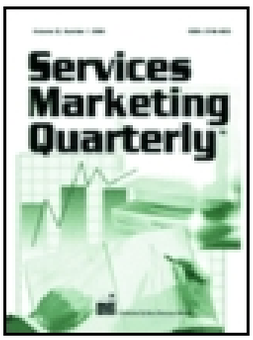

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Attracting Footloose Companies: An Investigation of the Business Location Decision Process

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ABSTRACT. The footloose companies are those that have relatively few constraints when making location decisions. In this paper they are classified into four categories: company headquarters, high technology, research and development, and services. A general model provides a framework for the exposition and for conceptualizing the processes used by companies in these industries when they are required to make a location decision. The model incorporates the following components: the role of relocation consultants; the process by which a final decision is made; development of needs criteria that guide the location selection decision and their prioritization; the concepts of awareness set and evoked set; and information sources used to evaluate alternative locations. The paper was developed with inputs from three sources: a review of the professional and scientific literature; in-depth unstructured telephone interviews with representatives of eight companies recently involved in a location decision; and responses to structured questionnaires completed by senior personnel from 91 economic development organizations in Texas; knowledgeable representatives of 41 footloose companies who located in Texas in the past five years, and representatives of 13 relocation consultant firms.

A business location decision has major implications both for the company making the decision and the communities impacted by it. From a

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company's perspective, the decision to locate or move a business, or any part of a business, is one of the most critical decisions its management has to make. The consequences of the location choice will endure long after the decision has been made, because it will strongly influence competitive position and profitability. It is likely to be influenced by many considerations; some highly technical and cost-related, others much more intangible relating to factors such as local community and government attitudes. For this reason, the decision process is frequently arduous, lengthy and complex, and often is not easy for those responsible for marketing their communities to these footloose companies to conceptualize.

The implications for communities of a company's location decision may be substantial, because it is argued that benefits from a new business spread throughout a community and extend far beyond the actual dollar value of the firm's initial investment and subsequent payroll (Englade, 1984). Increased business activity typically means more jobs, a higher level of housing starts, and more revenue for states and communities, which in turn contributes to better schools, cultural institutions, and health services (Sneath, 1978). These perceived benefits have made the recruitment of new, relocating and expanding businesses, and the retention of existing businesses, a major marketing concern in most communities.

Substantial structural and spatial shifts in American business have occurred in the past decade. Structurally, there has been a movement from "smokestack" industries to "smokeless" industries, whose companies are more mobile and have much greater flexibility and latitude in making location decisions. This has contributed to the spatial shift which has occurred as businesses have moved from the central city to the suburbs, and from former core areas into other regions of the country (Zitz, 1979; Gerard, 1985; Thornton, 1984).

Relatively few new industries are found in central business districts. The most favored locations tend to be quiet suburbs or small towns on the periphery of metropolitan areas (Conway, 1985). High taxes and high rents in the cities have been factors encouraging corporations to locate in the suburbs. However, the principal reason for the suburban shift is a concern for their employees, who are the major resource of many of these new industries. The United States' middle class has moved away from the large metropolitan cities to the suburbs and to smaller cities. The disadvantages of commuting to work, traffic congestion, and inner city crime are outweighing the advantages of employment in the large cities. Such quality of life factors are increasingly important to executive level employees and, hence, businesses have tended to appeal to these employees by locating in the suburbs (Zitz, 1979; Gerard, 1985).

These structural and spatial shifts have had two corresponding impacts on the efforts of communities to attract businesses to their jurisdictions. First, traditional manufacturing has been replaced by the "footloose" companies as the main type of businesses being targeted. These consist of corporate headquarters, and businesses in the high technology industries, research and development, and the services sector. Second, the determining influences exerted by such factors as the location of raw materials and presence of a workforce with traditional crafts or skills has dissipated, so many more businesses are now "prospects" for many more communities. As a result, a highly competitive environment has emerged between communities trying to attract businesses, and this has spawned a plethora of economic development organizations responsible for marketing to these companies, sponsored by public jurisdictions and utility companies.

Attracting a business to a community requires an ability to conceptualize and understand the company's decision process and its basic requirements, and the ability to supply those requisites and attributes. The purpose of this paper is to offer insight into the processes used by companies in the footloose industries when they are required either to make a decision on where to locate a new business or branch, or where to relocate an existing one. These insights have been incorporated into a generalized model which is intended to provide a framework for conceptualizing and understanding the decision process, and facilitating more effective marketing strategies.

METHODOLOGY

The model was developed with inputs derived from three sources. First, a comprehensive review of the professional and scientific literature was undertaken in the areas of business location, economic development and consumer decision-making. The latter was particularly relevant because it became apparent that the process of business location follows the basic principles of traditional product marketing, in which the locating business takes on the role of the consumer, the community represents the product, and the economic development organization is analogous to the product supplier.

The second source of input was from thirty-minute, in-depth telephone interviews conducted with representatives of eight companies who had located in the State of Texas in the past five years. One of these involved a headquarters relocation, while two were in high tech industries, one was in research and development, and four were in service-oriented industries.

Initial letters were sent to the companies explaining the project and requesting an interview with a knowledgeable contact, and follow-up phone calls were made to arrange a phone interview appointment. The interviews were unstructured and were designed to encourage the contact person to talk freely about the philosophy and process associated with the company's location decision. Their purpose was to enrich the researchers' understanding of the phenomenon and to ensure that all dimensions of the phenomenon were represented on subsequent structured data-gathering instruments.

There are three sets of actors who may impact a business location decision: executives within the company; company relocation consultants; and economic development personnel. The third source of input was derived from related structured instruments developed to solicit insights from representatives of each of these three actor groups. The content of these instruments was developed from material derived from the literature review and the interviews. The instruments underwent a series of pre-tests and subsequent revisions before being finalized.

The samples of economic development personnel and companies were drawn from the state of Texas. The economic developers' sample consisted of the key person in 121 economic development organizations in Texas cities with populations of 20,000 or more. Each of the 121 organizations were contacted by telephone to obtain addresses and confirm the appropriate contact names.

Sixteen firms that were believed to be engaged in location consulting were identified through contacts with economic development professionals, company advertisements, and articles in the literature which referenced the names of particular consulting firms. Each firm was contacted by telephone in order to obtain a key contact name and current address. Through these contacts, thirteen independent branch offices were also identified and added to the sample to give a total sample of twenty-nine. These firms were not restricted to those within the state of Texas but, given the nature of their involvement in the location process, all were potential advisers to companies locating in the State.

Economic development organizations in the thirty metropolitan Texas cities were requested to provide a list of companies which had expanded, located or relocated to their respective areas in the five years prior to the study. Company lists were received from the eleven organizations which maintained such records. Each of the lists provided by the cities was reviewed and the sixty-three corporate headquarters, high technology companies, research and development firms, and service-oriented businesses which were identified constituted the sample frame of companies

used in the study. Each company was telephoned to obtain the name of the individual most closely involved in the business location decision and his or her correct mailing address.

The instruments were mailed directly to the individuals in each of the 213 businesses or organizations previously identified as the appropriate contacts. The original mail-out, two mail follow-ups and two reminder telephone follow-ups yielded responses of 91 (75%), 13 (45%), and 41 (65%) for the samples of economic development personnel, relocation consultants, and companies, respectively.

Figure 1 illustrates a generalized model developed from these three sources of inputs which categorizes and relates the elements involved in the business location decision process in the footloose industries. The outcome headings shown in the model are used as headings in the paper and provide a framework for the exposition.

ESTABLISH ORGANIZATIONAL AND PROCEDURAL FORMAT

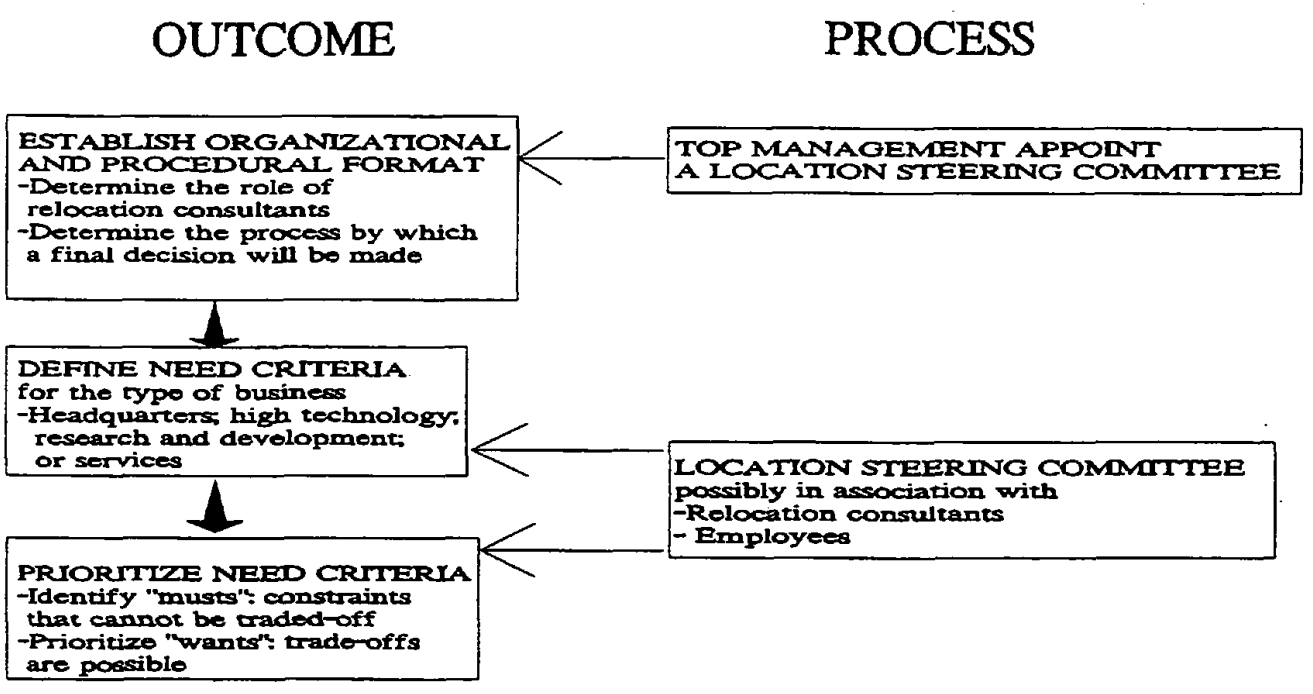
Over half of the businesses responding to the structured questionnaire reported that the initial step in selecting a location was formulation of an in-house steering committee. Because of the different characteristics of the companies, membership of these committees varied widely but the titles most frequently cited were: chief executive officer, board members, presidents, division heads, departmental directors and managers in finance, personnel, marketing, operations, computing, human resources, research, and legal operations. Indications were that the top executives were almost always directly involved in the search for a new location rather than just making the final decision.

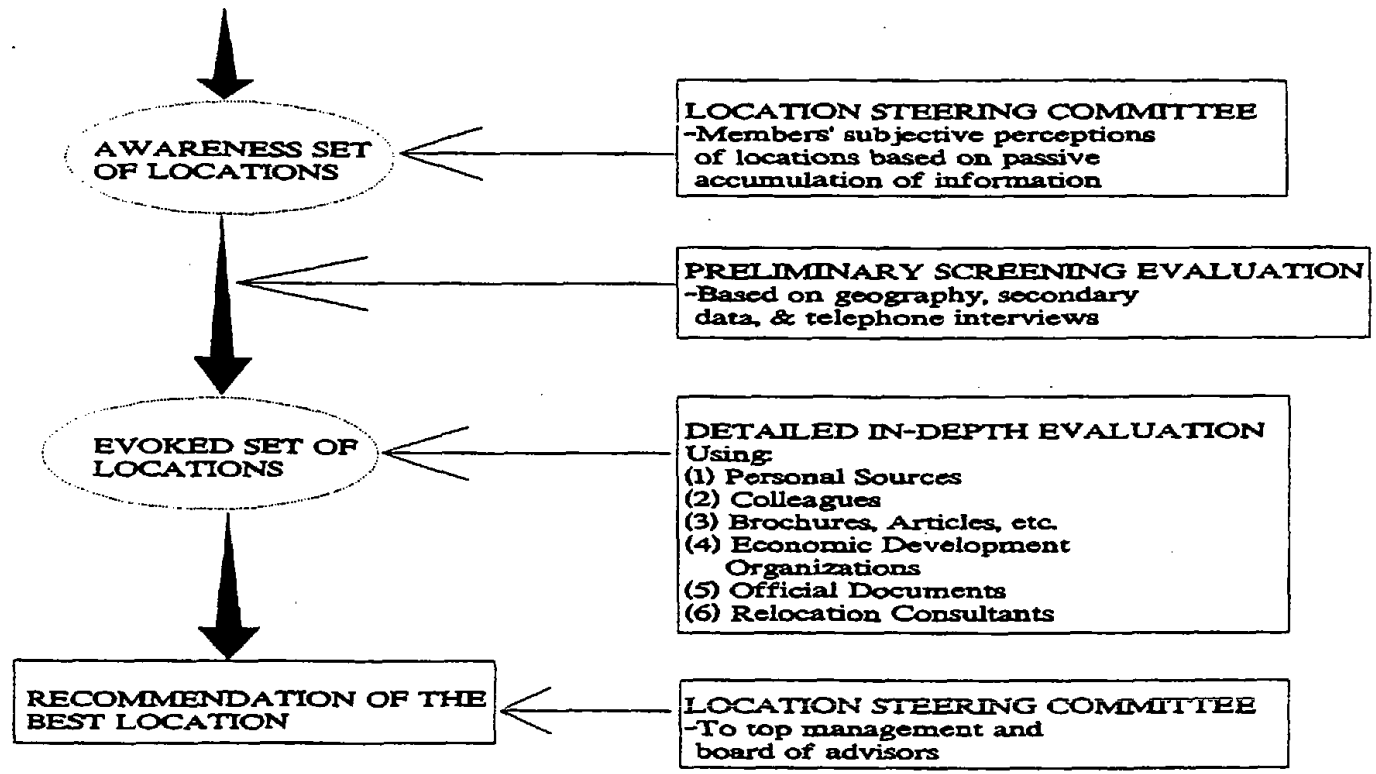
The ground rules for how the location process will evolve are clarified at this point. These rules may be given to the committee by top management or the board, or developed by the committee for approval of top management and the board. Two major organizational and procedural questions have to be resolved. They are: "Will external relocation consultants be involved, and if so, what will be their role?" and, "How will the final decision be made?"

The Role of Relocation Consultants

The thirteen relocation consultants who responded to the mail survey reported that they were used most frequently by large companies. The

FIGURE 1. A Model of the Business Location Decision Process in the Footloose Industries




AWARENESS SET OF LOCATIONS
LOCATION STEERING COMMITTEE
-Members' subjective perceptions of locations based on passive accumulation of information
PRELIMINARY SCREENING EVALUATION
-Based on geography, secondary data, & telephone interviews
EVOKED SET OF LOCATIONS
DETAILED IN-DEPTH EVALUATION
Using:
(1) Personal Sources
(2) Colleagues
(3) Brochures, Articles, etc.
(4) Economic Development Organizations
(5) Official Documents
(6) Relocation Consultants
RECOMMENDATION OF THE BEST LOCATION
LOCATION STEERING COMMITTEE
-To top management and board of advisors

services they provided included conducting location studies and financial analyses, developing models, negotiating contractual details of lease and purchase agreements, aiding in the logistical and financial aspects of employee and facility relocation, providing information concerning the economic base and real estate market factors in potential locations, and making recommendations for new locations.

Each respondent was asked to rank six company types according to the frequency of his firm's involvement with these types of companies. The results are presented in Table 1. The relocation consultants reported corporate headquarters as the company type for which they most frequently provided services followed by manufacturing firms, high-technology companies, services, research and development firms and, the least common client types, retail businesses.

Only nine of the forty-one companies who responded to the mail questionnaire reported that they used relocation consultants. This was primarily attributable to the firms surveyed being substantially smaller (173 employees mean average) than the average client firm reported by the relocation consultants (which was approximately 1,200 employees). The

Table 1

Most Frequent Client Businesses of Relocation Consulting Firms
(n=13)

	RANK						
Type of Company	1	2	3	4	5	6	Mean Rank
Headquarters	7	3	0	3	0	0	1.9
Manufacturing Firms	5	4	3	1	0	0	2.0
High Technology Firms	2	3	3	4	0	1	3.0
Services	0	3	3	3	3	0	3.5
Research & Development Firms	1	0	3	3	4	1	4.0
Retail Firms	0	0	0	1	3	7	5.5

consultants also indicated that company headquarters were their most frequent client firm type. Of the nine companies that reported using relocation consultants, six were headquarters and three were branch operations.

Three scenarios were presented to the relocation consultants who were surveyed and each was asked to indicate the scenario that best described their role in headquarters relocations and in high-technology, services, and research and development. The scenarios, and the numerical responses to them, are shown in Table 2.

They reported that working closely with an in-house committee was their most common role with research and development, high-technology and services-oriented firms. When working with headquarters, the consultants who responded to the question were equally divided. Five indicated that working with an in-house committee was their most common role, but

Table 2

Type of Input Provided by Relocation Consultants for Each Company Type

Input	Frequency			
	Headquarters	High Technology	Services	Research & Development
Work relatively independently: interview company personnel, select and evaluate cities based on criteria established by company executives and make recommendations to the company.	0	1	0	0
Work closely with CEO to establish location criteria which may be objective or strongly based on personal preference, evaluate alternatives, and recommend feasible and desirable locations.	5	2	1	1
Work closely with an in-house committee to determine criteria, select and investigate cities, and make recommendations to the company.	5	5	6	5

five others reported that working with the chief executive officer was most typical in headquarters relocations.

The consultants were asked to indicate when they typically entered the location decision process and they were given three choices from which to select. The choices and their numerical responses are shown in Table 3. In the case of headquarters relocations, they were most typically involved at the beginning of the process. With services-oriented businesses it was either at the beginning of the process or after a fairly large set of potential locations had been selected, but with high technology or research and development firms, there was no discernable pattern.

How Will the Final Decision Be Made?

The literature review and the initial unstructured interviews suggested three different approaches could be used to arrive at a final location decision. These may be termed the autocratic approach (senior executives make a decision based on their personal preferences); the democratic approach (the decision is made based on the input of employees impacted by the move); and the scientific approach (a systematic, logical process). The samples of economic development personnel and relocation consultants were asked to indicate which of the three scenarios that were developed to reflect these three approaches was followed most often in each

Table 3

The Time at which Relocation Consultants Perceived They Entered the Business Location Decision Process

	Headquarters	High Technology	Research & Development	Services
At the beginning of the (re)location process	8	3	3	4
After a fairly large set of potentially promising locations have been selected for consideration	2	2	2	4
After the company has narrowed prospective locations down to a small number of alternatives	0	3	2	1

type of company. Company officials were not asked because it was thought that a question concerning the influence of personal preference of executives may be offensive to them. The three scenarios were:

1. *Personal Preference Selection*–Key company decision makers make the selection based on personal preference. The process is not very systematic or objective.
2. *Employee Decision*–Input from relocating employees is the major influence on the final location decision.
3. *Location Fit Analysis*–Necessary and desirable criteria important to the location of the firm are identified, communities of interest are assessed for their comparative advantages and disadvantages, and a fit analysis is conducted which matches locational requirements with community resources and attributes.

The responses shown in Table 4 indicate that locational fit analysis was perceived by both location consultants and economic development personnel to be the most frequent approach in high-technology, research and development and services-oriented businesses, although there was evidence that the preferences of key company decision-makers also was perceived to be a reasonably frequent approach in the services-oriented businesses. In the case of headquarters locations, both groups agreed that locations are based on executives' personal preferences almost as frequently as upon a more scientific approach. The democratic model, in which relocating employees exerted the major influence on a location decision, received a level of substantive support only from economic development personnel in the specific context of research and development companies. Given the dominance of the location fit approach, it was used as the basis for the rest of the model.

DEFINE NEEDS CRITERIA

A footloose company's search for a new location may be stimulated by one, several, or a multitude of reasons. These may be tangible and quantifiable such as a wish to expand capacity, serve new markets, or to reduce operating costs and obtain higher efficiency. Alternatively, the motives may be much less tangible, relating to such things as employees' quality of life or the company's image. Whatever the reason, when a decision has been made to relocate, or to seek a location for a new branch or business, a set of needs that the new location must fulfill are identified, defined, and prioritized.

Table 4

The Approach to Location Selection most often followed by Companies in the Footloose Industries

Company Type	Selection Process	Relocation Consultant	Economic Development Personnel
High Technology	Personal Preference	2	5
	Location Fit Analysis	7	52
	Employee Decision	0	5
Research and Development	Personal Preference	0	5
	Location Fit Analysis	7	48
	Employee Decision	0	13
Services	Personal Preference	3	20
	Location Fit Analysis	7	39
	Employee Decision	0	7
Headquarters	Personal Preference	5	30
	Location Fit Analysis	8	35
	Employee Decision	0	6

The need definition stage involves clearly specifying the reasons for the move and, hence, the expectations which a new location must meet (Figure 1). Although the decision to move or locate a new branch will be made at the upper levels of a company, the original awareness of a need to relocate may have come from people who are in constant direct contact with day-to-day situations. For this reason, input from company personnel at a variety of levels may be solicited by personal interviews or questionnaires in developing the needs criteria.

The identification, definition and prioritization of a set of needs criteria was recognized as being crucial, because they guide the location selection decision. A broad base of literature exists which describes the important factors in the context of manufacturing industry. A typical comprehensive set of criteria is shown in Table 5. This can be adapted as a starting point for the footloose industries, since the emphasis placed on particular criteria by any company is unique to that company's particular needs and priorities. However, distinctive nuances and emphases have been reported relating to the four categories of footloose businesses of interest in this study: headquarters, high technology, research and development and services. They are briefly reviewed in the following subsections.

Headquarters

Browning (1980) and Bergman (1986) both reported that the most important factors in a corporate headquarters location decision were the ability to attract and retain professional personnel and access to air transportation. The Fantus Company, a major firm of relocation consultants, added as key elements in the relocation decision, reasonable orientation to a corporation's center of business activity and adequate support services. The emergence of sophisticated electronic communications and rapid transportation have contributed to making headquarters increasingly footloose (Gerard 1985).

Because headquarters are "executive intensive" a primary concern in location decisions is the happiness or satisfaction of executives. For this reason, quality of life factors are crucial in the location decision (Dean, 1984; Bergman, 1986; Roth, 1983; Sneath, 1978). Consistent with the findings reported in this study (Table 4), there is evidence that headquarters decisions often are strongly influenced by the personal preferences of senior executives (Gerard, 1985).

High Technology

Carson's (1986) survey of sixty-seven high technology companies suggested that labor was their primary locational concern, followed by quality of life, transportation and education. Labor skills and availability were also found to be the primary factors in a survey of 691 high technology companies conducted by the Congressional Joint Economic Committee (1983). Black (1986), who also found labor force to be the primary consideration, estimated the salience or intensity of this factor to be twice as important for high technology firms as for traditional manufacturing companies.

Table 5

A Typical Comprehensive List of Business Location Criteria

LABOR	MARKETS
• rates • availability • unions • worker productivity • skill level	• access • growth potential • trends • competition
TRANSPORTATION	GOV'T POLICIES & TAXES
• location • availability • modes • access	• regulations • attitudes • incentives • taxes-corporate/personal
MATERIALS & SERVICES	ENVIRONMENT
• raw materials • supplies • technical services • storage	• regulations • environmental control • purchase rights
QUALITY OF LIFE	UTILITIES/ENERGY/WATER
• community attitudes • living amenities • community services • access to cultural events • community attractiveness • education • cost of living • recreation • housing	• availability • waste facilities • quality • cost PLANNING FACTORS • availability of sites • cost of property • financial health of area

Source: Sims (1977) checklist of site selection factors, Site Selection Handbook, 22:58-71.

The importance of quality of life factors in high technology company location is directly related to the type of labor force employed by the company. High technology firms basically employ two types of workers: the highly skilled, technologically educated college graduate and the semi-skilled production worker (Carson, 1986). Quality of life issues are not very important to a company's need for skilled and semi-skilled labor; these workers are drawn from the local labor pool so there is no need to attract them to the area. The situation, however, is different when the concern is with recruiting highly educated engineers and scientists. The company must recruit these highly mobile employees from a nationwide workforce (Sklar, 1985; Goldstein, 1985). The ability of a prospective site to attract high-quality, highly trained professionals is a top priority of high technology firms (Sklar, 1985; Jarboe, 1986; McDermott, 1986; Bergman, 1986; Conway, 1985; Ciandella and Lewis, 1984; Schmenner, 1982).

Research and Development

In 1986, The Conference Board surveyed 159 research and development firms that had relocated since 1976. Three primary considerations emerged: the need for a continuing supply of scientific and technical personnel, to be located near the company headquarters, and location in a community that has a "good quality of life" and adequate support facilities (Lund, 1986). Other important factors included proximity to a university and to manufacturing, and reasonable property costs. Small- and medium-sized companies (under 500 employees) tended to be more concerned with location near a major university, while large (over 500 employees) companies tended to be more concerned with proximity to either headquarters or manufacturing. This reflected the greater need of smaller firms for supplementary external technical consultants and project specialists, who are readily available on university campuses. The desire of larger research and development companies to locate near headquarters or their manufacturing center reflects convenience stemming from their frequent contact with both these entities.

Most research and development organizations are found in metropolitan areas. Bergman (1986) explains that the reputation of an area as "the right place to be" for research and development personnel may hold more influence than more objective measures. He suggests that relatively high housing costs may be a positive indicator since they tend to be associated with thriving communities rather than static or declining ones.

Services

Little has been reported about the importance of factors in location decisions by services-oriented businesses. Economists have generally assumed that only market factors were important in their location (McKay, 1985). The only empirical study of consequence found was undertaken by Smith (1985), who surveyed 385 services-oriented businesses located in non-metropolitan Wisconsin counties. The businesses consisted mostly of wholesale trade, construction, health and business services, and transportation companies. The most important community characteristics to these firms were quality of life, attitudes of local leaders, availability of personal and retail services, and the local ties of the owner. Smith also reported market accessibility and communications as important factors. Cost factors such as taxes, energy, land, and office space were not found to be of importance to most of the firms.

PRIORITIZE NEEDS CRITERIA INTO MUSTS AND WANTS

Once the criteria have been identified they have to be prioritized (Figure 1). Schmenner (1982) reports that the most frequently adopted approach to prioritizing the multitude of need items which may be considered in a location decision is to designate certain of them as "musts"–conditions which must exist in an area if the company is to consider moving there (necessary or non-compensatory attributes). Other items are categorized as "wants"–desirable (secondary or compensatory) attributes which are sought in a new location, but which could be foregone if other influences, including the "musts," would be too severely compromised. These secondary factors may be traded out. For example, a higher cost of living may be endured in order to locate in proximity to a large research university, or a company may forego a desirable physical environment in one area if another offers a more convenient transportation system. This evaluation of "wants" is therefore considered to be compensatory. In contrast, necessary or non-compensatory items cannot be traded off.

The existence of "must" conditions ostensibly is counter to the notion of these companies being footloose, since "must" criteria would appear to imply constraints. Empirical clarification of this issue was sought from the respondents in this study. The company representatives were requested to respond to the following question: " 'Footloose' is the term used to describe companies which have few constraints with respect to their selec-

tion of a location. Would you describe your firm as 'Footloose'?" After answering yes or no, respondents were asked, "Please explain why or why not." The relocation consultants and economic development personnel were asked the same question, but were given a list of all four types of company and asked to check yes or no for each type.

The results show that most of the company officials did not consider their companies to be footloose (Table 6), except in the case of headquarters where representatives from ten of the twenty-five headquarters which had relocated to Texas in the past five years did consider themselves to be footloose. The relocation consultants agreed that in most cases these types of companies were not footloose. In contrast, approximately one-third of the economic development personnel considered three of the four company types to be footloose and this increased to over one-half in the case of services-oriented businesses.

These findings appear to contradict popular perceptions. However, the discrepancy may be a result of different interpretations of the meaning of "footloose." The term is used in the literature to describe companies which are not tied to certain locations by the need for resources or other major locational constraints. Footloose does not imply that a company could locate *anywhere*. It simply means that, because it has relatively few constraints and is not tied to specific resources, a company would have a relatively wide range of choices from which to select a new location.

Table 6

Responses to the Question: Would You Describe the Following Types of Companies as "Footloose"?

	Relocation Consultants		Economic Development Personnel		Company Representatives	
Type of Company	Yes	No	Yes	No	Yes	No
High Technology	2	11	29	55	3	8
Research and Development	2	10	28	57	1	3
Services	4	8	46	40	5	14
Headquarters	4	9	25	59	10	15

Several of the company officials did not complete the open-ended question asking them to elaborate on why they did not consider their companies footloose. Among those who did respond, the following reasons were given:

1. Need to be near technological centers
2. Environmental restrictions
3. Need to locate near professional labor market (mentioned many times)
4. Need to locate where we could project a professional, healthy image to our customers and financial institutions
5. Need centralized United States location
6. Important to be near suppliers
7. Must be near a large airport (mentioned many times)
8. Proximity to a research university was crucial
9. Access to our source of work, business
10. Needed to locate near an established market for our product

Few of these reasons are major location constraints. For example, proximity to a major airport, which was mentioned several times as the sole reason the company official did not consider the company footloose, is not a major location constraint since major airports are located in every large city. The responses indicate that footloose should be viewed as a relative rather than an absolute term.

The four types of companies considered here tend to be relatively footloose. They appear to be more flexible and less constrained in their choice of location than manufacturing companies because they are not tied to raw materials, natural resources, or energy supplies, and intangible quality of life criteria appear to be as important as tangible hard cost factors (Black, 1986; Hekman, 1985). These types of businesses are "information factories" in which the employees are the principal resource, with personnel costs often exceeding 70 percent of the total operating expenses (Wheelock, 1984). Consequently, a major concern is attracting and retaining highly educated professional employees.

These companies have relatively few "must" criteria and these criteria can be satisfied in many locations, so they have a much larger field of feasible locations from which to choose. In this situation, wants take on more importance and may be weighted more heavily in the decision process. Since there are fewer "musts" to be satisfied, the criteria at the top of the "wants" list become most important and are less likely to be traded off in order to satisfy other needs. Thus, the factors that determine the selec-

tion of a new location are not necessarily the criteria which are considered to be essential.

Each company respondent was asked in an open-ended question to list up to three location factors which were considered essential for a city to be considered as a potential location (i.e., "musts"), and two factors which prompted the company to select its present location rather than the others which were seriously considered. The two "must" conditions most frequently cited as essential criteria were centralized location and access to customers. However, quality of life, which was not cited as a must criteria, was listed most frequently as a determining reason why a location was selected.

EVALUATION OF LOCATIONS

Company executives on the in-house steering committee and, if they are involved, their relocation consultant advisors, are likely to possess an "awareness set" of locations (Figure 1). This set of locations appears to meet "musts" and primary "wants" satisfactorily. It is derived from their passive accumulation of information and represents a general perception, impression or image. In most cases, not all the locations included in this initial awareness set will be good options for the company once they are subjected to detailed scrutiny.

A preliminary analysis involving a geographic screening, a review of easily accessible secondary data sources, and telephone interviews with economic development representatives and other local residents, is conducted to eliminate those areas from the awareness set which do not possess the attributes necessary to fulfill the "must" criteria, and to add others which appear to do so. The locations which emerge after this initial screening are termed the "evoked set" (Howard and Sheth, 1969). These are the locations which are seriously considered and subjected to a detailed investigation (Figure 1). The number of locations in the evoked set will vary according to the magnitude of the investment, time constraints and budgetary limitations. However, the responses of the three groups in this study to the question of how many locations received serious consideration were remarkably consistent (Table 7).

The perceptions of the relocation consultants closely matched the responses given by the company representatives. Both groups indicated that typically between two and six locations received in-depth consideration. The two groups exhibited relatively little internal variance indicating reasonably consistent agreement among the respondents. The economic de-

Table 7

Perceptions of the Number of Locations Seriously Considered as a Potential Location

	Relocation Consultants			Economic Development Personnel			Company Representatives		
Type of Company	Mean	Range	SD	Mean	Range	SD	Mean	Range	SD
High Technology	4.7	2-10	2.5	10.7	2-100	18.0	3.1	2-6	1.2
Research & Development	4.2	3-10	2.3	7.5	2-30	5.4	5.5	4-7	2.1
Services	3.8	2-10	2.4	12.8	2-250	32.8	2.2	1-4	1.5
Headquarters	4.0	2-6	1.2	7.5	2-50	7.6	2.9	1-7	1.7

velopment personnel indicated a belief that a much larger number of potential locations was seriously considered and showed substantial variability in their responses. This reflects the "insider" role of the relocation consultants and the "outsider" role of the economic development organization. The consultants are likely to visit the potential locations and be intimately involved in the evaluation process. The economic development personnel are perceived by the companies as an external facilitating resource for supplying information about their specific location. They are not involved in reviewing the total set of locations and thus are likely to have relatively little insight into how many other locations a company may be considering.

The company officials were asked to rate the importance of six sources of information in evaluating alternative locations on a five-point scale (1 indicating "very important" and 5 indicating "not used") (Figure 1). The results are shown in Table 8. They are consistent across all four types of companies. Company officials reported that their most important sources of information were from personal sources and colleagues, followed by written materials, economic development organizations, official reports and documents, and relocation consultants.

The data suggest that personal sources and colleagues are substantially more important than the other sources of information. The third-, fourth- and fifth-ranking sources (written materials, economic development organizations and official reports) were separated by only .3 indicating very little difference in their overall importance. Finally, the relocation consul-

Table 8

The Importance of Six Information Sources in Evaluating Potential Locations

	All Companies	Head-quarters	High Techno-logy	Research and Develop-ment	Services
Personal Sources	2.3	2.3	2.3	2.6	1.5
Colleagues	2.7	3.0	2.7	2.8	2.3
Written Materials, Articles Brochures, Newspapers, etc.	3.4	3.5	3.9	3.3	3.5
Economic Development Organizations	3.5	3.5	3.9	3.3	4.0
Official Reports/Documents	3.7	3.9	4.0	3.4	4.3
Relocation Consultants	4.6	4.6	4.5	4.5	4.2

tants' score of 4.6 points ostensibly suggests that they were of little or no importance as a source of information to the companies in this study. However, the low score is indicative of the lack of use of relocation consultants, rather than a lack of importance to those companies that did use them.

These data are contrary to popular perceptions of what constitute the most important sources of information. For example, others have attributed a much higher level of importance to economic development organizations (Barber, 1982; Ciandella and Lewis, 1984). The economic development personnel were asked in an open-ended question to describe their role in the business location selection process. The responses received were diverse but the overall focus was on the collection and dissemination of information, promotional activities, direct recruitment, acting as host to visiting prospects, and arranging easements, building and land deals, and other incentive packages with suppliers, government officials, utility company representatives and members of the financial community. However, their importance and impact is not as great as that of personal sources and colleagues which are rarely mentioned in the literature.

The economic development personnel did not appear to be aware of the relatively limited impact they had in the total decision process. Like the

relocation consultants (Table 3), the economic development personnel were asked the time at which they typically entered the location decision process. The results are shown in Table 9.

More than half of the economic development respondents (46) believed they were usually contacted at the very beginning of the business (re)location process. In addition, a large number (25) believed they were typically contacted while a fairly large set of potentially promising locations were still being considered. Only eight respondents reported that they were typically contacted after the prospective locations had been narrowed. In contrast, the company respondents clearly indicated that the involvement of economic development organizations was limited to being a conduit for information which others evaluated, and that they were not involved at the beginning of the process, but only in one of the later two stages.

The evaluation process concludes with a prioritization ranking based on the *degree* to which each location in the evoked set best meets the company's "musts" and "wants" criteria. The location steering committee then reports the results of their evaluation to top management and the board of directors who make a final decision.

LENGTH OF THE LOCATION SELECTION PROCESS

The timeframe of the location decision process is influenced by a large number of variables. The company respondents reported a range from one month to almost 4.5 years from the time a decision was made to move until the final selection of a location was made. The length of the decision

Table 9

The Time at which Economic Development Personnel Perceived They Entered the Business Location Decision Process

Stage of Process	Number of Responses
At the beginning of the (re)location process	46
After a fairly large st of potentially promising locations have been selected for consideration	25
After the company has narrowed prospective locations down to a small number of alternatives	8

Table 10

Perceptions of the Average Length of the Location Selection Process (In Months)

	Relocation Consultants			Economic Development Personnel			Company Representatives		
Type of Company	Mean	Range	SD	Mean	Range	SD	Mean	Range	SD
High Technology	17.2	9-24	6.6	20.9	6-60	10.3	7.3	1-24	6.7
Research & Development	19.7	9-36	8.4	20.5	6-60	11.1	17.5	3-52	23.1
Services	13.6	6-24	5.9	11.2	1-60	8.2	4.5	1-12	3.4
Headquarters	24.8	9-45	11.5	23.5	6-60	12.7	7.4	1-52	10.0

process by type of company is reported in Table 10, along with the perceptions of economic developers and relocation consultants.

The relocation consultants and the economic development personnel were generally consistent in their perceptions of the average length of the decision processes in each of the four company categories. The economic developers showed more variation in their response in all cases, but the average length of time attributed to each business type shows very little difference. However, the actual length of the location selection processes reported by the companies was much shorter with the exception of the research and development firms where the three groups were in close agreement. It appears that the selection process may be less complicated for services-oriented businesses as all three groups agreed that the timeframe among those businesses was shorter.

The size of the companies in this study may have an effect on the differing perceptions of the groups. Relocation consultants reported that the size of their typical client firm ranged from 150 to 15,000 employees with an average of approximately 2,000. (The 15,000 was an outlier. If it is removed, the mean average was 1,200 employees.) The economic developers were not asked to indicate the size of the businesses with which they typically worked but the range is probably very large also. Over one-half of the companies in this study reported having less than 100 employees and only four reported over 500 employees. Larger companies are likely to require more time to select a location and because relocation consultants tend to work with large companies their perceptions of the location process would be much longer than that of the small companies surveyed. The economic developers, in contrast, work with companies of all sizes but, as was noted earlier, they appear to be less familiar with business (re)location processes.

CONCLUDING COMMENTS

Except for the relatively few instances in which economic growth occurs because of the location of military, religious, academic, or political establishments, or enterprises engaged in the extraction of raw material, economic growth in most communities is dependent on the location of businesses within the community. As the business base expands, so a community's population and economic wealth also expand.

The decline in manufacturing industries has caused communities to shift their focus to marketing to attract footloose companies which have relatively few constraints on where they can locate. There is some evi-

dence of a cumulative or snowball effect. That is, when a community has attracted a threshold number of such companies, it acquires a reputation for this and becomes part of the awareness set of locations of other companies contemplating a move. Thus, corporate headquarters not only offer the direct economic benefits of a new business, but also enhance a community's image. They are psychologically important because they encourage other companies to follow them (Englade, 1984). Similarly, a major advantage of successfully attracting research and development firms is their ability to act as a magnet for other businesses, particularly high technology companies (Lund, 1986).

Most of the published literature on location decisions relates to manufacturing companies and there are clear differences between them and the footloose companies. This paper has sought to integrate the relatively sparse literature on location decisions in the footloose companies with insights gained from primary data collected through unstructured interviews and structured questionnaires completed by actor groups involved in the process. The location decision process is usually lengthy, arduous and complex. The data suggested that economic development personnel, whose mission is to market to and recruit these businesses for communities, frequently did not exhibit a good understanding of components of the decision process. Their responses to questions often were at variance with those of the company representatives and relocation consultants. This probably reflects their "outsider" status, which precludes them from being intimately acquainted with the process. This also emphasizes the need for more research work in this area, and the reasonably high response rates obtained from the three actor groups in this study indicates that they are not adverse to cooperating and disclosing this type of information.

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