

COMMUNITY-BASED RESTRUCTURING?

Institution Building in the Industrial Midwest

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The author examines change agents, agendas, and processes involved in *community-based* efforts to promote collaborative manufacturing in Cleveland, Athens, and Toledo, Ohio. The goals are to redefine relationships of firms with competitors, customers, and community entities and to remake institutions so as to support small firms. Contributing factors include the threat that communities will be relegated to the periphery, new pressures on small firms to design products for diverse customers, the importation of network models by state governments, and the ability of community-based organizations to translate these models to resonate with local constituencies.

The president of an economic development agency in Appalachian Ohio recently asked, "Is it possible for low-income communities to restructure their manufacturing sector and the community in which it is embedded so that small firms become ever more profitable, and higher-paying jobs are continually created for low-income residents?" (Holley 1995, 1). This question has great theoretical resonance. The phrasing is intriguing, but of more importance is that this practitioner's organization and several others in Ohio are actively exploring what appear to be *community-based* agendas for industrial restructuring. Their efforts raise a number of questions, including, How are localities responding to economic restructuring? Who are acting as change agents and how are they transforming ways of thinking as well as economic activities? What forms of institution building are being attempted? What are the opportunities for localities to effect their own transformation? And, What are the constraints on such efforts?

I explore these issues by examining three cases from Ohio—attempts by community-based organizations in Athens, Toledo, and Cleveland to initiate economic and institutional restructuring. Implicit in these efforts is the view that institutional traits of a locality can affect the course of its economic restructuring. It follows that a locality's capacities for institution building are key variables in how localities are affected by global economic restructuring. Whether such assumptions are tenable raises complex questions. As Sassen (1990, 239) put it, the global scope of the forces of economic restructuring requires a sober assessment of "what spheres of local development can be objectively and ideologically relocalized."

Theorists seeking to define the roles of change agents emphasize the contingent dimensions of social life. A concern with contingent aspects of the economy has invigorated urban sociology (Gottdeiner and Feagin 1988), economic sociology (Smelser and Swedberg 1994), and institutionalist models of organizations (Powell and DiMaggio 1991). It is useful to draw from each of these to consider whether localities can engage in the kind of institution building that would grant them leverage in their own restructuring.

SOCIAL EMBEDDEDNESS

Throughout the last decade, comparative study has facilitated a social constructionist view of the economy. Granovetter's (1985) insight that economic exchange is embedded in social relations has promising applications in urban and regional analysis (Logan and Swanstrom 1990; Saxenian 1994; Romo and Schwarz 1995). Sabel and colleagues (Sabel 1982, 1989; Piore and Sabel 1984; Sabel et al. 1989; Best 1990; Herrigel 1993) have inspired research on the multiple trajectories and institutional foundations of restructuring. Their work suggests that social, cultural, and political contingencies at the national and subnational levels may affect the course of restructuring.

For these authors, global restructuring entails the competition of several distinctive production systems. They have argued that the dominant model of industrial organization in the United States—mass production—is an inflexible system more vulnerable to unstable markets than systems based on interfirm collaboration. Collaboration systems often feature regional institutional complexes that uplift the performance of small and medium-sized firms: *industrial districts* such as Baden-Wurttemberg (Germany), Emilia-Romagna (the *Third Italy*), and Tsubame City (Japan); Japanese corporate supplier systems; and U.S. enclaves (Silicon Valley and the film industry of Los Angeles). These regional systems provide clues on the kinds of institutional traits that may give a locality a competitive advantage. According to Saxenian (1994, 9), a region like Silicon Valley is organized “to adapt continuously to fast-changing markets and technologies. The system’s decentralization encourages the pursuit of multiple technological opportunities through spontaneous regroupings of skill, technology, and capital. Its production networks promote a process of collective technological learning.” Many of these qualities stem from the fact that the system’s core is a localized *organizational field*. Cooperation among firms is supported by a culture of change and myriad organizations (business associations, local government, universities, professional societies, and clubs) (Saxenian 1994).

These systems appear to have unusual capacities for self-assessment and self-organization. The adaptive capacities are associated with the decentralization of power. A broad array of actors possesses industrial power, which Herrigel (1993, 232) described as the “capacity to shape the public discussion...[about] the health and reform of the...field of firms and public and private organizations.” This capacity reflects an organization’s position in local networks and its ability “to shape identity and collective understanding” (p. 227). Similarly, Amin and Thrift (1994) defined these regions as having strategic economic capacities and *institutional thickness*. Institutional thickness exists when a multitude of interacting institutions possess an inclination to represent the collective, having “a common industrial purpose, and shared cultural norms and values” (p.14). Amin and Thrift noted that although little is known about local organizational fields, they suspected that the capability to stimulate new forms of collective representation and awareness of a common industrial enterprise among institutions existed in only a few localities. This literature on restructuring suggests that local institutional traits matter but the ability to change institutions is problematic.

LOCAL CHANGE AGENTS AND AGENDAS

One would expect that urban theory could help identify the circumstances in which local actors might be able to influence the course of institutional and industrial development. Insights on how local institutions and agents interact with forces of restructuring are beginning to make their mark on urban/regional analysis (Hill 1989, 1990b; Logan and Swanstrom 1990; Fujita and Hill 1993; Saxenian 1994). However, in many theories of local development, the diverse and contingent paths of restructuring are not recognized nor is the possibility that local actors might influence industrial reorganization considered. The convention in much of the literature is to view property development as the locus for agency (Mollenkopf 1983; Gottdeiner 1985; Logan and Molotch 1987).

The most influential statement is Logan and Molotch's (1987) account of coalitions that unite to turn the city into a growth machine for maximizing coalitions that unite to turn the city into a growth machine for maximizing property rents by drawing in outside investment. Such efforts revolve around creating a good business climate that attracts corporations by lowering factor costs, reducing government regulation, and defusing public activism. Property interests typically hold hegemony over local development efforts. They marshal an elite consensus on the desirability of growth, which is then used "to eliminate any alternative vision of the purpose of local government or the meaning of community" (p.51). One wonders if hegemony might give way during restructuring. In fact, new change agendas and agents are in evidence.

Clavel and Kleniewski (1990, 202-203) argued that there has been an increase in "progressive" policies entailing "local and popular social control over restructuring" and a commitment to manufacturing. This is the result of the activity of new kinds of actors (e.g., academics and churches and other community organizations), the increased analytic capacity of public-sector and public-interest groups, and the rise of strong community-based organizations. Restructuring may create opportunities for new policies. Business elites have been fragmented and "groups accustomed to stability" have been shaken by "a mosaic of growth and decline" (p. 225).

INSTITUTIONAL RESILIENCE AND OPPORTUNITIES FOR CHANGE

In regions organized around collaborative production, a broad array of organizations participates in remaking the industrial order. The logic of such a system goes against the institutional grain of mass production centers. Agents of community-based restructuring in the United States would be faced with the heroic task of promoting an alternative logic across the organizations that make up a local social order. Yet the institutional dynamics of global restructuring may provide opportunities for such efforts.

Normally, the ability of institutions to encourage their own reproduction is a major constraint on change. Institutions provide a material and symbolic backdrop that shapes even attempts to modify them (DiMaggio and Powell 1991). Their resilience also stems from the fact that relationships and actions that anchor institutions "come to be taken for granted" (Zucker 1983, 2). "Shared cognitions" (DiMaggio and Powell 1991, 9) that dictate "what has meaning and what actions are possible" (Zucker 1983, 2) are

rarely contested. However, the “logics” of different institutions (e.g., economy and family) are potentially contradictory. If contradictions become overt, it creates a situation that may be exploited to “transform the institutional relations of society” (Friedland and Alford 1991, 232). The relationship between institutions could be contested, as could the question of which institutional logic should apply (p. 256). Change agents might “export the symbols and practices of one institution in order to transform another” (p. 255). This line of thought is promising. Global restructuring may illuminate fault lines in the mass production system and encourage the formation of alternatives.

As the mass production system withers before unstable markets and flexible rivals, it is also being challenged from within. Herrigel (1993) described a split widening within corporate management between traditionalists and transformers. The transformers are embracing collaboration and attempting to integrate their units into decentralized industrial orders. Perhaps a parallel split can be seen within state governments in the United States. In the 1980s, a host of activist state governments began to promote industrial modernization and collaboration. These programs have focused on small indigenous firms and were loosely modeled on the Third Italy and Japan (Osborne 1988; Rosenfeld 1992). On the other hand, officials from the same states continue to chase wayward mass producers and view corporate subsidies as a development imperative.

With the contesting of industrial models in elite circles, opportunities may appear for advocates of alternative development agendas that approximate community-based restructuring. Change agents typically attempt to redefine reality through novel use of a frame—an “interpretative schemata” that depicts what is “good, real, important, possible, and necessary” (Stoecker 1995, 113). Agents of community-based restructuring might create new representations of the relationship between community and local industry, devise a collaborative frame to create a new mutual awareness among community segments of their common interest in a shift to collaborative production, and be in a position to use that frame to mobilize firms and local supporters in building new relationships and institutions. They may find that transformers in government or corporations possess complementary agendas. In fact, community-based organizations are exploring novel institutional agendas in three Ohio localities.

CASE STUDIES

The selection of the three cases reflects my involvement with the Toledo project (see Indergaard 1996) and related contacts with the programs in Athens and Cleveland. Although this is not a representative sample, it is arguably a strategic cluster of cases for the purposes of modeling a novel form of local industrial development that seems to have crystallized over the last decade. The three programs have worked together and have begun to define themselves as members of a policy network/interest group. The commonalities and differences in their backgrounds and courses of development allow for some preliminary comparisons. Each case will be investigated with regard to the background of the change effort and agents, efforts to produce a sense of common industrial enterprise, and institutional developments—arenas for collective representation, firms supports, and issues.

WEST SIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK (CLEVELAND)

In 1986, three community development corporations (CDCs) in Cleveland's West Side founded the Westside Industrial Retention and Expansion Network (WIRE-Net). The number of Cleveland residents with manufacturing jobs had dropped from 71,000 in 1980 to 42,000 in 1990, a decline of 28,918 jobs (40.7%) (U.S. Bureau of the Census 1980, 1990). Losses were concentrated in the automobile and steel sectors; other sectors (e.g., machinery and metal fabrication) arguably remain viable (Gurwitz and Kingsley 1982). The West Side contains a population of 64,000 and a considerable portion of Cleveland's remaining industry. West Side CDCs had strong ties with firms and had been influenced by the Industrial States Policy Center to view industry as a threatened community resource. The area hosted 350 firms employing 13,000 workers as of 1994; 60% of local jobs were industrial (WIRE-Net 1995b, 4).

Community-Based Industrial Development

WIRE-Net (1995b, 1) has framed the West Side as a manufacturing community that has a common set of needs that cross institutional boundaries. Its mission is to "encourage the growth and retention of industrial and related employers, promote employer involvement in local community improvement efforts...promote...cooperation and collaboration among...various constituencies...[CDCs], businesses, residents and other development organizations." WIRE-Net (1995c, 6) aspires to be a "community-based industrial development organization" that "becomes a permanent, sustainable institution drawing on the full resources of the community to address identified needs." It emphasizes both the economic and social aspects of industrial change that need to be confronted: business flight to the suburbs, competitive challenges to local business, worker-job skills mismatch, high unemployment, stagnant/reduced earning power, reduced tax base, stagnant housing values, declining schools, and declining neighborhoods. WIRE-Net (p. 6) had set the goal of becoming a "net producer of manufacturing jobs" by the year 2000. Its agenda seems designed to promote awareness among diverse constituencies of a common destiny they share by virtue of their manufacturing base.

Institutional Developments

An examination of WIRE-Net policy arenas and firm supports shows it to be especially adept at forming ties with firms and established institutions.

A manufacturer's association. A review of the arenas that WIRE-Net provides for policy deliberations suggests that it serves as a territorially defined business association. If 20 members on the WIRE-Net board in 1995, 3 are the original founding CDCs, 16 are firms, and 1 is a local technology institute. The CDCs choose 3 board members each, and the rest are elected from the membership of 116 firms (WIRE-Net 1996). A second arena is the membership forum in which firms can discuss issues such

as manufacturing assistance, training, member services, real estate development, and crime control (WIRE-Net 1995c).

Training Network. WIRE-Net has created training networks that link various institutions, area manufacturers, and residents. WIRE-Net provides training or makes referrals to other training and social service programs. It also runs a school-to-work program, called DESTINY—Developing Education Specifically Targeting Industry and Neighborhood Youth. Staff and firms work with high schoolers to prepare them for a manufacturing career. Firms provide instructional support, mentoring, and summer jobs. Graduates are given jobs or further education (WIRE-Net n.d.).

Manufacturing supports. WIRE-Net's aid to manufacturers includes retention visits, site searches, financing help, and purchasing pools. Because of its success, it became the model for the Cleveland Industrial Retention Initiative. WIRE-Net also provides modernization services by working with the Cleveland Advanced Manufacturing Program (CAMP), a center in the Edison program (Ohio's modernization effort). CAMP stations a field engineer at the WIRE-Net offices to assist firms with research and development or technology. WIRE-Net recently added staff to help small firms explore new markets and assess manufacturing practices. In conjunction with CAMP and two industrial associations, WIRE-Net (1995a, 1) has begun a "business cluster strategy," a networking effort meant to help small firms "combine resources, gain knowledge, achieve economies of scale, acquire technologies and resources, and enter markets otherwise beyond their reach."

Issues. WIRE-Net has stressed the interdependence of various community segments and the need for their cooperation. The credibility of WIRE-Net's agenda with powerful entities is evidenced by its funding from foundations, various governments, and a large contingent of dues-paying firms. However, there is less evidence of participation by non-elites in WIRE-Net arenas, with the exception of the CDCs. The training effort also raises issues about power. Low-income and minority residents predominate in placements, but average placement wages have remained at \$6 per hour since 1989 (WIRE-Net 1996, n.d.). Firms' abilities to secure cheap labor may retard the social and economic development of the West Side—and stunt the fledgling effort at interfirm collaboration.

The generation of interfirm collaborations known as flexible manufacturing networks (FMNs) is the *raison d'être* for the next two projects. An FMN is a group of small firms that comes together to achieve what no single firm could. Each firm in the network focuses on excelling at a specific part or process instead of struggling with all aspects of putting out a product. The sharing of strengths, costs, and risks allows firms to respond quickly to opportunities. The model is derived from European industrial districts.

The Appalachian Center for Economic Networks (Athens)

The Appalachian Center for Economic Networks (ACEnet) is headquartered in Athens and serves eight rural counties with a combined population of 195,000. This region has long been considered depressed and as become even more so by the loss of high-wage manufacturing and mining jobs. Between 1980 and 1990, the number of

residents employed in manufacturing declined from nearly 16,000 to 13,700, a drip of more than 2,100 (13.3%) (U.S. Bureau of the Census 1980, 1990). The manufacturing base now consists of 200 firms in the furniture-making, metal fabrication, and electrical/electronic equipment sectors. Most of these are small-job shops or third-to fifth-tier suppliers (Holley and Wilkins 1991a).

ACEnet originated under another name, Worker Owned Network, a non-profit group formed in 1985 to promote Mondragon-style cooperatives. The shift to FMNs began after grants from the Joyce Foundation's FMN program and the state's network program in 1989 and 1990, respectively. In 1991, the organization re-formed as ACEnet. Its mission reflects a blend of progressive concerns: "the development of a sustainable regional economy based on economic justice, self determination and respect for diversity" (ACEnet 1991, 2).

Remaking a Regional System

ACEnet's framing of its locale features regionalism mixed with the images of community and system. ACEnet has been able to build on a traditional identity of "Appalachian Ohio" to promote regionalism, but at the same time, it has had to combat an anti-Athens sentiment in the outlying rural areas. Regionalism meshes well with ACEnet's network strategy, which was directly influenced by European industrial districts as well as by U.S. FMN models. From their study of, and visits to, the districts, ACEnet staff decided that the community base was critical—a *system of organizations* (Holley 1995). Restructuring the economy would require an assessment of the region's *system potential* (Holley and Wilkins 1991b) and the remaking of its institutions. According to Holley (1995, 20),

Economic restructuring is a formidable task, which requires a parallel transformation in traditional economic development entities such as banks, government, and business development organizations as well as some nontraditional entities, including welfare departments, schools, and churches. For these stakeholders in the economic development community to be effective in assisting firms, they too have to change and become more flexible, innovative, and collaborative.

Institutional Developments

ACEnet helps firms and would-be entrepreneurs to explore new market niches collaboratively. ACEnet does not just respond to new market niches but actively tries to structure them. ACEnet also uses *joint design* sessions to remake institutional services. These sessions are major arenas for firms and a broad range of actors to make policy in the collective interest of the area.

ACEnet has supported firms in exploring two niches: specialty furniture/household products and specialty foods. ACEnet's role and the institutional consequences have varied in the two endeavors. In the first, ACEnet's role was to fill in gaps in the capacities of firms and create its own lead firm. In the second, ACEnet served as a facilitator for entrepreneurial and institutional development. Here, the participation and initiative of large numbers of diverse participants has generated synergy and spin-offs.

Filling entrepreneurial gaps. ACEnet identified accessible kitchen cabinetry for the disabled and elderly as its first target niche; it assessed more than 70 firms that seemed to have relevant capabilities. According to Holley (1995, 13), ACEnet found many of the firms to be “marginal at best, surviving on the overtime contributed by owners and family members.” Most had little capacities for product design or for manufacturing products for final markets. ACEnet found no firms willing or able to act as coordinators in collaborative efforts. ACEnet formed its own for-profit subsidiary, AD*AS, to broker product design and coordinate production. AD*AS recruited designers and advisors familiar with accessibility needs and identified motorized kitchen cabinets and counters as a promising first product. AD*AS selected 10 firms to serve as subcontractors to produce a prototype. ACEnet also tried to line up housing developers to structure demand (Holley and Wilkens 1991a). Several dozen firms have been involved over the last three years in developing and producing a line of eight household products.

Growing Firms. The second market area ACEnet targeted for FMNs was specialty foods. This appears to have been a more appropriate niche for local firms and fledgling low-income entrepreneurs. In large part, ACEnet’s Food Ventures has been a microenterprise initiative, serving to thicken the firm base for FMNs. Program staff introduced the owners of firms to promising market contacts and let the firms select and develop their own product lines. A diverse collection of farmers, restaurant owners, and manufacturers participate: Many of the farmers and restaurant owners have expanded into food processing or marketing. Some established firms were able to act as brokers or lead firms, organizing smaller and newer firms into joint production. Holley (1995) claimed that these arrangements created a nurturing atmosphere for low-income entrepreneurs.

This effort has generated intriguing spin-offs. Low-income truck farmers and some processors formed a nonprofit organization that has resembled a producer’s association: Members meet frequently to “share information about suppliers, new markets, and to plan joint activities” (Holley 1995, 17). This group helped develop the specialty foods strategy and allowed ACEnet to reach low-income people who had previously worked in the informal economy. More than 100 firms and entrepreneurs have been involved in some way (p. 17).

Food Ventures illustrates ACEnet’s method of marshaling support services and new institutions. ACEnet helped start-up firms get certified by the Department of Health, acquire inexpensive equipment, and get their products tested by the Department of Agriculture. ACEnet lined up the state, a community college, and Ohio University to design a *kitchen incubator*. This 9,000-square-foot facility includes a licensed time-share kitchen, a retail space, a marketing resource library and computer station, and a meeting room. The facility allows low-income entrepreneurs and restaurants to experiment with food processing, selling, and networking (ACEnet 1993; Holley 1995).

Making Public Space. ACEnet uses a joint-design process to create arenas for policy making. Meetings are held with a group representing all stakeholders. According to Holley (1995, 20), they “design a new program, service, or institution to meet a need or realize a possibility.” Thus ACEnet responded to firms’ need for trained entry workers by enlisting representatives of a vocational school, a technical college, the welfare department, low-income community groups, and firms. The group designed a nine-

month vocational school and an on-the-job training program that helps people move from welfare to work. Once the program was running, feedback from firms and trainees was used to fine-tune it. Holley (p.29) claimed that involving diverse actors has a transformative effect: "People in such settings almost always develop more sophisticated, comprehensive, and responsible views of their community." ACEnet has used the FMN project to create a public space for new kinds of group interactions. Processes of group formation have resulted. For example, collaboration of Food Ventures participants on a number of projects led them to develop "a strong sense of group identity"; when the issue of waivers for welfare entrepreneurs arose, "they were well organized and committed to enter policy processes together" (p.28).

Issues. In some respects, ACEnet has made the most with the least. It has excelled at creating vehicles and arenas for broad participation in entrepreneurship and institution building. To some degree, the denseness and creativity of interactions produced in the Food Ventures endeavor suggest the condition of institutional thickness. On the other hand, one wonders whether microenterprises will be able to lift people out of economic marginality and whether market niches that prove profitable can be secured from corporate predations. Also, the paucity of local resources for ACEnet to tap means that it is likely to remain heavily dependent on the funding of external entities such as foundations and the state. ACEnet's relations with external entities are likely to remain as important as those with local entities.

THE TOLEDO FLEXIBLE MANUFACTURING NETWORK PROJECT

Toledo, a city of 333,000, has been a manufacturing satellite of Detroit, providing glass, parts, and assembly for the automobile industry. It also hosted many small metal fabricators and machinery builders. Restructuring rattled the Glass City during the 1980s as corporations downsized, closed, or relocated to the suburbs: Randall and Martin (1996, 1) found that 30% of the 14,000 workers at a suburban industrial park were in forms that had left Toledo. The number of residents with manufacturing jobs fell from 36,185 in 1980 to 27,660 in 1990, a drop of 8,525 (23.6%) (U.S. Bureau of the Census 1980, 1990).

As was the case in the other two cities, there were those who counseled that manufacturing still mattered and could be nurtured in Toledo. In fact, ACEnet, having received a state grant to provide FMN training to others, met several times in 1992 with Toledo CDCs and the Urban Affairs Center (UAC) of the University of Toledo. UAC and ACEnet have worked closely since that time but have developed their own distinctive approaches.

The key change agent in Toledo has been UAC. The expertise of UAC staff in community development and their progressive orientation have shaped the way UAC has recruited participants and designed a change agenda. UAC's background was mainly in housing and policy analysis. UAC had little experience with manufacturing-related endeavors, but its alliance with the director of a CDC that operates a successful business incubator provided connections to key firms. UAC also recruited a half-dozen CDCs in the inner city to participate; this core area includes the city's main concentrations of the poor as well as neighborhoods with a variety of socioeconomic and ethnic profiles.

Building on the New Firms

In designing the FMN agenda, UAC received input from ACEnet and academic consultants. Thus UAC staff became familiar with the state modernization programs as well as with the vaunted Third Italy. ACEnet's model for remaking a local system was a major guidepost. However, UAC staff thought richer firm and institutional context of the city warranted modifications. Within Toledo's dense industrial base it was likely that there were executives of small firms with insights on restructuring. A feasibility study was used to form a strategy fitting Toledo's situation: Interviews with executives of innovative firms inspired UAC staff to use cutting-edge firms to show how collaboration enables small manufacturers to adapt to restructuring.

UAC found that small firms were under pressure to diversify their customer base and to take more responsibilities for product design. A machinery builder noted that a typical customer now "wants to contract with somebody to design all portions of the machine, develop and build prototypes, and take the risk for the prototype" (interview, 10 December 1993). He added that as a result, "We have to constantly study industries so as our customers' needs change, we can respond." He advised that opportunities for FMNs could be found in industries "where there continues to be a constant change in design and components." Similarly, the owner of a medical products firm proposed that "the Midwest, the rustbelt areas...can't compete with cheap labor elsewhere. However in the global economy, we can be innovative" (interview, 5 November 1993).

Diversification had led some firms to work together: Serving a range of industries requires contributions from other firms. For example, a firm that makes racks for materials handling had once depended on one customer. When the corporation shut down for a period, the rack maker began to serve customers in a number of industries. The firms found it needed to help with engineering, metal cutting, and special components. After two years of working with five firms, the rack maker now has 25 customers. The machinery builder (interview, 10 December 1993) also reported working closely with other firms to form service packages:

There is a need for many kinds of work...It was hard for a small business to have a lot of different departments... We found other firms to help us in those areas...Between us and the firms we work with, we have all the pieces.

Informants claimed that collaboration was increasing but sporadic. Self-sufficiency and distrust remained virtues for many. A business consultant (telephone interview, 30 September 1993) claimed that "many small firms that have struggled for so long, see everybody as a competitor, including suppliers and customers." A manager of an auto supplier (interview, 29 October 1993) rejected the FMN project with the comment, "We have too many secrets... We have run most of our competitors in Northwest Ohio out of business." Despite their cooperative rhetoric, the Big Three automobile companies—Chrysler, Ford, and General Motors—have had a mixed impact. The machinery builder complained that "the American firms have not learned from the Japanese that...a more effective supplier system is a two-way thing... The U.S. auto

companies want commitments from suppliers but give nothing back” (interview, 10 December 1993).

A Flexible Manufacturing Community

Insights on how small firms are experiencing restructuring helped UAC put the finishing touches on its agenda. In UAC’s problem definition, many small firms and neighborhoods in Toledo lay outside new currents of growth and prosperity. Neither corporations nor local government possessed an agenda for helping them keep pace with global change. UAC presented a vision of how Toledo’s urban core could become a flexible manufacturing community (Indergaard 1996). A substantial base of small firms remained: About 400 manufacturers in the target area employed in excess of 25,000 workers. Nearly 50 of these had been founded since 1983. Some small firms had developed innovative ways of coping with restructuring through informal networking. The solution was to use these innovative leaders to promote systematic networking: The whole base could be upgraded. If firms engaged in joint product development and production, they could tap higher-value market niches. Their capabilities could be uplifted by community aid in training, market research, and technology. This institution building would strengthen the ties between firms and neighborhoods, making it likely that growth would benefit both. UAC proposed that CDCs assume support roles and serve as bridges between firms and neighborhoods (Indergaard 1996).

Institutional Developments

UAC’s creation of new arenas for institutional interactions was at the core of the effort to generate and support FMNs. It was thought that placing firms and support organizations in collaborative encounters would not only promote credible ideas but also group formation. The formation of networks would indicate what kinds of institutional supports were needed.

Collaborative encounters. Following Sabel’s (1990) view that network projects can build on processes of group formation, UAC brought firms together to explore complementary capacities and needs. This would generate ideas on promising new market niches and promote a sense of common interest and identity. UAC staff used their skills at group facilitation to mobilize groups of firms and a leadership group of community partners, which consisted of representatives of CDCs, local and regional government lead firms, the state’s Edison Industrial Systems Center (Edison) in Toledo, and banks. UAC intentionally structured a series of meetings to promote group formation. The strategy is to usher firms and community through collaborative encounters that will become institutionalized.

UAC provides brokers to groups of firms that want to explore new market niches. In the last two years, about two dozen firms looked at a range of possibilities: electric or compressed natural gas automobiles and components, remanufactured used hospital equipment, customized exercise equipment, a therapeutic aid for female incontinence, and a super supplier network have stood the test time. UAC staff brokered an alliance

between the nurse who invented the incontinence device and three firms with capacities to develop and market the product—two engineering firms and a medical products firm with ties to the European market. Prototypes have been created and are being tested; production subcontractors are waiting on the sidelines. The super supplier network is using a group of 12 firms to put together total packages to serve the materials-handling needs of the auto industry. A small, first-tier firm in the Detroit area serves as a marketing link with the Big Three, helps with engineering, and coordinates the group.

Emergent supports. UAC made ad hoc arrangements to support the immediate needs of networks. For example, UAC staff helped the group developing the incontinence device prepare a proposal for federal Small Business Innovation Research money and helped the group locate a principal investigator. Staff helped the Detroit firm locate and form relationships with firms that would fit into the automobile supplier group. UAC also sponsored seminars on limited liability companies and on public-financing programs. Some preliminary groundwork was done to prepare community organizations for long-term roles. A broker helped CDCs define their support roles: Their first activity was to conduct a retention and expansion survey to strengthen ties with local firms and provide information on the manufacturing base. UAC made contacts with local staff from Edison in Toledo. UAC asked that industrial extension programs be tailored to the needs of small, central-city firms. Edison proposed that UAC help shape its new Small Business Development Center. UAC and Edison have worked with educators to explore school-to-work programs and training options.

Two major institutional thrusts materialized in 1996. First, UAC helped design an FMN-related training proposal for a technical college that has been funded by the state. This pilot program will be tailored to serve firms that are in the automobile supplier network. Second, six CDCs have worked with the city's Department of Development and UAC to plan a Neighborhood Business Institute. It is hoped that this will become the permanent home for the FMN project. From the outset, UAC had indicated that its lead role in the FMN effort would be temporary.

Issues. As the newest of the three programs, the Toledo project is the least tested. A core group of firms and community supporters have stuck with the project for three years, but no major entity has yet committed to lead or fund the FMN effort when UAC's Joyce funding expires. Key development bodies still seem focused on corporate recruitment and/or suburban expansion. The two existing networks are promising but unproven. Much of the Toledo base is still dependent on the automobile industry and thus subject not only to its cyclical tides but also to its restructuring dynamics. The actual leverage the community-based organizations will have with the networks is not known. The project's ties to the black population are tenuous; there are no black-owned manufacturing firms to work with. Finally, there is a tension between the central-city focus of the project and the geographically extended ties of many Toledo firms. UAC has prudently allowed a few of their suburban associates into the networks.

RELOCALIZING DEVELOPMENT

This discussion will identify (1) spheres of development that seem strategic, (2) contingencies in the Ohio change efforts, and (3) general opportunities and constraints for change. Doing so allows me to begin to address Sassen's query (1990, 239): What spheres of local development can be relocalized?

SPHERES OF DEVELOPMENT

I propose that relationships sustaining production, markets, and other institutional complexes are strategic spheres for relocalizing development. Change efforts should target relationships among producers, among producers and their customers (other producers or final consumers), among local organizations, and between local bodies and external entities. Relocalizing development entails changing interactions within the locality and between its representatives and the outside world. Change agents and local governmental and market actors in general need to partake of the symbolic and material resources of the outside world.

CONTINGENCIES

Responses to restructuring do not simply reflect structure. Construction and enactment of the three Ohio efforts were mediated by geographic setting, economic base, external institutions, and local institutional traits.

The urban district, medium-sized city, and semirural region studied are all within the same broad industrial region, the Midwest, and the same state. As settings for mature industry, the three sites are threatened with being relegated to the periphery of the new economy. They do vary in the base from which they must work. Cleveland's West Side and Toledo have retained substantial industries that are under pressure to upgrade performance capacities. Yet Toledo seems to remain more tied to the automobile industry. Industrial decline in Appalachian Ohio has deepened its marginality. ACEnet has had to fill in gaps in basic entrepreneurial capacities and to nurture the informal economy.

The change agendas were effected by production models imported by the state and several other institutional entities. However, these models are not recipes for local efforts. A key role of the community-based organization may be making translations that resonate with local constituencies. In this regard, the community-based change agents at the three sites were aided by their ties to firms. Political orientations also matter. The modernization agenda and activist state government are associated with centrists, or *neoprogressives* (Osborne 1988). WIRE-Net seems tied to this milieu, but ACEnet and UAC bear the imprint of a more robust progressivism—community organizing. This is reflected in the kind of arenas and group formation they have promoted.

Local traits, such as institutional thickness (Amin and Thrift 1994), matter but not in any simple manner. Compared to ACEnet's domain, the West Side of Cleveland and Toledo were blessed with large, diverse pools of development bodies, community organizations, and firms. Yet all three programs strategically created arenas to thicken

institutional density. This seems a core element in efforts to relocalize development, although the manner in which this is done varies by circumstance and values. For example, ACEnet and UAC placed an intrinsic value on broad participation. Also, despite its disadvantages, ACEnet has had more success in institutionalizing its arenas than has UAC, which has found it more difficult to form strong ties with key development bodies. This may reflect the relatively recent formation of the Toledo project or the orientation of the development entities. The West Side identity and Appalachian regionalism have facilitated efforts by WIRE-Net and ACEnet to frame production territories. These frames have also been reinforced by various governments and foundations in their award of resources. UAC has been able to build on identification with Toledo to a degree, but many Toledo firms have ties with suburban firms, and key development bodies have an external focus: to recruit corporations or to tap into suburban growth. High levels of participation suggest that WIRE-Net and ACEnet have had success in creating a sense of common industrial enterprise. The status of the FMN agenda in Toledo is more tentative.

The three change agents seem to have achieved a partial relocalization of development relationships; each is incomplete in different ways, for different reasons. The Toledo FMN project has formed the agenda that most directly poses collaboration production as a response to restructuring. However, although it has created two production networks and tried to nurture broad participation, the institutional status of the effort is quite tenuous. WIRE-Net and ACEnet have been able to institutionalize their change efforts in somewhat distinctive ways: WIRE-Net is well connected to powerful institutions and has created an arena for a large number of manufacturers; ACEnet is well connected to modest enterprises and the poor but has been able to create policy arenas for a broad range of participants. ACEnet's efforts reflect ideals of community-based production but are constrained by the marginality of its industry. WIRE-Net has begun to explore collaborative production, but firm leverage may mute participation by other entities and/or reinforce low-wage strategies.

OPPORTUNITIES AND CONSTRAINTS

General opportunities and constraints for change also shape circumstances for localities. Friedland and Alford (1991) proposed that in times of institutional contradiction, actors often use the institutional logic from one sphere to reorder practices in another. The Ohio cases show that restructuring opens such possibilities but involves efforts to use alternative logics from other industrial orders, not from other spheres of the same social order.

Restructuring is ripe with the kind of institutional contradictions that provide an opportunity for change. Corporate actions threaten the status quo for small manufacturers and their communities. They may withdraw to seek lower costs elsewhere or may choose to reorganize their base production system. When they choose to reorganize, corporations place demands on their suppliers to reorganize as well. Small firms that supply corporations tend to be embedded in the local production culture and are less likely able to move out of their home region (Romo and Schwartz 1995). In

either case, small firms are challenged to develop new capacities for design and customer service.

Political restructuring associated with the New Federalism has had an unanticipated consequence: Activist state governments have emerged with their own restructuring initiatives, especially—as has been shown—in industrial states like Ohio (Osborne 1988; Hill 1990b; Rosenfeld 1992). An industrial modernization policy network and complementary foundation initiatives have emerged (Osborne 1988). Community-based entities have moved into development (Hill 1990a). Restructuring has unsettled the relationship between business and politics. The Ohio cases imply that small firms would be a core constituency if major efforts were made to upgrade manufacturing communities.

The constraints for change begin with the perverse leverage of corporations in a threatened industrial order. Many corporations play communities and suppliers against those located elsewhere; embattled suppliers may hesitate to increase training or pay for their employees (Harrison 1994). The decay of the old order and the uncertainty of restructuring can lead local leaders to give up on manufacturing; yet this path is by no means predetermined. Finally, the New Federalism has left many local governments without the federal support they need to remake their local structures and their external relationships.

COMMUNITY-BASED RESTRUCTURING

Relocalizing development is not about sealing off a locality from global forces but about creating a sustainable, virtuous interaction with the global economy. This involves changing relations within a locality and between it and the outside world. The first domain entails developing local economic and institutional capacities that are complementary and linked by a sense of common enterprise; this may require creating arenas that thicken institutional interactions (Amin and Thrift 1994) and diffuse industrial power (Herrigel 1993). The second domain requires cultivating market niches for which the locality has competitive advantages and gaining supportive policies from higher levels of government. Both of these domains may require the local representatives to draw on the logics and experiences of other localities across the globe.

Each of the Ohio cases displays strengths and shortcomings in these areas. Taken together, they suggest an ideal type of community-based restructuring: Change agents include community-based entities that develop and model industrial power—the capacity to partake in redefining and reconstituting the industrial system. They broker interinstitutional ties through framing the locality as a socio-spatial-economic entity and by framing its possibilities. The change agenda involves upgrading firms to engage in high-value, collaborative production and building arenas that encourage broad participation in the making and remaking of business supports. The change process entails mobilizing actor to enter collaborative encounters. Institutionalization involves enacting collaborative frames and practices to the point at which collaboration is taken for granted, infuses the relationships among local organizations, and underlies system reproduction. It requires that sustaining ties have been made with the larger political economy.

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