the firm alone, however, do not ensure eventual location in a rural community. The larger, more sophisticated firms (the very firms most desired by communities) are becoming more and more concerned with community facilities and amenities.

The importance a firm attaches to "community fringe benefits" hinges on the extent to which the firm requires these factors of a community to hire and hold high quality labor. Such prospective firms are concerned about water and sewage, fire protection, security of property, work attitudes, conditions of schools and hospitals, civic improvement.

Management personnel of the more sophisticated firms in addition are concerned with recreational opportunities, not merely hunting and fishing, but cultural activities, schools and colleges, shopping facilities, cosmopolitanism, and the community esthetics. Therefore, the community must not only sell itself, it must have something to sell the prospective firm in addition to a potential labor pool.

GENERAL SOCIAL AND ECOLOGICAL FACTORS

Population Growth

One of the most commonly used indicators of small town prosperity or potential development is population growth. Despite the general trend for smaller places to decline due to increased agricultural technology or other factors, a few small towns are growing. Growing towns have an advantage for attracting industry, not simply because the towns are growing in population, but because of the more subtle factors associated with growth, such as age composition, educational levels and income levels. Research has indicated that the differences in the composition of the population between growing and declining towns is quite distinctive.

Facts:
1. During the 1950-1960 decade 118 incorporated places in South Dakota witnessed population growth.
2. During the same period 185 incorporated places declined in population.
3. When two or more communities are located within a few miles of each other, one tends to grow at the expense of the other communities.

Questions:
1. Did your community lose or gain population?
2. What happened in your neighboring communities?

Age Structure is an Indicator:

Small towns that are not growing in population possess a greater proportion of older persons in their population. Growing towns tend to have more children under 10 and more middle-aged adults under 40 than do communities declining in population.

Facts:
1. Communities which are growing have more children in the school age population and likewise have an advantage in retaining schools.
2. The young adult population in a community provides the basis for an expanding labor force and likewise will provide the community leadership for the future.

Questions:
1. Is the number of children entering the first grade in your community growing or declining?
2. Has the number of young adults in your community between the ages 21 and 40 increased or decreased during the past five years?
3. Who are the people moving into your community?

Educational Level is an Indicator:

Educational differences between growing and declining towns are likewise apparent. Research in the Midwest has shown that the adult populations of growing places possess a higher average number of years of school completed than do similar individuals in declining places. Also in growing towns there is a higher percentage of persons 25 years old and older who have completed four years of high school.
Facts:

1. Approximately one-third of the adult population in declining towns have completed high school. Over 40% of the adult population in growing communities of South Dakota have completed high school.

2. The median educational attainment for the population of South Dakota is 10.4 years. This figure is higher in urban places and growing communities than in the declining places in South Dakota.

Questions:

1. How many residents in your community have completed high school, college or trade school?
2. How does your community compare with the state average?

Income is an indicator:

Growing towns have fewer individuals earning less than $3,000 and more individuals earning over $8,000. Declining towns have an abundance of individuals earning less than $3,000 and between $3,000 and $7,000. Similarly there are more unemployed individuals in declining towns.

Facts:

1. Declining communities in South Dakota may have a minimum of 30% of the population earning less than $3,000. Growing communities will have substantially less.

Questions:

1. What is the average income in your community?
2. How many people earn less than $3,000?

Size of Place

Like location, size of place may be carefully considered by a prospective firm.

Research shows that larger towns grow more rapidly, decline less frequently, and have the potential for future growth. Smaller towns are subject to decline sooner and faster. Consequently, industrialists who are considering a long-term arrangement with a community will be concerned with the overall potential of the resident community.

Facts:

1. In South Dakota, there are 307 incorporated places of which 196 are small towns with a population of less than 500 residents. One hundred and thirty-five of these places declined between 1950 and 1960.

2. There are 56 small towns with a population between 501 and 999. Thirty-two small towns in this group declined.

3. It is not until the size of the community reaches 1,000, that the number of places growing exceeds the number of places declining. Of 32 towns whose population is between 1,000 and 2,499, 20 witnessed population growth from 1950 to 1960.

Questions:
1. What is the size of your community?
2. Are there any communities nearby which are larger?

Trade and Service Facilities are Indicators:

Another factor pondered by decision-makers is that larger places usually have more trade and service facilities available for firm employees—such as doctors, bankers, lawyers or other more specialized services.

Facts:
1. Basic services such as a gasoline service station and grocery are found in most all of South Dakota communities.
2. Generally larger communities in South Dakota have furniture stores, specialty clothing stores, law firms, and medical facilities.

Questions:
1. What types of services are offered in your community?

Occupational Composition is an Indicator:

Larger places which are growing possess younger populations with higher educational levels and higher average incomes than do smaller places which are growing. While growing places have more people employed in various occupational categories than do declining places, large growing places have greater representation than do small growing places. In addition, more females are employed in the labor force in large than in small growing places.

Facts:
1. Declining towns in South Dakota have a larger proportion of its working population employed in retail sales, and clerical positions than in other positions.
2. More professionals are found in growing communities in South Dakota.

Questions:
1. What is the breakdown of available jobs in your community?
2. Are the opportunities for work restricted to particular kinds of jobs?

Values and Attitudes of the Population

Consideration given to a community by a prospective firm may initially depend upon the attitudes and values of the local leadership. Eventual location and successful operation will depend upon the receptivity of the resident population. In other words, the attitudes of the local population toward new industry may well determine the success or failure of a new plant in that community. Consequently, a great deal of effort by the firm is devoted to assessment of community sentiment toward industry.

Attitude Toward Industry is an Indicator:

Generally speaking, residents of small towns in South Dakota represent a relatively homogeneous background. That is, most residents share a cultural heritage which produces similar values and attitudes. The addition of an industrial plant to a community which depended previously upon agriculture and trade may bring with it workers whose cultural backgrounds are different. While value conflict need not arise, some adjustment can most likely be expected in the existing institutional and value systems.

A willingness on the part of the community to accept differences of opinion and orientation toward community affairs is a prerequisite for successful industrialization of that community. While industry may be a solution to some community problems, industry most certainly will create or be part of the creation of new problems. Any change brought into the community must be received in such light.

As more families move into the community, new demands will be placed upon school facilities, housing, and community services. Volunteer fire departments may be forced into a full time operation with professional personnel. Police protection will need to be expanded. Prevailing attitudes toward these issues will be challenged.

Local leaders seeking industry must take into account the prevailing attitudes of the residents toward industrialization. A quality firm which plans for a substantial capital outlay in physical facilities is not going to be willing to make such an investment in a hostile environment.

Growth Communities Foster More Positive Attitudes:

Growing communities appear to have an advantage over some declining communities when attempting to secure a sponsorship of the residents for
additional community expenditures for industrialization. If a community is growing, residents and community leaders tend to take a more positive attitude toward investing in industry. Community revenue sources in a growing town or city usually expand with population growth. Declining towns are faced with a shrinking revenue base, as residents leave the community.

The burden of paying for existing community responsibilities is the problem for those who remain behind. Consequently, the attitude of the people toward new investment in buildings, road and sewage facilities tends to be more negative.

**IMPLICATIONS FOR RURAL INDUSTRIALIZATION**

A few communities in South Dakota may compare favorably on all aspects of this checklist. The community which possesses the “fewest disadvantages” perhaps may be in a more enviable position for attracting industry. The community with more disadvantages will be forced by competition for industry to seek ways to compensate for greater assets apparent in other communities.
WEIGH THE FACTORS

POSITIVE FACTORS

NEGATIVE FACTORS

Community leaders and development workers should carefully weigh the positive and negative factors of industrialization before working on any long range development.

HOW DOES YOUR COMMUNITY RATE IN THE COMPETITION?

<table>
<thead>
<tr>
<th>A. General Factors</th>
<th>B. Social and Ecological Factors</th>
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<tbody>
<tr>
<td><strong>Highly Favorable</strong></td>
<td><strong>Figure for Compared to</strong></td>
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<tr>
<td><strong>Degree of Development</strong>*</td>
<td><strong>County and State Average</strong></td>
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<td><strong>(5)</strong></td>
<td><strong>Your town</strong></td>
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<td><strong>(4)</strong></td>
<td><strong>State Average</strong></td>
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<td><strong>(2)</strong></td>
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<tr>
<td>1. Transportation facilities linking the community to the larger region</td>
<td>a. Young adult population</td>
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<td>2. Water and sewage</td>
<td>b. Educational attainment of the adult population</td>
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<td>3. Fire protection</td>
<td>c. Average income of adult working population</td>
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<td>4. Police protection</td>
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<td>5. Educational system</td>
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<td>6. Hospital facilities</td>
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<td>7. Civic improvement activities</td>
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<td>8. Tax policies</td>
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<td>9. Shopping facilities</td>
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<td>10. Recreational facilities</td>
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<td>11. Formal organization (churches, civic organizations, professional groups)</td>
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*A total score of 55 to 49 is highly favorable; 48 to 38 is favorable; 37 to 22 is fair; and 21 or less is poor.

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John T. Stone, Dean of Extension, South Dakota State University, Brookings.

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