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The Effectiveness of State
Enterprise Zones

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Vol. 9, No. 4

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The Institute is a nonprofit research organization devoted to finding and promoting solutions to employment-related problems at the national, state, and local level. The Institute is an activity of the W.E. Upjohn Unemployment Trustee Corporation, which was established in 1932 to administer a fund set aside by the late Dr. W.E. Upjohn, founder of the Upjohn Company, to conduct research on the causes and effects of unemployment and seek measures for the alleviation of the hardships suffered by the unemployed.

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Randall W. Eberts
Executive Director

Alan H. Peters and Peter S. Fisher

The Effectiveness of State Enterprise Zones

NOTE: This article highlights some of the research findings that will be published in the authors' new book, State Enterprise Zones: Do They Work? The book, which the Upjohn Institute is publishing, will be available soon. Check our Web site (www.upjohninstitute.org) for details.

Although originally conceived as a federal program for helping distressed inner-city areas, enterprise zones have become a central pillar of many states' economic development efforts. In most states, zones have been used to focus economic development policy on poorer areas. The justifications for such targeting range from the arguments of spatial mismatch theorists, who claim that inner-city minorities have particular difficulty accessing the buoyant job markets of the suburbs, to Timothy Bartik's work showing that the efficiency of economic development policy is likely to be improved by focusing benefits on the disadvantaged.

State and local enterprise zone programs consist mainly of tax instruments: property tax abatements, sales tax exemptions, and income tax deductions, credits, and exemptions for employment creation, capital investment, or income creation in the zones. In this article we provide brief answers to the following questions: 1) Are these zone tax

incentives big enough to induce firms to locate into zones? 2) Do zone incentives induce new job growth and, if they do, who gets these jobs? 3) How costly are these incentives?

Are Enterprise Zone Incentives Large Enough?

To answer this question we employ a computer micro-simulation model, TAIM^{ez}, to measure how the actual incentives available in each of the enterprise zones in our study would improve a firm's rate of return on an investment in a new manufacturing facility in that zone. TAIM^{ez} is a hypothetical firm model that includes computer algorithms for the calculation of state and local corporate taxes and incentives in our sample of 75 enterprise zones in 13 states from 1990 to 1998. The "firms" in the model are actually a set of financial statements constructed to be representative of actual firms in each of 16 manufacturing sectors. (The workings of the model are described in Peters and Fisher, forthcoming). The result is an estimate, year by year for 20 years, of the increase in after-tax cash flow attributable to the firm's investment in a particular city and enterprise zone, with and without "generally available tax incentives" (available both in and out of enterprise zones), and with and without zone incentives.

In the average zone among our 75, the total tax incentive package available (both general and enterprise zone incentives) lowered the effective tax rate on a new plant by about a third. In 13 zones, the incentive package cut the tax rate by more than half. (The effective tax rate is the state and local tax liability as a percent of the pretax cash flow from the new plant.) The average tax rate before incentives among the cities ranged from 5.2 percent to 22.8 percent, while the average rate after incentives ranged from 1.4 percent to 11.7 percent.

The extra inducement a firm receives from enterprise zone incentives is quite small when put in terms of the wage equivalent.

In the policy context, it is often useful to judge the size of incentives by the dollar value to the firm per new plant job. Our measure is the value of the incentives to the firm discounted over 20 years at 10 percent. In other words, it is the lump sum tax-free grant that would be equivalent in value to the incentives, for a firm with a 20-year planning horizon. In the average zone, the total incentive package was worth about \$5,000 per job, but it reached a value of \$10,000 per job or more in five zones and was less than \$2,000 per job in eight zones.

Tax incentives are usually thought to have their largest effects on the intrametropolitan location decision, where other spatially variable factors, such as labor and transportation costs, are about equal. Within a metro area, at least within a given state, the nonzone incentives will also be equal. Only the additional differential provided by a zone location will affect the intrametropolitan location decision. How large is this differential?

In 3 of our 13 states (Florida, Virginia, and Wisconsin), there are no general incentives. At the other extreme are 5 states (California, Connecticut, Kentucky, Missouri, and New York) that provide the least relative advantage to zones; here the zone incentives make up less than 40

percent of the total incentive package. In the remaining 5 states, there are both general and zone incentives, but the zone incentives make up 69 percent to 81 percent of the package.

Another way of getting at the question of the importance of zone incentives is to consider the size of the wage premium that an incentive package would just offset. Wages are a much larger component of costs than are taxes (about 14 times as large, on average), and wage rates can vary substantially from one place to another. Again using TAIM^{ez}, we calculated the hourly wage differential at a new plant location that would provide the firm with the same present value of cost savings over 20 years as the enterprise zone incentives available there. Indiana provided the most valuable zone differential at 6.8 percent of wages. But the zone incentives were equivalent (on average across sectors and cities) to a wage reduction of just 0.7 percent to 2.5 percent in 11 of the 13 states. A small wage premium (2.5 percent or less) would be sufficient, in most locations, to wipe out the advantages created by zone incentives.

Do Zone Incentives Result in New Jobs?

The last section suggests that most enterprise zone incentives are too small to materially affect the investment and location behavior of most firms. Do empirical studies provide any reason to doubt this deduction? Studies of enterprise zones fall into a much broader literature looking at the effects of taxes on growth. This literature has been surveyed a number of times (see Bartik 1991 and Wasylenko 1997); suffice it to say that there is some agreement that state and local taxes in general have a measurable, but modest, impact on growth. However, the econometric literature on the effects of enterprise zones incentives in particular is small. While a few early studies did find enterprise zones to be effective, most of the evidence suggests that zones have almost no influence on local growth (see Wilder and Rubin 1996, Fisher and Peters 1997, and Peters and Fisher, forthcoming).

Why do enterprise zones perform so poorly? First, the extra inducement a firm

receives from enterprise zone incentives is quite small when put in terms of the wage equivalent. Second, enterprise zones are typically in areas with poor

It turns out that the jobs in zones are often taken by nondisadvantaged individuals living far from the targeted areas.

infrastructure, poor connections to the transportation system, high crime, and so on. As Dabney (1991) has argued, enterprise zone incentives would have to be very large indeed to make up for these obstacles to investment.

Who gets the (very) few jobs actually created by zone incentives? For zones to be judged successful, a substantial share of the jobs that are created must be filled by inhabitants of enterprise zones or surrounding poor neighborhoods. It turns out that the jobs in zones are often taken by nondisadvantaged individuals living far from the targeted areas. Many states attempt to counter this problem by restricting incentives to jobs filled by certain kinds of persons. Of the 13 states we looked at, 11 offered some sort of jobs credit program, and all 11 targeted those credits either to zone residents or to population groups that were economically disadvantaged. The targeting of jobs credits is effective, however, only if firms are able and willing to use them. The cost of complying with jobs credit targeting requirements appears to be much higher than the cost of claiming, say, an investment tax credit on an income tax return. This may be why the Ohio jobs credit, while fairly generous (\$3,000 per job), is used by fewer than 10 percent of firms locating in enterprise zones.

A larger problem is that capital incentives tend to dominate labor incentives; thus, the jobs credit may be viewed as irrelevant. A fairly average job credit (\$2,000) fully utilized in its first two years reduces wage costs of a job paying \$12.00 per hour by a mere 48 cents. How many targeted individuals become attractive hires at a wage of \$11.50 for the first two years who would not have been

hired at the standard wage of \$12.00? It is easy to imagine that targeted employees have perceived productivity differentials valued at far more than 48 cents an hour by most zone employers.

How Costly are Enterprise Zone Incentives?

Do state and local governments gain or lose revenues as a result of enterprise zones? In our study we found that, on average, state and local governments would gain about \$18,000 in revenue over a 20-year period for each job that was induced to locate in the state because of the zone incentive package. On the other hand, governments would lose about \$6,600 for every job that received incentives unnecessarily (the plant would have been built in the state anyway).

An induction rate can be calculated from empirical work on the inter-state elasticity of economic activity with respect to taxes, which appears to be in the range of -0.1 to -0.6 . If we take -0.3 as the elasticity, this implies that the typical incentive package (which represents about a 26 percent reduction in taxes for the firm) in our sample cities would produce less than a 10 percent increase in the flow of new jobs into the state. This, in turn, means that there are far more jobs draining revenues from the state and locality at the rate of \$6,600 per job than there are jobs providing the net gain in taxes of \$18,000 per job. The net effect in our 75-zone sample was a total state-local revenue loss of about \$59,000 for every new job induced by incentives.

Suggestions for Further Reading

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Dabney, Dan. 1991. "Do Enterprise Zone Incentives Affect Business Location Decisions?" *Economic Development Quarterly* (5)4: 325-334.

Fisher, Peter S., and Alan H. Peters. 1997. "Tax and Spending Incentives and Enterprise Zones." *New England Economic Review* March/April: 109-130.

Peters, Alan H., and Peter S. Fisher. Forthcoming. *State Enterprise Zones: Do They Work?* Kalamazoo, Michigan: W.E. Upjohn Institute for Employment Research.

Wasylenko, Michael. 1997. "Taxation and Economic Development: The State of the Economic Literature." *New England Economic Review* March/April: 37-52.

Wilder, Margaret, and Barry Rubin. 1996. "Rhetoric Versus Reality: A Review of Studies on State Enterprise Zone Programs." *Journal of the American Planning Association* (62)4: 473-491.

Alan H. Peters and Peter S. Fisher both teach in the Graduate Program in Urban and Regional Planning at the University of Iowa.

Mini-Grant Funded Research

The Upjohn Institute provides small levels of funding, titled mini-grants, intended to facilitate the research and publications of less experienced faculty. We will occasionally use *Employment Research* to feature work that has been supported partially with an Upjohn Institute mini-grant.

Influencing Attitudes in the Workplace

Robert J. Oxoby, *University of Calgary*

Economic analyses of workplace behavior typically focus on how employees behave given their labor-leisure preferences and the incentives (i.e., wages) they face. Central to this research is the idea that these items can be separated; that is, no causal relation exists between preferences and wages. However, research in organizational psychology and industrial sociology has emphasized that incentives may feedback on preferences, affecting employees' attitudes and therefore their behaviors in the workplace. For example, it has been argued that individual attitudes and preferences are malleable and change in order to reduce cognitive dissonance. Thus, an individual who is paid poorly may alter her attitudes regarding

employment, focusing on the challenges in her job rather than the low pay she is earning. (One of the first tests of the theory of cognitive dissonance involved paying people different sums to perform an onerous task. In accord with the theory, individuals who were paid the least reported enjoying the task the most.)

Along this line of logic, one might expect characteristics of the workplace to alter the ways individuals perceive employment, their role in the firm, and hence their behavior in the workplace. This study sought to identify how reported attitudes regarding aspects of one's compensation package are influenced by characteristics of the workplace. To explore these issues, we analyzed the 1997 Work Orientations Survey by the International Social Survey Program. The survey questioned individuals about their attitudes regarding the importance of various characteristics of their workplace, such as wages, time on the job, and job security.

Our results paint a picture of the employee that falls more in line with what is predicted by psychology than economics. For example, we find that individuals of high income are more likely to rank "high income" as important and "job security" as unimportant in determining job satisfaction. Further, more highly paid individuals report that education and length of service with the firm should be relatively unimportant in determining an individual's wages. Our results seem to support the contention that attitudes are chosen to maximize utility: better paid individuals point to the importance of talent in determining wages, thereby raising their self-image and avoiding dissonance that may be associated with other areas in which they are less successful.

Rather than preferences being immutable, our results indicate that compensation and one's position in the firm can influence preferences and workplace behavior. The lesson here is that we should pay attention not only to the ways in which incentives affect behavior, but also to the ways in which incentives affect perceptions and attitudes, which may feedback on behavior.

Kevin M. Hollenbeck

Washington's Workforce Development System Pays Off

Washington State's legislature has revealed its understanding of the importance of data-driven program performance monitoring and accountability to the public. In the arena of workforce development, it has mandated the state's Workforce Training and Education Coordinating Board (WTECB) to provide the public with a full and open accounting of the efficacy of the programs that they monitor. The WTECB provides the public with biennial evaluations of the extent to which participants in the state workforce development system 1) achieve workplace competencies, 2) find employment, 3) achieve family-wage levels of earned income, 4) are productive, 5) move out of poverty, and 6) are satisfied with program services and outcomes. The performance data for these outcomes come from administrative data or surveys of program participants (or employers of participants).

The WTECB has also a seventh evaluative outcome—return on investment—that is most appropriately calculated by using data from nonparticipants as well as participants. The data burden is greatly expanded as compared to what is required for the other six criteria, and so the reporting is quadrennial. This article presents a summary of the state's most recent study of the net impacts and costs and benefits of its workforce training programs. The study was undertaken by Upjohn Institute staff.

Specifically, the study involved net impact and benefit-cost analyses of nine

programs. Five of the programs serve job-ready adults: Community and Technical College Job Training, Private Career Schools, Apprenticeships, Job Training and Partnership Act¹ (JTPA) Title III programs, and Community and Technical College Worker Retraining. Two of the programs serve adults with employment barriers: Community and Technical College Adult Basic Skills Education and JTPA Title II-A programs. The other two programs serve youth: JTPA Title II-C programs and Secondary Career Technical Education.

Non-Experimental Approach with Administrative Data

Methodologically, the best way to determine the net impact of a program is to conduct a random assignment experiment. If it were feasible to do so, an experiment could sort individuals who apply and are eligible for services randomly into two groups—those who are allowed to receive services and those who are not. Then we could compare outcomes for all individuals, and as long as assignment into treatment or control is random, we can have high levels of statistical confidence that the program was responsible for any differences in the outcomes.²

Statewide experimentation with the workforce development programs of interest is not feasible, so a second best method needed to be followed. In this case, the net impact analyses were conducted via a non-experimental methodology. Individuals who encountered the workforce development

programs were compared to individuals who did not, but members of the latter group were not randomly chosen. In other words, there were systematic (nonrandom) differences between the participants and the individuals to whom they were compared. An empirical approach, called statistical matching, was used to find a comparison group for the program participants.

Workforce Training and Education Coordinating Board staff invested a lot of time and resources to construct several databases containing administrative data about individuals served by the nine programs of interest. This effort required several interagency agreements among state departments responsible for administering the programs. In

Statewide experimentation . . . is not feasible, so a second best method needed to be followed.

addition, the WTECB constructed a database containing administrative information about individuals who received labor exchange services through the state's employment service. From an evaluation perspective, these databases had two incredibly desirable features: they were universal, and they had longitudinal information on employment-related information and on income-conditioned transfers.

In the analytical framework that we set up, we used applicants to the state's employment service as the source of individuals to whom we would compare the participants in the education or training programs.³ We used two types of selection criteria. First, we eliminated individuals who had ever participated in any of the programs (except for high school career and technical education). This screening allowed us to consider all of the education and training programs as a *system*. Effectively, we set up a framework where program participants were in the system, and their next best alternative would have been to use the employment service. Second, from the remaining individuals in the employment

service database, we used statistical matching on an individual-by-individual basis to find the people who most closely matched program participants in terms of observable characteristics. Net impacts were then determined by comparing outcomes for individuals who participated in the education and training programs to their matched counterparts from the employment service data, who never participated in any of the programs.

Data

The longitudinal databases that the WTECB constructed and shared with the Upjohn Institute staff, who did the statistical matching and net impact analyses, had three types of data. First, there was pre-program information on the

Seven of the nine short-run employment impacts are positive.

individuals: demographic information like age and education, employment and earnings information from the Unemployment Insurance wage record system, and transfer income information such as Food Stamps and Temporary Assistance for Needy Families (TANF) reciprocity and benefits. The pre-program period ran from approximately 1990 to when the individuals entered the education or training program, or first registered for services at the employment service. The pre-program data were used in the statistical matching to align individuals.

The second type of data was information about services received while in the education or training program. These included information such as whether the individual completed the program, received a credential/degree, credits earned, and so forth. These variables allowed us to analyze differential net impacts for subgroups of program participants such as completers versus noncompleters.

The third type of data was post-program information, or outcomes. These included employment-related information

(hours, wage rates, and earnings) and transfer program participation and benefits. These data were used to actually estimate the net impacts of program participation. We used a variety of estimation techniques to calculate net impacts, including comparison of means, regression-adjusted comparison of means, and difference-in-difference comparison of means. We estimated *short-run* net impacts that examined outcomes for individuals who exited from the education or training programs (or from the employment service) in the fiscal year 1999/2000 and *longer-run* impacts for individuals who exited in the fiscal year 1997/1998.

Results

Table 1 provides the short-run net impacts of the nine programs on employment and earnings. The elements reported in the table show the increase (or decrease) in employment, defined as having at least \$100 in earnings in the third quarter after exiting from the program, and the increase (or decrease) in quarterly earnings, on average, for that quarter. Note that these results include all participants—those individuals who completed their training and those who left without completing. Separate results for these two groups were estimated.

The employment impacts are in percentage-point terms and are all

significant. Two of the programs have negative short-run employment impacts, whereas all of the others are positive. The employment rate of the comparison group is on the order of 60 percent to 70 percent, so these impacts range from about 3 to 12 percent. The short-run earnings impacts are not as sanguine. With the exception of community college job preparation, apprenticeship, and high school career technical education, the short-run earnings impacts are negative or not statistically significantly different from 0.

Table 2 illustrates the payoff to education and training in the longer-run. All of the employment impacts are positive, and for the three JTPA programs and adult basic education at community colleges, the longer-run employment impacts are much larger than the short-run impacts. The earnings picture is also far better in the longer-run. Two of the programs, JTPA II-C for disadvantaged youth and adult basic education, have earning impacts that are essentially 0, but all other programs show sizeable earnings impacts that, in percentage terms, are on the order of 20 percent.

In addition to the net impacts, Institute staff members are calculating the costs and benefits of these training programs. Preliminary results show positive returns to both participants and to the public, as did results that Washington published in

Table 1 Short-Run^a Net Impacts of Washington's Education and Training System, by Program

Program	Net employment impact (in percentage points)	Net quarterly earnings impacts (2001 \$)
JTPA II-A	3.6	105**
JTPA II-C	-4.0	86**
JTPA III	2.2	-\$397
Comm. college adult basic ed.	-5.2	-\$613
Comm. college job prep.	7.6	1,470
Comm. college worker retraining	8.0	147**
Private career schools	2.6	10**
Apprenticeships	5.4	2,030
High school career technical ed.	5.5	112

^aDefined as three quarters after exit.

**Not statistically significant at the 0.10 level.

Table 2 Longer-Run^a Net Impacts of Washington's Education and Training System, by Program

Program	Net employment impact (in percentage points)	Net quarterly earnings impacts (2001 \$)
JTPA II-A	7.4	543
JTPA II-C	5.3	-72**
JTPA III	7.3	466
Comm. college adult basic ed.	1.6	-43**
Comm. college job prep.	7.0	1,185
Comm. college worker retraining	6.2	423
Apprenticeships	5.3	1,908
High school career technical ed.	5.7	451

^aDefined as average over quarters 8–11 after exit.

**Not statistically significant at the 0.10 level.

its last analyses in 1997, but the current results are not yet available for release.

Notes

1. Federal job training programs under JTPA were integrated with public employment services through the Workforce Investment Act (WIA) in 2000. The time frame of the analyses described preceded this integration, so the participants were still receiving services under JTPA.

2. Even with an experiment, there may be implementation problems or behavioral responses that threaten its external validity, i.e., its ability to solve the attribution problem. For example, problems such as crossover, differential attrition, or Hawthorne effects may arise.

3. For high school career technical education (CTE), we relied on a different source of data for the comparison group members. The state collects data through a general survey of all seniors in high school, and that survey was used to identify students completing career technical education, and as a source for comparable students who had not completed CTE.

Kevin M. Hollenbeck is a senior economist at the Upjohn Institute.

Dissertation Award Recipients Chosen

The recipients of the W.E. Upjohn Institute's Dissertation Award competition for 2002 have been chosen. The winner is Olivier Deschenes, whose dissertation was titled "An Econometric Analysis of the Returns to Education in the United States." Deschenes's dissertation provides a resolution to a puzzle that has vexed labor economists who study the relationship between educational attainment and earnings. Does a college education really pay off more today than yesterday, or are increased returns simply a statistical artifact created by relatively more motivated, higher-ability people choosing to attend college these days? To address this issue, Deschenes applies a clever estimation technique that uses both economy-wide year-specific effects (i.e., structural factors such as greater demand for highly skilled workers) and cohort-specific effects (sorting factors). He finds that almost all of the increase in returns to education during the 1980s and 1990s was due to structural factors, and that changes due to the sorting of people by ability and education played only a minimal role. Deschenes earned a Ph.D. from Princeton University; his advisor was Orley Ashenfelter. He is now at the University of California, Santa Barbara.

An honorable mention was awarded to Yu-Che Chang, whose dissertation was titled "Evaluating the Structural Effects of Property Tax Abatements on Economic Development across Industries." This award is given in recognition of Dr. Chang's contribution to providing a better understanding of the adoption and economic impact of property tax abatements. His research demonstrates that property tax abatements exert little influence on employment growth in the manufacturing sector, which is the primary target for most tax abatement efforts. Rather, it finds a significant impact on service-sector employment. He explains the difference in results by recognizing that property tax abatements are a subsidy on capital, and thus manufacturing firms are likely to substitute lower-cost capital for relatively higher cost labor, mitigating the employment impact. Chang earned his Ph.D. from Indiana University; his advisor was Joyce Man. He is now at National Taipei University.

Another honorable mention was awarded to Elizabeth A. Hoffman for her dissertation, "Compromise, Confrontation, and Coercion: Formal and Informal Dispute Resolution in Cooperative and Hierarchical Worksites." This award is given in recognition of the dissertation's original and substantial contributions to our understanding of dispute resolution in different types of industries and under different modes of firm organization. The careful, innovative research design included a survey of 177 workers at eight firms, consisting of matched pairs of conventional outside-owned firms and cooperatives in four industries. An interesting finding is that grievance resolution practices differ depending upon many factors, and while workers in cooperatives tend to behave differently from conventional firm employees—using relatively more voice than exit, for instance—the practices vary significantly across industries and even with respect to individual characteristics, particularly gender. Hoffman earned her Ph.D. from the University of Wisconsin, Madison; her advisor was Mark C. Suchman. Hoffman is now at Purdue University.

New Books

Targeting Employment Services

Randall W. Eberts, Christopher J. O'Leary, Stephen A. Wandner, Eds.

The Workforce Investment Act of 1998 (WIA) imposes new demands on the frontline staff at employment centers. It increases the volume of

customers at local employment centers, requires frontline staff to perform new tasks, and places greater emphasis on operational efficiency and program effectiveness.

The process by which frontline staff make service referral decisions is called "targeting." Targeting typically occurs informally, with frontline workers making service referral decisions based on budgetary and administrative conditions, and the assessment tools that may be available to them. Formal, statistics-based methods are also being implemented in a number of industrialized nations including the United States, Australia, and Canada.

Because the targeting process is integral to the allocation of scarce resources that ensures the greatest social return, the U.S. Department of Labor teamed with the W.E. Upjohn Institute to co-sponsor a conference on what is known about targeting. The proceedings of that conference are available in this new book. The contributors review the U.S. experience with targeting reemployment services and self-employment assistance to UI beneficiaries, examine Canadian efforts toward targeting reemployment services, and consider prospects for a new Frontline Decision Support System for one-stop centers.

425 pp. \$40 cloth ISBN 0-88099-244-1 / \$23 paper ISBN 0-88099-243-3. September 2002.

Losing Work, Moving On

Peter J. Kuhn, Ed.

This new volume presents a collaborative effort by 22 labor economists who examine worker displacement and the attempts to address it in 10 industrialized

countries. Using large nationally representative data sets and detailed policy analysis, the authors focus on two key questions related to worker displacement: 1) whether the experiences of displaced workers in the United States, and the patterns of experiences across workers, echo patterns seen in other developed countries, and 2) what can be learned, both from the similarities and from the differences across countries?

Within-country patterns are described using a number of demographic characteristics including age, tenure, gender, and skill level. Results are also offered from cross-national comparisons in the levels of key variables (such as the frequency of displacement, and the duration of post-displacement unemployment) and the association of these variables with international differences in labor market structure. While these sorts of results are generally the most difficult to generate, they are potentially the most rewarding. And in the case of these efforts, they are thought-provoking as well.

560 pp. \$45 cloth ISBN 0-88099-234-4 / \$28 paper ISBN 0-88099-233-6 / September 2002.

Start-Up Factories High-Performance Management, Job Quality, and Regional Advantage

Peter B. Doeringer, Christine Evans-Klock, David G. Terkla

The authors chart the experience of start-up factories in adopting high performance management practices and provide insights into how U.S.

manufacturing can improve labor productivity and job quality in the coming years. Based on an extensive study of 48 new branch plants—that began operating between 1978 and 1990, this book explains how best practice manufacturing companies are raising productivity and lowering unit costs by introducing innovative high performance management practices.

Start-Up Factories answers six key questions related to high performance management practices in the American workplace and provides criteria for evaluating certain strategies. In doing so, it demonstrates to economists, labor management professionals, and policymakers that there is a set of principles about how to rebuild management systems in ways that simultaneously provide higher rates of growth in business productivity and a greater sharing of these productivity gains with workers.

This book is co-published with and available from Oxford University Press. To order call 1-800-451-7556 or visit <http://www.oup-usa.org>.

273 pp. \$39.95 ISBN 0-19-514747-2 September 2002.

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